

FOREST LAKES MUTUAL WATER COMPANY

BY LAWS

AMENDED AND BOARD APPROVED

NOVEMBER 8, 2022

By Laws: Forest Lakes Mutual Water Company

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BY LAW I ***Rights and Obligations of Stockholders***

Section 1 **Stock to owners of land**

Stock in this corporation shall be issued to owners of lots of land within the Forest Lakes Tract, consisting of 616 acres of land, being a part of Rancho Canada del Rincon, near Felton, Santa Cruz County, California, and property adjacent thereto.

Section 2 **Water to stockholders only**

The water of this corporation is not and shall not be appropriated for sale, rental or distribution, and shall be supplied to none other than its stockholders. Stockholders, in turn, may not resell, give away, or assign in any manner any of the corporation's water. Water shall not be put to use outside the boundaries of the lot or lots owned by the stockholder. Further, water supplied to stockholders shall be used for residential uses: any commercial use or reuse of the corporation's water, either direct or indirect, is prohibited. Any commercial use or reuse of the corporation's water, either direct or indirect, is prohibited.

Section 3 **Stock certificate**

The lots of land owned by subscribers to the stock of this corporation on which the water supplied by this corporation is to be used shall be described in the certificates of stock issued to such subscribers, and the stock when issued, and the water of this corporation when it shall be supplied, shall be appurtenant to such lots so owned by its stockholders when the same are so described in the certificate of stock issued therefor. The right to such water shall not be thereafter transferred to any other lands or lots or individuals without the consent of the Board of Directors nor, unless the stock corresponding to the water rights so to be transferred be transferred with such consent to such other lands or lots and to the owner or owners thereof as the case may be. In no event shall the water of this corporation be used upon any lots of land not herein before described, or by any person not a stockholder, the owner of lots of land within the boundaries of the property for which stock of this corporation is held, or authorized resident guests and renters of the stockholder.

Section 4 **Stock issuance (fee and agreement)**

Stock in this corporation shall be issued to the owners of lands or lots as aforesaid at the rate of one (1) share of stock for one (1) lot of land, and no share shall be issued for any area less than an integral lot, except where title to more than portion of the entire lot is vested in severalty in different

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persons. Before stock is transferred or new stock is issued, a stock transfer fee must be paid and the owner must submit a completed Stock Subscription Agreement.

Section 5 Stock passes with ownership of lot

Stock in this corporation owned by stockholders who own the lots to which the stock is appurtenant shall pass with the ownership of the lots to which the same is appurtenant with or without the endorsement, delivery or surrender of the certificate representing the same. In the event of the vesting of title to various portions of an entire lot to which stock is appurtenant, in severalty in different persons, whether by voluntary or involuntary act of the owner, as by sale, gift, descent, devise, or in any other manner, the stock appurtenant to the said entire lot shall become and be appurtenant to that part of the lot upon which is located the most valuable improvements as determined by the Board of Directors, but if there be no improvements, then the said stock shall become and be appurtenant to the largest remaining portion of said lot and the said stock shall become the property of and be owned by the owner of the largest portion or the portion with the most valuable improvement thereon, as the case may be. As to the remaining portion or portions of the said lot, the Board of Directors may in its discretion issue shares of stock to such owners when properly applied for. The Board of Directors of this corporation shall have the power to accept the surrender of shares when necessary or desirable to carry this provision into effect. Any stock issued by this corporation shall be issued subject to possible surrender to and re-taking by this corporation of portions thereof, in pursuance of this provision in the contingency hereinbefore mentioned.

Section 6 Costs and expenses of the corporation

The water supplied to the stockholders shall be supplied at cost, as determined by the Board of Directors and in a manner determined by the Board of Directors. The costs and expenses incurred, or to be incurred, in the supply and distribution of water and in the execution of other obligations incumbent on the corporation shall be apportioned among the stockholders in such manner as may be determined by the Board of Directors of the corporation.

Section 7 Assessments, fees, fines, and liens

Stockholders shall pay within the time and on the conditions set by the Board of Directors, any assessments, fees, and fines levied or to be levied by this corporation upon its stock, including any lien upon the lots of land to which the stock is appurtenant.

Section 8 Ownership of water delivery system

The corporation shall be the sole owners of all pipes, equipment, and associated systems used in the delivery of water. The ownership and responsibility of improvements, alteration, and maintenance shall extend to a meter or the Forest Lakes shut-off valve as determined by the Board of Directors which meters or controls the supply of water to a stockholder's parcel. The corporation shall have all rights of access to inspect, improve, maintain, and alter its equipment. The corporation shall have no responsibility for the inspection, improvement, maintenance, or alteration of equipment owned

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by a stockholder, but at its discretion the Board of Directors may enter into a contract with the stockholder for the purpose of inspection, improvement, maintenance, or alteration. In an emergency as determined by the corporation, the corporation may inspect, maintain, improve, or alter equipment owned by a stockholder without the stockholder's permission to the extent that correction of the emergency condition requires. Stockholders shall take all reasonable precautions so as not to obstruct access to the corporation's equipment and property.

Section 9 Connection to water service

Only one single-family residential unit per lot of land shall be connected to the corporation's water system through a single water service, meter, hookup, or other type of connection as defined herein or by affirmative vote of the Board of Directors. Additional assessments and fees as defined shall be required of a stockholder at the sole discretion of the Board of Directors if either the following conditions are met:

(1) (a) construction of a detached structure, or (b) modification of an existing detached structure, which creates an additional residential unit or units.

OR

(2) any single structure which contains more than one kitchen. A kitchen is defined by the presence of the following: refrigerator, cooking appliance and sink.

Stockholders whose parcels fall under conditions (1) or (2) above shall pay a full assessment for each additional unit/kitchen, except that stockholders may request a 50% prorated assessment for each additional unit/kitchen in exchange for a written guarantee that the maximum gallons per day baseline usage limit for a single assessment will not be exceeded. In the event the baseline usage limit for a single assessment is exceeded, the stockholder shall be assessed Excessive Use fee(s) in accordance with company regulations and shall be liable for the maximum assessment amount if more than two Excessive Use fees are charged in any given assessment year.

Parcels containing more than one metered connection shall pay a full assessment for each metered connection.

Section 10 Stockholder statement of conformity

Each stockholder shall, upon request, be required to certify in writing by a specified date (a) that the number of assessed connections is consistent with the standards set forth in By Law I: Section 9, (b) that water supplied by the corporation is being used only for residential, noncommercial use, and (c) that the water is being used only within the confines of the stockholder's lot of land. If the stockholder fails to provide the required yearly certification by the specified date, or it's determined by the Board of Directors that the certification may be false, misleading or contain incorrect information, the Board of Directors shall have the sole authority to take all necessary actions and impose all associated assessments and fees, according to the by laws and consistent with applicable laws.

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Section 11 Stockholder in Good Standing

A stockholder who has paid the required assessments, fees and fines in accordance with these by laws, who has observed the corporation's rules of conduct, and who has not engaged in conduct materially and seriously prejudicial to the corporation's purposes and interests, and is in compliance with the by laws shall be a stockholder in good standing.

BY LAW II Corporate Powers

Section 1 Board of Directors

Subject to the provisions and limitations of the Articles of incorporation, any applicable laws, or by laws regarding actions that require approval of the stockholders, the corporate powers, business and property of this corporation shall be vested in and exercised, conducted and controlled by a board of seven directors, each of whom, except the incorporators of the corporation and their successors and assigns, shall be either a stockholder of the company and owner of at least one (1) lot of land in said property hereinbefore described, or part thereof, if there is a change in ownership, such as described in By Law I, Section 5, of these by laws. If a director ceases at any time to be a stockholder and the owner of such lot of land, that director shall hereby ipso facto cease to be a director and no one shall be, or be deemed to be, a de facto director who has ceased to be a stockholder or the owner of such lot of land.

BY LAW III Officers

Section 1 Officers of the corporation

The officers of this corporation shall consist of the president, vice-president, secretary, and treasurer, who shall be elected by the Board of Directors. The same person may be elected to and hold the offices of secretary and treasurer. The Board of Directors may elect an assistant secretary at any time they shall deem it advisable to create such an office, and such assistant secretary shall, in the absence of the secretary, exercise and perform the duties of the secretary.

Section 2 Officer salaries

The amount of salary which each of said officers shall receive, and the manner and time of its payment, shall be fixed and determined by the Board of Directors and may be altered by said board, from time to time, at the Board's discretion, subject to the rights, if any, of any officer under any contract of employment.

Section 3 Appointment of Officers

Immediately following a stockholder's meeting and election of directors, the Board of Directors shall appoint the officers of the Board of Directors. If there is no quorum to conduct the appointment of officers, the Board of Directors shall meet to appoint the officers at the next regular meeting or at a special meeting.

Section 4 Removal of Officers

Without prejudice to the rights of any officer under an employment contract, the board may remove any officer with or without cause. An officer who was not chosen by the board may be removed by any other officer on whom the board confers the power of removal.

Section 5 Resignation of Officers

Any officer may resign at any time by giving written notice to the Board of Directors. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 6 Vacancies in Officer Positions

A vacancy in any office of the Board of Directors because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these by laws for normal appointments to that office.

BY LAW IV Powers and Duties of Directors

Section 1 Board of Directors

In addition to the general powers set forth in By Law II, the Board of Directors shall have power:

First Officers/Employee/Agents

To elect and remove at pleasure, all corporate officers, employees, and agents of the corporation, prescribe such duties for them as may not be inconsistent with law and these by laws, fix their compensation, and require from them assurances for faithful service. A person removed from the position of an officer of the Board of Directors may remain a member of the Board of Directors, unless otherwise disqualified or removed as a board member.

Second Business rules and regulations of the corporation

To conduct, manage and control the affairs and business of the corporation, and to make such rules and regulations therefor, not inconsistent with the law and these by laws and the legal obligations of the corporation, as they may deem best.

Third Corporate seal and certificate of stock

To fix from time to time the office of the corporation, and to adopt, make and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the forms of such seal and such certificates, from time to time, as in their judgment may seem best. In the absence of action by the Board of Directors prescribing the form of certificates of stock, such certificates shall be in such forms as the officers signing the same may determine.

Fourth Issue stock

To issue, or cause to be issued, to persons qualified, as provided in Section 1 of By Law I of these by laws, at any time and from time to time, certificates of stock when fees have been received and to issue, or cause to be issued, to persons so qualified, at any time and from time to time, receipts which shall specify the amount of money paid, or value received on account of the stock to which they refer; to transfer on the books of the company the stock of any stockholder to any person who may be entitled thereto under the provisions of these by laws, with or without the endorsement, delivery or surrender of the certificate representing the same. All such certificates and receipts for stock shall be signed by the president or vice-president and secretary or assistant secretary, if there be one.

Fifth Borrow funds, build and maintain roads, incur indebtedness

To borrow money, build and maintain roads and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes and other evidences of debt.

Sixth Demand for stock payments

To call in and demand from the stockholders the sums by them respectively subscribed for capital stock in such payments and at such times as they may deem proper.

Seventh Collect assessments, fees and fines, and place liens

To levy and collect assessments, fees, and fines upon stockholders of the corporation. If a stockholder has not timely paid any assessment, fee, or fine arising from, or related to, water service provided by the corporation to the stockholder's property, then after providing at least 20 days' written notice to the stockholder, the Board of Directors may authorize the recording of a notice of lien against that stockholder's property to secure the collection of the assessment, fee, or fine owed to the corporation by the stockholder. The Board of Directors may take all proceedings necessary for the foreclosure, and to foreclose, any and all liens on property of the stockholders, created by these by laws or by contract with the stockholders, to secure the payment of assessments, fees, and fines levied or to be levied.

Eighth Rules and regulations for water district, collect costs and expenses incurred

To make rules and regulations for the distribution of water to the stockholders and to the owners of lots of land; to collect from the stockholders the costs and expenses incurred, or to be incurred, in the supply and distribution of water; to accumulate a fund to meet such costs and expenses; to foreclose any and all liens created by these by laws or by contract with the stockholders to secure the payment of such costs and expenses.

Ninth Alter, repeal, amend by laws

To alter, repeal, or amend, from time to time and at any time, these by laws as may be necessary or proper for conducting the business and affairs of the corporation, subject to any limitations set forth by law, by the Articles of Incorporation or by these by laws.

Tenth Other rules and regulation

The Forest Lakes Board of Directors may, at its sole discretion, make policies, rules, and regulations to preserve healthy and safe water distribution and road systems, and to conduct the business and affairs of the corporation.

Eleventh Fire protection reservoir / recreational purpose, rules and regulations of facility

To provide, at their sole discretion, a fire protection reservoir which may from time to time be used for recreational purposes as deemed desirable by the Board of Directors for the benefit of the stockholders and authorized guests and renters of the stockholder. All necessary rules and regulations for the operation and use of all such facilities can be made as the directors may deem appropriate.

Twelfth Advisory Committees

To appoint and dissolve such advisory committees of the stockholders, or their authorized representatives, as deemed appropriate from time to time to consult, study and advise on matters affecting the operation of the Water Company, the maintenance of roadways, and the health and safety of the stockholders and their authorized guests of the Forest Lakes Tract and other matters determined by the Board of Directors.

BY LAW V Vacancies in the Board of Directors

Section 1 Vacancy in the office of director

A vacancy or vacancies on the Board of Directors shall occur in the event of any of the following:

- a. death, removal, or resignation of any director;
- b. the declaration by a Board resolution of a vacancy in the office of a director to remove the director for cause because:
 - (i) director has been declared of unsound mind by a court order,
 - (ii) director has been convicted of a felony,
 - (iii) if the corporation holds assets in charitable trust, the director was found by a final order or judgment of any court to have breached a duty arising under Corporations Code §7238,
 - (iv) director missed a specified number of board meetings in violation of the by laws,
 - (v) director failed to meet the required qualifications to be a director in violation of the by laws;

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- (vi) director failed to comply with the policies, code of conduct, by laws, or rules and regulations of the corporation;
 - (vii) director failed to comply with applicable federal or state laws;
 - (viii) director failed to act in the best interest of the corporation;
 - (ix) director engaged in any fraudulent or dishonest acts or gross abuse of duty or discretion against the purposes and interests of the corporation; or
 - (x) director failed to faithfully perform their powers and duties, and/or breached their fiduciary duty.
- c. the vote of the stockholders to remove a director resulted in a vacancy;
 - d. a failure of the stockholders, at any meeting of the stockholders at which any director or directors are to be elected, to elect the number of directors required to be elected at that meeting; or
 - e. a vacancy is deemed to occur consistent with the by laws or applicable law.

Section 2. Removal of Directors for Cause by Board of Directors

- a. Absence. Any board member absent for three consecutive board meetings in succession may be removed from the Board, at the sole discretion of the Board of Directors, unless adequate prior notice is provided to the president and good cause exists for the absence. A director's illness or that of the director's family member which prevents him or her from attending meetings will serve as good cause. Removal for absence under this section shall be declared to be a vacancy in the office of director. The vacancy may be filled by the Board of Directors consistent with By Law V, Section 3.
- b. Failure to Meet Director Qualifications. The board, by a majority vote of the directors who meet all of the required qualifications to be a director, may declare a vacancy in the office of any director who fails or ceases to meet any qualification required of that director which was in effect at the beginning of that director's current term of office. The vacancy may be filled by the Board of Directors consistent with By law V, Section 3.
- c. Other Basis for Board Removal of Director for Cause. A director may be removed for cause, as determined by the Board of Directors. The basis for removal for cause shall include a consideration of the factors for removal as described in Section 1(b) of By Law V. The vacancy may be filled by the Board of Directors consistent with By law V, Section 3.

Section 3. Vacancy Filled by the Board of Directors

Except for a vacancy created by a removal of a director without cause or other circumstance by a vote of the stockholders, any vacancy of the Board of Directors shall be filled with the approval of the Board of Directors by an appointee of the Board of Directors, and the person so appointed shall hold office until the expiration of the term and until a successor is elected.

If the number of directors then in office is less than a quorum, the vacancy will be filled by: (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or a waiver of notice complying with

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Corporations Code section 7211, or (3) a sole remaining director. Such director shall hold office until his or her successor is elected at the next annual meeting of the members, or any special meeting called for that purpose prior thereto.

Section 4: Vacancy Filled by Stockholders

The stockholders may elect a director at any time to fill any vacancy that is not filled by the Board of Directors.

Section 5: Resignation of Directors

Except as provided below, any director may resign by giving written notice to the president or the secretary of the board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

BY LAW VI Election of directors

Section 1 Election by stockholders, term of office, votes

The directors shall be elected annually by the stockholders at the annual meeting of the stockholders. Their term of office will be for two (2) years, shall begin immediately after election and shall continue until their successors are elected. There being seven directors on the board, either three or four directors shall be elected in alternate years. All elections for directors shall be by ballot. At all elections, or stockholder votes had for any purpose, there must be twenty percent (20%) of the subscribed capital stock represented either in person, by proxy in writing, or by absentee ballot, and every person acting therein, in person, by proxy, or by absentee ballot, or representative of a bona fide stockholder who must have stock in their own name on the stock books of the corporation at least ten days prior to the election.

Section 2 Qualifications for Board of Directors

Any stockholder seeking to serve or serves as a director of the corporation must meet the qualifications stated herein, or may be disqualified or removed; and a vacancy of a director may be declared by the Board of Directors consistent with the by laws and other applicable laws.

A stockholder must meet all of the following qualifications to be eligible to serve or to continue to serve as a director:

- 1) person is a current stockholder in good standing as described in By Law II,
- 2) person is an owner of at least one (1) lot of land in said property hereinbefore described, or part thereof,
- 3) only 1 stockholder-owner of the same lot of land can serve on the board,
- 4) person has not been previously removed as a director,

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- 5) person agrees to comply with or is in compliance with the corporation's code of conduct, policies, rules, regulations, by laws, and laws applicable to corporation, and
- 6) person agrees to comply or is in compliance with the training requirements set out in California's Health & Safety Code Section 116755, which requires, within six months of taking office and every six years, completion of a two-hour course offered by a qualified trainer regarding the duties of board directors of mutual water companies.

Section 3 Accumulative voting

Voting shall not be accumulative.

Section 4 Quorum

If at any time a 20% quorum is not present at the annual meeting of the stockholders, at which time an election is to occur, the term of each director shall be extended an additional year or until a special meeting is duly called at which time an election can be properly conducted.

BY LAW VII President

Section 1 Power and duties

The powers and duties of the president are:

First Preside at meetings

To preside at all meetings of the stockholders and of the Board of Directors.

Second Special meetings

To call special meetings of the stockholders and also of the Board of Directors, to be held at the office or principal place of business of the company, at such time as the president shall deem proper.

Third Affix Signature and Delegate Power to Affix Signature

To affix the signature of the corporation, or delegate to an officer the power to affix the signature, to all deeds, conveyances, mortgages, leases, promissory notes, contracts, obligations, certificates and other papers and instruments in writing that may require the same

Fourth Supervision

Subject to the direction of the Board of Directors and the by laws, the president shall supervise the General Manager, and all other officers, agents, and employees of the corporation as may be required.

Fifth Perform all duties that pertain

Generally, to do and perform all such duties as pertain to the office of president and as may be required by the Board of Directors or by laws.

Section 2 Power and duties out of state

All the powers and duties hereby or by law conferred or imposed upon the president may be exercised and performed by the president either within the State of California or elsewhere.

Section 3 President pro tem

If the president or vice-president is not present at any meeting of the Board of Directors, or of the stockholders, a president pro tem may be chosen to preside and act at such meeting.

BY LAW VIII Vice president

Section 1 Absence of president

In case of absence or disability of the president, the vice-president shall take the president's place and perform all duties, and, subject to the above condition as to absence, the name "president" in these by laws shall also mean the vice-president. The vice-president shall also have such other powers and duties as are assigned by these by laws or by the Board of Directors.

BY LAW IX Secretary

Section 1 Power and duties

The powers and duties of the secretary are:

First Record of proceedings

To keep or cause to be kept at the corporation's office, a full and complete record of the minutes of the meetings, proceedings, actions of the Board of Directors and of the meetings of the stockholders.

Second Corporate Records and seal

To keep a copy of the articles of incorporation and bylaws, as amended to date; to keep the seal of the corporation and to affix the same to all instruments executed by the president which may require it.

Third Record of Corporation's Stockholders

To keep or cause to be kept a record of the corporation's stockholders, showing each stockholder's name, address, property ownership information, and certificates of stock,

Fourth Countersign stock

To countersign all certificates of stock.

Fifth Publication of notices

To make service and publication of all notices, or delegate to an officer the power to make service and publication of all notices, that may be necessary or proper, and without command or direction from anyone. In case of the absence, inability, refusal or neglect of that secretary to make service or publication of any notices, then such

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notices may be served and published by the president or vice-president, or by any person thereto authorized by either of them or by the Board of Directors.

Sixth Transfer shares on stock books

To transfer upon the stock books of the Company any and all shares of its stock, provided, however, that no certificate of stock shall be issued or delivered, or if issued or delivered shall have any validity whatsoever, until and unless it has been signed by the president or vice-president of the corporation.

Seventh Perform all duties that pertain

Generally, to do and perform all such duties as pertain to the office of secretary and as may be required by the Board of Directors.

Section 2 Assistant secretary duties and obligations

In case of the creation by the Board of Directors of the office of assistant secretary, then such assistant secretary, in the absence of the secretary from the place of business or office of the company, shall be and is hereby empowered to perform all the duties and obligations of the secretary with like effect; and, subject to the above conditions of absence, the name "secretary" in these by laws shall also mean assistant secretary. The assistant secretary shall further have such powers and duties as are assigned by these by laws, or as may be assigned by the Board of Directors.

BY LAW X Treasurer

Section 1 Powers and duties

The powers and duties of the treasurer shall be to supervise and control the keeping of the accounts and books of the corporation, to safely keep all moneys of the corporation which may be deposited with such treasurer from time to time, to pay out said moneys upon the checks or drafts of the president, countersigned by the treasurer, and generally to do and perform all such other duties as pertain to the office of treasurer as may be required by the Board of Directors.

BY LAW XI Meetings

Section 1 Regular annual or special stockholder meetings, quorum, voting requirements and proxies.

- a. Annual Meeting of Stockholders. There shall be a regular annual meeting of the stockholders of this corporation at a time and place designated by the Board of Directors. Unless otherwise announced, the annual meeting shall be on the Sunday following June 1st, at 1:00 p.m.
- b. Special Meeting of Stockholders. Special meetings of the stockholders of the corporation may be called and held at any time by order of the president, and the president shall at any time call a special meeting of the stockholders upon written request of two or more directors of the corporation. No business, other than the business that was set forth in the notice of the meeting, may be transacted at a special meeting.

By Laws

- c. Notice of Annual or Special Meeting of Stockholders. At least ten (10) days but no more than ninety (90) days before the holding of any meeting of the stockholders, notice thereof shall be sent through the mail to each stockholder, addressed to the stockholder at their residence or place of business. If neither the residence nor place of business is known, notification will be mailed to the address for which water is provided. If notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. The corporation may also serve the notice of meetings personally or by electronic transmission, which is deemed to be valid on the date of delivery. Stockholders who elect to receive notice via email of regular or special meetings of the stockholders or Board of Directors (if notice is required), must provide a signed and unrevoked statement of consent for email notification on file with the Secretary of the corporation. Meeting notices emailed to stockholders who have requested email notification and have a valid consent form filed with the Secretary shall be considered legally notified of any regular or special meeting.

- d. Notice of Meetings by Electronic Mail.

Notice given by electronic transmission by email by the corporation shall be valid if:

1. The stockholder has provided unrevoked consent to the use of e-mail to receive notice;
2. The stockholder's unrevoked consent to the use of e-mail to receive notice must be preceded by, or include, a clear written statement to the stockholder as to: (i) any right of the stockholder to have the record provided or made available on paper in nonelectronic form; (ii) whether the consent applies only to that notice; and (c) the procedures the stockholder must use to withdraw consent; and
3. The notice creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notice shall not be given by electronic transmission by the corporation after either of the following: (a) the corporation is unable to deliver two consecutive notices to the stockholder by that means or (b) the inability so to deliver the notices to the stockholder becomes known to the secretary, any assistant secretary, or any other person responsible for the giving of the notice.

- e. Contents of Notice of Regular or Special Meeting of Stockholders. The notice shall specify the place, date, and time of the meeting, and the means of electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, if any, by which stockholders may participate in that meeting. In the case of the regular annual meeting, the notice shall state those matters which the board, at the time the notice is given, intends to present for action by the stockholders. In the case of a special meeting, the notice of the special meeting shall state the general nature of the business to be transacted, and shall state that no other business may be transacted. The notice of any meeting

By Laws

at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to stockholders.

- f. Stockholder Meeting Procedures. At all meetings of the stockholders (whether regular, special or adjourned) persons representing twenty percent (20%) of the subscribed capital stock, either in person, by proxy in writing or by absentee ballot, shall constitute a quorum. At all meetings of the stockholders (whether regular, special or adjourned), each share of stock shall entitle the duly qualified holder thereof to one vote.

A qualified holder of capital stock, for voting purposes or Board candidacy, shall be deemed qualified only when all assessment payments have been recorded and verified as current. Nonpayment of assessments invalidates any right or authority to vote or act at any and all meetings of the stockholders, (whether regular, special or adjourned).

All proxies shall be in writing, subscribed by the party entitled to vote the number of shares represented thereby, and no such proxy shall be valid or confer any right or authority to vote or act thereunder, unless such proxy has been offered for filing to, and left with, the secretary of the corporation prior to the meeting at which the same is to be used; but in case any meeting of stockholders whatsoever (whether regular, special or adjourned) shall have been for any cause adjourned, proxies shall be valid and may be used at such adjourned meeting which have been offered for filing to, and left with, the secretary of the corporation prior to the date upon which said adjourned meeting shall be in fact held. Any business which might be done at a regular meeting of the stockholders may be done at a special or at the adjourned meeting. If no quorum be present at any meeting whatsoever of the stockholders (whether regular, special or adjourned), such meeting may be adjourned by those present from day to day, or from time to time, until such quorum be obtained, such adjournment and the reasons therefor being recorded in the journal of the proceedings of the stockholders. Notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

Section 2 Regular and special Board of Directors meeting requirements, remote format

- a. Regular Board Meeting. All regular meetings of the Board of Directors shall be at the office of the corporation, each and every month. The date and time of these meetings shall be decided upon by a majority of the Board of Directors. Notice of such regular meeting time and the proposed agenda shall be clearly posted at the office of the corporation at least four (4) days prior to the meeting. General meetings of the Board of Directors may be held without additional notice to each Board member.
- b. Special Board Meeting. Special meetings of the Board may be called at any time by order of the president, and the president shall at any time call a special meeting of the Board of Directors, upon a written request of two or more of said directors. Written notice of the time, place and

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agenda of a special meeting of the Board of Directors shall be made at least four (4) days prior to such meeting by first-class mail, at the residence or place of business of each director, or delivered personally or by telephone, including a voice messaging system or by electronic transmission to the directors by the corporation at least 48 hours prior to the time set for such meeting. The notice shall be clearly posted at the office of the corporation. Such service of notice shall be entered in the minutes of the corporation, and said minutes, upon being read and approved at a subsequent meeting of the Board of Directors, shall be conclusive upon the question of notice. The notice need not specify the purpose of the special meeting.

- c. Waiver of Notice. Notice of a board meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.
- d. Board Meeting Procedures. Any business which might be done at a regular meeting of the Board of Directors may be done at a special meeting of the Board.

Stockholders are welcome to attend and are permitted to speak for a period of three minutes each at all but executive session meetings.

Any regular, or special meeting may be held by conference telephone, video screen communication, or other communications equipment if authorized by the Board of Directors, in its sole discretion and subject to the guidelines and procedures the board may adopt consistent with the law. Participation in a meeting remotely under this section shall constitute presence in person at the meeting if both the following apply: (1) each person has a reasonable opportunity to participate in the meeting and to vote on matters submitted to the person, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and (2) if any person votes or takes other action at the meeting by means of electronic transmission to the corporation or electronic video screen communication, a record of that vote or action is maintained by the corporation.

- e. Board Committees. The Board of Directors may, by resolution adopted by a majority of directors then in office, create one or more committees, each consisting of two or more directors and also may include stockholders who are not directors, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the directors then in office. The board may appoint one or more directors as alternative members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the board action or resolution, shall have the authority to review the matters which are the subject of the committee and formulate policies and/or make recommendations to the board, which are then subject to the approval of the Board of Directors. Any stockholder serving on a

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committee shall also be subject to the same code of conduct as applicable to a director, and must comply with the by laws and rules and regulations of the corporation.

A committee, regardless of any board action or resolution, may not:

1. Fill vacancies on the board of directors or in any committee;
2. Amend or repeal by-laws or adopt new by-laws;
3. Amend, or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
4. Appoint any other committees of the Board of Directors or the members of these committees;
5. Expend corporate funds to support a nominee for director after there are more people nominated for director than can be elected;
6. Approve any transaction (i) to which the corporation is a party and one or more directors or committee members have a material financial interest; or (ii) between the corporation and one or more of its directors or between the corporation or any person in which one or more of its directors or committee members have a material financial interest.

Meetings and actions of committees of the board shall be governed by, held, and taken under the provisions of these bylaws concerning meetings and other board actions, except that the time for general meetings of board committees and the calling of special meetings of board committees may be set either by board resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The board may adopt rules for the governance of any committee as long as the rules are consistent with these bylaws. If the board has not adopted rules, the committee may do so.

- f. **Emergency Meeting.** An emergency meeting of the board may be called, not exclusive of an emergency situation described under By Law XII, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the board. In the event of an emergency, electronic transmissions may be used as a method of conducting an emergency meeting if all members of the board, consent in writing to that action, and if the written consent(s) are filed with the minutes of the meeting of the board. These written consents may be transmitted via conference telephone, video screen communication, or other communications equipment electronically.

BY LAW XII EMERGENCY POWERS

1. The emergency by law provisions in this section are adopted in accordance with California Corporations Code section 7151(g). Notwithstanding anything to the contrary herein, this section applies solely during an emergency, which is the limited period of time during which a quorum cannot be readily convened for action as a result of the following events or circumstances until the event or circumstance has subsided or ended and a quorum can

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be readily convened in accordance with the notice and quorum requirements these by laws:

- a. A natural catastrophe, including, but not limited to, a hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, or regardless of any cause, any fire, flood, or explosion;
 - b. An attack on this state or nation by an enemy of the United States of America, or on receipt by this State of a warning from the federal government indicating that an enemy attack is probable or imminent.
 - c. An act of terrorism or other man-made disaster that results in extraordinary levels of casualties or damage or disruption severely affecting infrastructure, environment, economy, government function, or population, including, but not limited to, mass evacuations; or
 - d. A state of emergency proclaimed by the Governor of the State of California, or by the President of the United States.
2. During an emergency, the Board may:
- a. Modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent resulting from the emergency;
 - b. Relocate the principal office or authorize the officers to do so;
 - c. Give notice to a director or directors in any practicable manner under the circumstances, including, but not limited to, by publication and radio, when notice of the meeting of the board cannot be given to that director or directors in a manner prescribed by these by laws; and
 - d. Deem that one or more officers present at a board meeting is a director, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.
3. During an emergency the board may not take any action that requires the vote of the stockholders or otherwise is not in the corporation's ordinary course of business, unless the required vote of the stockholders was obtained before the emergency. Any actions taken in good faith during an emergency under this section may not be used to impose liability on a director, officer, employee, or agent.

BY LAW XIII CONTRACTS WITH DIRECTORS

Section 1 Contracts with Directors

By Laws

No director of this corporation nor any other corporation, firm, association, or other entity in which one or more of this corporation's directors are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with this corporation unless: (1) the material facts regarding that director's financial interest in such contract or transaction is fully disclosed in good faith and noted in the minutes, or are known to all members of the board prior to the board's consideration of such contract or transaction with the interested director not being entitled to vote thereon; (2) such contract or transaction is authorized in good faith by a majority of the board by a vote sufficient for that purpose without counting the votes of the interested directors.

BY LAW XIV Indemnification of directors, officers, employees, and other agents

Section 1 Definition of director

For the purposes of this by law, a director means any person who is or was a director of the board.

Section 2 Serve in good faith and in best interest

A director shall perform the duties of a director, including duties as a member of any committee of the Board upon which the director may serve, in good faith, in a manner such director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

Section 3 Rely on various data

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including Financial Statements or other financial data, in each case prepared or presented by:

First Data supplied by officers or employees

One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented.

Second Data supplied by counsel, accountants

Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence, or

Third Data supplied by committees

A committee of the board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any case, the director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

By Laws

Section 4 Liability of director

A person who performs the duties of a director in accordance with Section 2 and Section 3 shall have no liability based upon any alleged failure to discharge their obligations as a director.

Section 5 Liability of agents or others

All agents or others, as determined by a director, acting on behalf of Forest Lakes Mutual Water Company shall be indemnified in accordance with and to the full extent in the California Corporations Code.

Section 6 Legal obligations and expenses

This corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation to procure a judgment in its favor by reason of the fact that person is or was an agent of this corporation, against expenses actually and reasonably incurred by that person in accordance with the applicable sections of the California Corporation Codes.

Section 7 Insurance

This corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

BYLAW XV Maintenance of Corporate Records

Corporate Records. This corporation shall keep the following:

- (1) Adequate and correct books and records of account;
- (2) Minutes of the proceedings of its stockholders, board, and committees of the board; and
- (3) A record of each stockholder's name, address, and stock certificate.

The minutes and other books and records shall be kept either in written form or in any other form capable of being converted into clearly legible tangible form or in any combination of the two.

Adoption of corporation by laws March 16, 1925

KNOW ALL MEN BY THESE PRESENTS: That We, the undersigned, being the holders and owners of all of the subscribed capital stock of Forest Lakes Mutual Water Company, namely, Walter S. Brann, B. S. Noyes, George H. Hoyt, J., A. Martenstein and I. Lindemann, owning and holding one (1) share each of said capital stock, hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 16th day of March, 1925.

By Laws

(Signed) Walter S. Brann, Stockholder (Signed) George H. Hoyt, Stockholder
(Signed) B. S. Noyes, Stockholder (Signed) J. A. Martenstein, Stockholder
(Signed) I. Lindemann, Stockholder

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, directors and secretary of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By-Laws were adopted as the By-Laws of said corporation, on the 16th day of March, 1925, and that the same do now constitute the By-Laws of said corporation.

(Signed) Walter S. Brann, Stockholder (Signed) George H. Hoyt, Stockholder
(Signed) B. S. Noyes, Stockholder (Signed) J. A. Martenstein, Stockholder
(Signed) I. Lindemann, Stockholder (Signed) Jane R. Robinson, Secretary of
Forest Lakes Mutual Water Co.

Amendment of corporation by laws June 28, 1980

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, directors of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By Laws were amended as the By Laws of said corporation, on the 28th day of June, 1980, and that the same do now constitute the By Laws of said corporation.

(Signed) Harry Butz, Director (Signed) Robert Muir, Director
(Signed) Kenneth Burke, Director (Signed) B. Frank Summers, Director
(Signed) Frank C. Smith, Jr., Director (Signed) Ray Queheillalt, Director

Amendment of corporation by laws September 8 and November 10, 1987

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, president and secretary-treasurer of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above foregoing Bylaws were amended by the directors of said corporation as the Bylaws of said corporation by resolution, on the eighth day of September, 1987 and on the tenth day of November, 1987, and that the same do now constitute the Bylaws of said corporation.

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(Signed) Robert Ciapponi, President

(Signed) Janelle Taylor, Secretary-Treasurer

Amendment of corporation by laws December 11, 2001

KNOW ALL PRESENT: That we, the undersigned, directors of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By Laws were amended as the By Laws of said corporation, on the 11th day of December, 2001, and that the same do now constitute the By Laws of said corporation.

Hillary Wilson, President

Agnes Lupini,
Secretary/Treasurer

Mary Carroll, Director

John Purchase, Director

Scott Greco, Director

Michael Bini, Director

David Ellison, Director

Keith Cicero, Director

REV xx/xx/xx

NOTE:

REV xx/xx/xx on the left-hand side of the by laws indicates the date of adoption of a change or deletion or addition or a new paragraph.

Restatement of corporation by laws November 13, 2018

KNOW ALL PRESENT: That we, the undersigned, directors of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By Laws were amended as the By Laws of said corporation, on the 13th day of November, 2018, and that the same do now constitute the By Laws of said corporation.

(signed) David Wade,
President

(signed) Louise West,
Secretary/Treasurer

Amendment of corporation by laws May 14, 2019

KNOW ALL PRESENT: That we, the undersigned, directors of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By Laws were

By Laws

amended as the By Laws of said corporation, on the 13th day of November, 2018, and that the same do now constitute the By Laws of said corporation.

(signed) David Wade,
President

(signed) Louise West,
Secretary/Treasurer

Amendment of corporation by laws November 8, 2022

KNOW ALL PRESENT: That we, the undersigned, directors of the corporation known as and called the Forest Lakes Mutual Water Company, do hereby certify that the above and foregoing By Laws were amended as the By Laws of said corporation, on the 13th day of November, 2018, and that the same do now constitute the By Laws of said corporation.

(Signed) Pete Gonda,
President

(Signed) Louise West,
Secretary

ARTICLES OF INCORPORATION

Forest Lakes Mutual Water Company

Exhibit "A" forming of the corporation

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, all of whom are citizens and residents of the State of California, have this day voluntarily associated Ourselves together for the purpose of forming a corporation under the laws of the State of California.

AND WE HEREBY CERTIFY:

1. Name of corporation

That the name of said corporation shall be FOREST LAKES MUTUAL WATER COMPANY.

2. Purpose for which formed

That the purposes for which it is formed are as follows: To furnish, supply and distribute water at cost, to and for its stockholders only, for domestic and all other useful purposes in proportion to the number of shares of such stock held by them respectively, but for such purposes only to owners of lots within Forest Lakes Tract, consisting of six hundred and sixteen (616) acres near Felton, Santa Cruz County, California, being part of the Rancho Canada del Rincon, and adjacent property. But the distribution and delivery of all water shall be at such times, and in such manner, and subject to such charges, toll, rules and regulations as may be established and fixed by the by laws of said corporation, or by the Board of Directors thereof, in the absence of any by law establishing and fixing the same, and such by laws may provide for a different charge or toll for different classes of service or for the same or similar service where the cost to the corporation of such service may not be uniform. In carrying out said purposes, it shall have power, among other things:

(a) Lands, water, water rights, water works, roads, easements, real and personal property
To acquire, purchase, own, hold, condemn, incur by deed of trust, mortgage or otherwise, lands, water, water rights, water works, roads on Forest Lakes Tract, easements and real and personal property of every kind and description.

(b) Bonds, securities and shares of stock
To purchase or otherwise acquire, bonds, securities and shares of stock of this and other corporations.

Exhibit "A"

(c) Maintain roads, buildings, artesian wells, pumping plants, dams, conduits, tunnels, reservoirs, pipe lines, water system and ditches

To construct, operate and maintain roads on said Forest Lakes Tract, buildings, artesian wells, pumping plants, dams, conduits, tunnels, reservoirs, pipe lines, water system and ditches.

(d) Property of corporation

To construct, operate and maintain roads on said Forest Lakes Tract, buildings, artesian wells, pumping plants, dams, conduits, tunnels, reservoirs, pipe lines, water system and ditches.

(e) Acts to carry out foregoing purposes

To do every act and thing that may be necessary or convenient to carry out any or all of the foregoing purposes in all their branches, whether such purposes be specifically stated herein or not.

(f) Corporation to be mutual and non-profit

Nothing herein contained shall authorize or be construed to permit said corporation to own, control, operate or manage for compensation, any water system, electrical plant or pipe line or to carry on the business of any public utility, nor shall anything herein contained authorize or be construed as permitting the accumulation of any funds by said corporation for the purpose of pecuniary profit; it being the intent and purpose of this corporation to be mutual and without profit to any of its stockholders, and all of the water system shall be used, operated and maintained without any compensation therefor; but that nothing herein contained shall abridge or impair the power of this corporation to levy assessments for any of the purposes mentioned in Section 331 of the Civil Code of the State of California, or to issue bonds, anything herein contained to the contrary notwithstanding.

(g) Stock title transfer

Each share of stock, except the incorporators' shares herein issued by the corporation, shall be appurtenant to and pass with the title to each lot of land in the Forest Lakes Tract to which and for which it is issued.

(h) Dividends

This corporation shall have no power to declare dividends out of any surplus moneys which may be accumulated, or transact business for profit, and shall exercise such acts or powers only as are incidental to the main purpose for which this corporation is formed, to-wit; To supply its stockholders with water.

3. Principal place of business

The place where its principal business is to be transacted shall be the community property of the corporation in Forest Lakes, Santa Cruz County, California.

4. Term of existence

That the term for which it is to exist is perpetual from and after the date of its incorporation.

5. Number of directors shall be seven (7)

The number of its directors shall be seven.

Name & Residence

B.S. Noyes, Oakland, CA
Walter S. Brann, Piedmont, CA

J. A. Martenstein, Oakland, CA

Name & Residence

Geo. H. Hoyt, Berkeley, CA
Ida Lindemann, San Francisco, CA

6. Amount of stock

That the amount of the capital stock of this corporation shall be Two Thousand (\$2,000.00) Dollars, divided into two thousand (2,000) shares of par value of One (\$1) Dollar each.

7. Subscribers of stock

That the amount of said capital stock which has been actually subscribed is Five (\$5) Dollars, and the following are the names of the persons by whom the same has been subscribed:

<i>Number of Subscribers</i>	<i>Number of Shares</i>	<i>Amount</i>
B. S. Noyes	1	\$1.00
Walter S. Brann	1	\$1.00
J. A. Martenstein	1	\$1.00
Geo. H. Hoyt	1	\$1.00
Ida Lindemann	1	\$1.00

Witnesses signatures January 31, 1925

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 31st day of January, 1925.

(signed) B. S. Noyes
Walter S. Brann
J. A. Martenstein
Geo. H. Hoyt
Ida Lindemann

8. Quorum

That a quorum shall consist of Twenty Percent (20%) of the shares entitled to vote.

REV 05/22/90

Exhibit "A"

Notary signatures January 31, 1925

STATE OF CALIFORNIA

City and County of San Francisco. (SEAL)

On this 31st day of January, A. D., 1925, before me, D. B. RICHARDS, A Notary Public in and for the City and County of San Francisco, State of California, residing therein, duly commissioned and sworn, personally appeared B. S. Noyes, Walter S. Brann, J. A. Martenstein, Geo. H. Hoyt, and Ida Lindemann known to me to be the persons whose names are subscribed to the within instrument, and they acknowledge to me that they executed the same. WITNESS my hand and official seal at said City and County.

(signed) D. B. RICHARDS

Notary Public in and for the City
and County of San Francisco,
State of California.

(SEAL)

(Endorsed)

FILED in the office of the Secretary

of State of the STATE OF CALIFORNIA

FEB. 13, 1925

FRANK C. JORDAN, Secretary of State

By Robert V. Jordan, Deputy