

**BY-LAWS
OF THE
SQUAW VALLEY MUTUAL WATER COMPANY**

ARTICLE 1. ORGANIZATION, PURPOSES AND GOALS

The Squaw Valley Mutual Water Company (“Company”) was formed in 1950 pursuant to the General Non-Profit Law of the State of California in effect at that time. In 1980, the General Non-Profit Law was reorganized and by operation of law (Corporations Code § 9912(5)), the Company became subject to the new Nonprofit Mutual Benefit Corporation Law (Corporations Code §§ 7110 et seq.). The purposes and goals of the Company are those delineated in the Articles of Incorporation.

ARTICLE 2. MEMBERSHIP

Section 2.1 The membership of the Company, shall at all times be restricted to persons having the fee title to real property located in any subdivision forming part of the following described land located in Placer County, California:

All of Section 29, the West half and the Northeast quarter of Section 28: the Northeast quarter of the Northwest quarter and the Northwest quarter of the Northeast quarter of Section 32, all in Township 16 North, Range 16 East, M.D.B. & M., Placer County, California.

Section 2.2 No other person shall be qualified for membership in The Company.

Section 2.3 No more than one membership may be issued to any one person, firm or corporation, except that if the person owns more than one lot, he or she has a membership for each lot.

Section 2.4 Any person having fee title, either solely or as a joint owner, to land within the area described in Section 2.1 above, is entitled to membership in this company on the condition that he or she makes application to this company in person or by his representative, or by telephone, or mail, to an authorized representative of this company at its office in Placer County, California, and, also agrees to abide by the Articles and By - Laws of this company. Membership shall continue so long as these conditions are met, and shall terminate when they are no longer met.

ARTICLE 3. MEMBER MEETINGS

Section 3.1 The principal meeting of the membership of the Company shall be the Annual Meeting, which shall occur on Labor Day weekend.

Section 3.2 Notice of the Annual Meeting’s date, time and place, including the agenda, will be sent to all members, no later than four weeks prior to the meeting date.

Section 3.3 One-fourth of the voting power, represented in person or by proxy, shall constitute a quorum at a meeting of the members. Any action which may be taken at any regular or special meeting of members may be taken without a meeting if The Company

distributes a written ballot to every member entitled to vote on the matter. If voting by ballot, The Company shall distribute a written ballot to each member entitled to vote no later than four weeks before the votes will be counted. The ballot shall be mailed by first class mail, or by email, to the address given by the member for the purpose of notice. The written ballot form shall:

- a) describe the proposal(s) to be voted on;
- b) provide an opportunity to specify approval or disapproval of the proposal;
- c) state that when the member specifies a choice for a matter, the vote shall be counted as the member requests, and if there is no choice specified on a particular matter, no vote shall be counted on that matter;
- d) state that in order to count, at least one-fourth (i.e. actual number) of the ballots must be returned to the Company before the last business day prior to the meeting, and
- e) state that the affirmative vote of the majority of the returned ballots is required for a proposal to pass.

Returned ballots are not revocable.

Section 3.4 Special member meetings may be called by a vote of the Board of Directors, the President, or 5 percent or more of the members. Notice of the day, hour, and place of such meetings must be delivered to all members no later than two weeks prior to the meeting date. Notice of a members' meeting will be posted on the Company website, and shall also be given personally, by electronic transmission, or by first class mail.

Section 3.5 All meetings of members of The Company shall occur in Olympic Valley, CA, sometimes referred to as Squaw Valley.

SECTION 4. DIRECTORS

Section 4.1 Board of Directors The property and affairs of The Company shall be managed and controlled by the Board of Directors, which shall consist of five persons each of whom is a member, elected by the members.

Section 4.2 Election and Terms of Office Election of the Board of Directors of The Company shall take place by ballot at the Annual Meeting. Nominations to the Board of Directors shall open 11 months before the Annual Meeting and close six weeks before the Annual Meeting. Nominations must be in writing and delivered to The Company. Only members of The Company are eligible to serve as Directors. Directors' terms of office shall be two years, beginning immediately upon their election. **Two Directors shall be elected at each even number year's Annual Meeting, and three Directors shall be elected in odd numbered year's Annual Meeting.**

Section 4.3 Vacancies on the Board occur when a duly elected Board member resigns for any reason, when a duly elected Board member is no longer eligible to serve because of loss of membership, or a Board member is absent for two or more meetings of the Board in one year. When a vacancy occurs, the Board of Directors shall appoint a replacement from the membership; that appointed Director shall serve until the next Annual Meeting, when an election shall be held to select the replacement.

Section 4.4 Duties and Responsibilities of the Board

The Board of Directors shall have the following responsibilities:

- 4.4.1** Calling special meetings of the members when they deem it necessary. They shall call a meeting at any time upon the written request of 5% or more of the members of this corporation, following the rules in Section 3.
- 4.4.2.** To appoint and remove at pleasure all officers, agents, or employees of the corporation, prescribe their duties, fix their compensation, and require from them that their duties be properly performed.
- 4.4.3.** To conduct, manage and control the affairs and business of the corporation, and to make rules and regulations not inconsistent with the laws of the State of California.
- 4.4.4.** To incur indebtedness. The terms and amounts of such indebtedness shall be entered in the Minutes of the Board of Directors and the notes and obligations given the same, signed officially by the President and Secretary, shall be binding on the corporation.
- 4.4.5.** To take any action which the Board of Directors could take at a meeting duly convened, without the necessity of a meeting, the President will set forth a motion by electronic mail to members of the Board of Directors. They will have **five** days in which to cast their votes. The **Secretary of the Board** will keep track of the votes, report them back to the Board of Directors at the end of **five** days, report them at the next duly called meeting and record the votes in the minutes. In order for the motion to pass, all Directors must vote for it (i.e. passage requires a unanimous affirmative vote). If a member of the Board of Directors does not have access to electronic mail, the **Secretary of the Board** shall call that member and take his or her vote and record it, which vote shall be confirmed by the member mailing his/her vote to the Office Manager.
- 4.4.6.** **The Office Manager shall cause** to cause to be kept a complete record of all their Minutes and acts of the proceedings of the members of this corporation, and present a full statement at the regular annual meeting of the members of this corporation, showing in detail the assets and liabilities of the corporation, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the members of the corporation when required by the written request of twenty five or more members.
- 4.4.7** The Board of Directors will follow the business rules delineated in Section 8 in carrying out its duties.
- 4.4.8** To adopt an annual budget on or before the start of each fiscal year of the Company.
- 4.4.9** To cause an annual review of the financial records and reports of the Company by a CPA or public accountant.
- 4.10** The Company's budget and report shall be available to members or lessees of members within 30 days after adoption of the budget or report.
- 4.4.11** The Company shall have the power and authority to indemnify its agents, as defined in section 7237(a) of the California Corporations Code, to the fullest extent permitted by section 7237 of the California Corporations Code. The Company 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 agents, to cover any liability asserted against or incurred by an agent in such capacity or arising from the agent's status as such.

Section 4.5 Meetings of the Board of Directors

4.5.1 The Board of Directors shall have at least three meetings annually, one of which should be immediately prior to the annual meeting. Proxies are not allowed at Director meetings.

4.5.2 Special meetings of the Directors may be called at any time by the President, or upon his order when called for by two or more of the Directors. Written or electronic notice of the time and place of such special meetings shall be given to the Directors at least one week prior to the time set for such meetings.

4.5.3 A majority of the Directors shall constitute a quorum for any meeting.

4.5.4 All meetings of the Board of Directors, except for executive sessions, shall be open to all members.

4.5.5 Directors may participate in a meeting through the use of conference telephone, electronic screen communication, or electronic transmission. Participation in a meeting in this manner constitutes presence at the meeting as long as all the directors are able to hear one another, communicate concurrently, and the remote Director has the capacity to propose, interpose, or object to any motion.

4.5.6 Draft minutes of a Directors meeting shall be available to members or lessees of members within 30 days after the meeting.

4.5.7 All Director meetings, except emergency meetings, shall be publicly noticed four days in advance of the meeting. Notice shall be provided by posting the notice on the Company's website, or in a prominent and public location within Company boundaries, and by mail to any member or lessee of a member who requested personal notice. The notice shall contain the agenda for the meeting.

4.5.8 Each agenda shall have a "public comment" item that authorizes members or lessees of members to speak to the Board.

SECTION 5. OFFICERS

Section 5.1 The **officers** of this corporation shall be a President, Vice President, Secretary and Treasurer, which officers shall be elected by, and hold office at the pleasure of the Board of Directors.

Section 5.2 The **President** shall be the chief executive officer and head of the corporation, and shall have general control and management of its business and affairs. He shall sign all conveyances of real property executed on behalf of the corporation and all papers, contracts and documents required by the Board of Directors which are proper and necessary to carry on the business of the corporation. He shall preside at all the meetings of the Directors and members.

Section 5.3 The **Vice President** in the absence or inability to act of the President is vested with all the powers, and shall perform all the duties of President, in such acts and in the execution of writing as such Vice President, it shall not be necessary to recite the absence or inability of the presiding officer to act.

Section 5.4 The Secretary, (or by a majority vote of the Board of Directors, a secretarial service may perform these duties) shall be the secretary and clerk of the Board of Directors, and secretary of all the meetings of members of the corporation. **The secretary** shall attend all their sessions, and shall record all votes and minutes of their proceedings in a book or books kept for that purpose. He shall give all notices required of him by law, or the order of the President, and all notices required of meetings of the members and Directors when not otherwise legally given, and he shall perform all other duties required of him by the President and Directors. He shall attest all deeds of real property and countersign all drafts, promissory notes, and other obligations of the corporation, and attach the seal of the corporation thereto. **The Office Manager** shall have the custody of and carefully preserve the corporate seal. In case of absence, inability or refusal, or neglect, of the Secretary to give or serve any of the notices required to be given by him, then such notices may be served by any person so directed to do so by the President or Vice President of the corporation.

Section 5.5 The offices of Secretary and Treasurer shall be held by different persons. The **Treasurer** shall receive and keep all funds of the corporation and pay them out only on the check of the President, or otherwise signed in pursuance of the order of the Board of Directors, and generally perform all other duties pertaining to his office, or which may be required of him by the Board of Directors.

Section 5.6 The books and such papers as may be placed on file by a vote of the members or Directors shall at all times in business hours be subject to the inspection of the Board of Directors and of any member of this corporation.

SECTION 6. AMENDMENTS

Section 6.1 In addition to the methods of amending By-Laws provided by the laws of this state, these By-Laws may be amended by unanimous approval of the Board of Directors at a lawfully called meeting.

SECTION 7. SEAL

Section 7.1 The corporation shall have a common seal consisting of a circle having on its circumference the words "Squaw Valley Mutual Water Company, Incorporated April 17, 1950".

SECTION 8. BASIC POLICIES AND BUSINESS RULES

SECTION 8.1 Fees, Dues and Assessments

Section 8.1.1 Admission fees shall be set so that persons seeking admission to membership in this company shall make a fair and equitable and ratable capital investment in this company when compared with the capital investment which existing members have made in this company up to the time that the person seeking admission to this company makes application for membership.

Section 8.1.2 Dues to members shall be set on the basis of delivery of water to members at cost plus necessary expenses. Each member shall be charged his prorata share of the total cost plus necessary expenses, of the total water delivered to the total membership, based upon the amount of water delivered to the member during the

year, as compared to the total amount of water delivered to the total membership during the year, as more precisely defined in Section 16.1 et. seq. below.

Section 8.1.3 Transfer fees shall be set in such amount as to cover only the actual cost and expenses to the company of transferring membership on the books of the company.

Section 8.1.4 Assessment shall be based on the premise that each lot has its value enhanced by the existence and maintenance of this company and its physical plant and assets and water rights, for delivery of water to said lots. Therefore, the number of lots, or portions thereof, owned by each member shall be used as the basis for appointment of assessments upon members. Assessments shall always be levied fairly and equitably among members, and shall only be levied for a proper purpose-and with advantage to the company membership as a whole.

Section 8.1.5 At no time shall assessments be levied to expand the system or plant of this company so as to service areas not **referenced in ARTICLE III of the AMENDED ARTICLES OF INCORPORATION OF THE SQUAW VALLEY NUTUAL WATER COMPANY.**

Section 8.1.6 Voting rights shall be based on the premise that voting rights should be proportional to liability to assessment. Therefore, the members, if any, who under the By Laws are not subject to assessment shall not have voting rights, and the members subject to assessment under these By - Laws shall be entitled to one vote for each lot which the member owns solely and to a fraction of a vote for each lot which the member owns jointly, the fraction of vote to be equal to the fractional share of Ownership which the member has in the lot so jointly owned.

SECTION 8.2. Property Rights of Members

Section 8.2.1 Subject to the limitations set forth in Section 2.4 above, each member shall have the right to have water delivered to the lot or lots which he solely or jointly owns; provided that each member is only entitled to have a prorata share of the water available to the company and may require delivery of only such amounts of water as are necessary for reasonable residential and domestic use of said lots, provided the member is not delinquent in any charges levied by the Company. The term “reasonable domestic and residential use” shall include reasonable use for commercial enterprises where members have commercial enterprises on lots.

Section 8.2.2 Each member shall have an **equal** equity in the assets of the company and upon dissolution of the company shall be entitled to share in the distribution of assets of the company among members in proportion to the capital investment which the member has made in the company. For purposes of this section, the term “capital investment” shall include all admission fees, (including admission fees which may have been designated or termed “hook- on fees”), and assessments, but none of the following payments by members shall be considered as part of their capital investment in the company:

Dues for delivery of water, transfer fees, amounts paid for connecting tap water service or penalties of any kind charged to the member, including

interest charged to the member, or collection costs charged to the member, for delinquencies in, or collection of, any amounts owed by the member to the company.

Section 8.2.3 Membership in this company, and the water rights accompanying same shall be appurtenant to each of the lots owned by members solely or jointly; provided, however, that the water rights accompanying membership are only a right to receive water in the manner, and on conditions, set forth in the Articles and By-Laws.

SECTION 8.3. Classes of Membership

Section 8.3.1 Class A membership: Members holding Class A membership shall be entitled to vote, shall be subject to payment of admission fees as a condition to be granted membership, and shall be subject to payment of all assessments, transfer fees, and delinquency penalties or interest or collection costs upon amounts owed to the company.

Section 8.3.2 Other classes of membership may be created by the Board of Directors, provided the rights and liabilities are in accordance with the policies and provisions set forth in the Articles of Incorporation and these By-Laws.

SECTION 8.4. Admission and Transfer Fees, Assessments and Dues

Section 8.4.1 The Board of Directors is authorized to fix the amount of admission and transfer fees, assessments and dues, from time to time and to make same payable at such times and intervals, and upon such notice, and by such methods as the Directors may prescribe, in accordance with the Articles of Incorporation of this Corporation and these By-Laws.

SECTION 8.5 Dues for Water Service

Section 8.5.1 Dues for water service shall be based on cost plus necessary expenses of delivery of water to the membership.

Section 8.5.2 Dues for water service shall be charged on the basis of the number of improved lots owned solely and-or jointly by each member.

Section 8.5.3 Water service will be presumed to be continuously furnished to each lot from the date of issuance of the first building permit issued for any construction on the lot. Upon issuance of said first building permit, the member will be charged annual dues on a prorata basis, for that portion of the calendar year remaining after issuance of said first building permit for said lot, and in succeeding years be charged regular annual dues.

Section 8.5.4 The amount of water delivered to each improved lot will be approximated on the basis of the number of water outlets in the houses or structures thereon, and whether the use be residential or commercial, as further defined below.

Section 8.5.5 Definitions:

- a) "Small house" is defined as a house used for residential purposes which contain no more than one kitchen unit and two bathroom units.

- b) "Large house" is defined as a house used for residential purposes which contains one kitchen unit and more than two bathroom units.
- c) "Kitchen unit" shall consist of no more than three outlets; namely, a kitchen sink and a dishwasher, and a washing machine or washtub. These outlets need not all be located in the same room, however, to qualify as a kitchen unit.
- d) "Bathroom unit" shall consist of no more than four outlets; namely, a toilet and a lavatory bowl, and a shower and-or bathtub or combination shower and bathtub. These outlets need not all be located in the same room, however, to qualify as a bathroom unit.

Section 8.5.6 The "small house" shall be the unit of reference, and be assigned a weight factor of 1. "Large house" and other types of structures, and-or commercial uses of lots will be assigned weight factors which shall fairly reflect the additional water furnished to them, as compared to the unit of reference (small house). These weight factors shall be set by resolution of the Board of Directors in such manner as to fairly and equitably charge for the water furnished to members.

Dues will be computed as follows:

The number of improved lots having structures in each category will be multiplied by the respective weight factor for that category, and the sums thus obtained for each category added together to obtain a total weighted sum. This total weighted sum will then be divided into the total estimated cost plus necessary expenditures, of water delivered to the entire membership during the coming year. The quotient so obtained will be the annual dues service charge for a small house. The annual dues service charge for other categories will then be obtained by multiplying the annual charge for a small house by the appropriate weight factor.

Section 8.5.7 Additional prorata dues may be charged at year end if actual cost plus necessary expenses exceeds estimated, or in the event actual was less than estimated, then adjustments shall be made in the dues charged in the following year, so that the total dues charged members for water shall always be only the total cost plus necessary expenses for the total water delivered to the total membership.

Section 8.5.8 The amounts of dues shall be set by resolution of the Directors and the most current such resolution shall always be kept attached to the copy of these By-laws kept in the office of the company.

Section 8.5.9 Where the lot to which water is furnished, is jointly owned, all joint owners shall be jointly and severally liable for dues, and the company may collect the full amount from any one joint owner. However, the company cannot collect a total more than the dues owing for service to the jointly owned lot, and any payment of monies by one joint owner shall be credited against the amount jointly and severally owing but only in the manner set forth in Section 16.8 below.

SECTION 8.6. Charges, liens, collection and enforcement

Section 8.6.1 All admission fees (including admission fees termed "hook-on charges" in the past), transfer fees, assessments, dues for water service, and all penalty charges, and interest on said fees, assessments and dues are a lien against the membership of the member owing the same to the company, from the date that:

- a) Assessments are declared by resolution of the Board of Directors.
- b) The member is admitted, in the case of admission fees (including admission fees previously termed “hook-on charges”).
- c) Transfer fees and dues first become due and owing.
- d) Penalty charges or interest charges first accrue.

Section 8.6.2 Admission fees are due and payable at time of admission. Transfer fees are due and payable **at time** of the transfer of membership. Assessments and dues for water service are due and payable on the date of billing.

Section 8.6.3 All fees, assessments, and dues are delinquent if not paid within 60 days after due. When said charges become delinquent, a 25% penalty will be added to the bill, and interest at the rate of 1 1/2 % per month will be charged until the delinquent amount is paid in full. In addition to the foregoing, when collection action is taken on delinquent charges, the delinquent member will be charged all reasonable costs of collection, including reasonable attorneys’ fees and court costs if suit becomes necessary. The Company shall also be authorized to record a lien against property that remains delinquent after giving 20 days’ notice, consistent with Corporation Code § 14304.

Section 8.6.4 Water service may be disconnected and discontinued to any lot owned solely or jointly by any member who is delinquent in payment of any assessments, fees, dues, penalty charges, 30 days after said assessments, fees, dues or penalty charges become delinquent. In the event that any member (or any person acting under authority given by said member), whose water service has been so disconnected by the company, shall, without authority, reconnect or turn on said member’s water service, a court injunction prohibiting such action shall be sought by the company, and if obtained, said member shall pay a penalty charge sufficient to cover the expenses of obtaining same, including but not limited to, court costs and reasonable attorneys’ fees. Members owning lots jointly with a member who is delinquent in payment of any assessment, fees, dues, or penalty charge, may obtain reconnection and service to any lot where service has been discontinued upon payment of all delinquent assessments, fees, dues, or penalty charges owed by said delinquent joint owner member.

Water service will not be turned on or connected up to any lot owned solely or jointly by any member who is delinquent in payment of any fees, assessments, or dues.

Section 8.6.5 All delinquent bills for assessments, fees, or dues sent to members shall have printed or stamped on the face thereof, in 10-point or larger type, the following notice:

“Water service will be disconnected and discontinued 30 days after the date on this bill. A penalty of 25% has been added to this bill. Interest at the rate of 1 % per month will be charged until payment is made in full. In addition, collection costs, including attorneys’ fees and court costs, will be charged you if collection action become necessary. Pursuant to Corporations Code § 14304, if the delinquent amount remains past due 20 days after the date of this invoice, the

Company shall record a lien against your property to secure the collection of the amount due.”

Section 8.6.6 A penalty charge shall be made to any member whose water service is discontinued pursuant to Section 8.6.5 above, in an amount sufficient to cover the cost to the company of disconnecting, and a like penalty charge shall be made for any reconnection of service after the delinquent account is paid up.

Section 8.6.7 Joint owners shall be jointly and severally liable for all penalty charges and collection costs imposed because of delinquency of bills on which they are jointly and severally liable.

Section 8.6.8 All monies collected from a member shall be credited as follows:

- a) First, against amounts owed by a member by virtue of his being a sole owner of a lot or lots.
Credits shall be applied so that all charges are paid first on amounts owed by virtue of ownership of the lots purchased first in point of time by the member, or if lots were acquired at the same time by the member, then credited in the order the company chooses. Credits shall be made in the following order as regards charges arising from ownership of any given lot:
 - i) for delinquent charges of any nature, and penalty charges, and then,
 - ii) for assessments due currently, and then,
 - iii) for dues currently due.
- b) The balance, if any, of monies collected, shall then be applied against amounts owed by a member by virtue of his being the joint owner of any lot or lots. Credits shall be applied so that all charges are paid first on amounts owed by virtue of a joint interest acquired first in point of time by the member, or if joint interests in two or more lots were acquired at the same time by the member, then shall be credited in the order the company chooses. Credits shall be applied in the following order as regards charges arising by virtue of a joint interest in any given lot:
 - i) for delinquent charges of any nature, and penalty charges, and then,
 - ii) for assessments due currently, and then,
 - iii) for dues currently due.

SECTION 8.7. Forfeiture of Membership

Section 8.7.1 Memberships may be forfeited back to the Company if a member fails to pay any assessments, fee, dues, or penalty charges. Memberships may only be forfeited for failure to pay after the Company has filed a lien against that member’s property or membership (i.e. memberships will be considered for forfeiture if the member still refuses to pay after filing of the lien). Liens may be enforced by legal action, recording of liens, or both. Memberships may also be forfeited for failure to adhere to reasonable requirements imposed by the Board, or for failure to adhere to the requirements imposed by these bylaws. Notice that forfeiture of membership will be considered by the Board shall be sent by first class or certified mail, return receipt requested, before any membership is declared forfeited.

Section 8.7.2 Before a membership can be declared forfeited, the Board shall take the following steps:

1. The Board shall provide the member with at least 15 days' prior notice of the effective date of the forfeiture and the reasons for declaring the membership forfeited.
2. The Board shall provide the member the opportunity to be heard, orally or in writing, at least five days before the effective date of the forfeiture.

Section 8.7.3 Upon forfeiture of membership of a member, all his membership rights, including water rights, shall cease to be appurtenant to all lots solely owned by said former member, but such forfeiture of membership shall not affect any rights appurtenant to lots which are jointly owned by said former member, unless and until all joint owners of any of said lots are likewise forfeited of their membership.

Section 8.7.4 If forfeiture of membership is to be declared to enforce a lien arising because of a charge for which one or more members are jointly and severally liable, then all such members who are jointly and severally liable must be declared forfeit of membership, or none may be. Upon such forfeiture of membership of all members jointly and severally liable on a lien, then all membership right, including water rights, shall cease to be appurtenant **on said** lots:

- a) jointly owned by said former members, provided that said former members constitute all of the joint owners of the lot, or lots, in question; and,
- b) owned solely by each of said former members.

Section 8.7.5 Notwithstanding any provisions of Section 8.7.4 above, any person who has been a member of this company but had his membership declared forfeit, may or may not be re-admitted to membership in the reasonable discretion of the Directors.