

AMENDED BY-LAWS OF LA CUMBRE MUTUAL WATER COMPANY

Recorded April 1, 1968 in Book 2227 of Official Records, Santa Barbara County, California at Page 31

Incorporated June 4, 1925, Certified by Secretary of State June 6, 1925.

(With Amendments to June 10, 1980 and August 27, 2018)

ARTICLE I. BOARD OF DIRECTORS

Section 1. Number and Powers. The corporate powers, business and property of this corporation shall be exercised, conducted and controlled by a Board of Five (5) Directors. In addition to the powers and authorities expressly conferred upon them by these By-Laws, the Board may exercise all such powers and do all such lawful acts and things as are not by statute or by these By-Laws directed or required to be exercised or done by the stockholder.

Section 2. Qualifications. Each director must be a stockholder of the corporation.

Section 3. Term of Office. Each director shall serve for a term of three (3) years and until his successor shall have been chosen and qualified, unless he shall resign, become disqualified, disabled or shall otherwise be removed. The terms of the directors shall be staggered so that in each of two (2) successive years the terms of office of two (2) directors shall expire and in the next succeeding year the term of office of one (1) director shall expire.

Section 4. Vacancies. Vacancies in the Board of Directors caused by death, resignation, disqualification, or other causes, may be filled for the remainder of the term and until election of and qualification by his successor, by the affirmative vote of a majority of the directors in office.

Section 5. Place of Meeting. The place of the meeting shall be at 695 Via Tranquila, Hope Ranch Park, Santa Barbara, California, or at such other place as is designated in a notice of meeting given as provided in these By-Laws.

Section 6. Meetings. By resolution and notice hereof to all the Directors at the time in office, the Board of Directors may provide that the regular meetings of said Board shall be held at stated intervals and at a place to be fixed in such resolution. In case such regular meetings are provided for, it shall not be necessary to give notice of any of such meetings nor of the business to be transacted. Special meetings of said Board may be called upon the order of the President, or any three (3) directors; and the Secretary shall give one day's notice in writing, by mail, of the meeting to each director; provided that a meeting may be held at any time without notice, if all the directors are present or consent thereto in writing or by telegram; and a meeting of the directors may be held without notice immediately after the annual meeting; provided, further, that the first regular meeting of said Board for the transaction of any and all business shall be held at the said office of the corporation immediately after the adoption of these By-Laws.

Section 7. Quorum. A majority of the directors at the time in office shall constitute a quorum for the transaction of business, except when otherwise provided by statute.

Section 8. Presiding Officer. At all meetings of the Board of Directors, the President of the corporation, or, in his absence, the Vice President, or, in the absence of both, the President and Vice President, a Chairman chosen by the directors present, shall preside.

Section 9. Nomination and Election of Directors. The President, on or before the second Tuesday in April, shall appoint a 3-person committee for the purpose of proposing a nominee or nominees for those directorships that are expiring.

The nominating committee shall submit its proposals to the President on or before the first Tuesday in May, and promptly thereafter the Secretary shall have posted upon the Company's bulletin board at its office at 695 Via Tranquila, Santa Barbara, the name or names of the nominees.

Additional nominations or stockholder proposals for action at the annual meeting may be made by any stockholder filing a nominee's name, certifying the nominee's willingness to serve and his/her eligibility as a stockholder, and proposals by submitting them in writing. Each nomination or proposal to be supported by not less than 15 stockholder signatures, nor more than 20, and filed at the office of the Company not later than 3 weeks prior to the annual meeting.

Not less than 2 weeks prior to the annual meeting the Secretary shall mail to each stockholder a self-addressed proxy form providing spaces for voting upon nominations and any other business scheduled for the meeting, and specifying that the same must be received at the office of the Company not later than 12:00 noon on the day preceding the day of the annual meeting.

ARTICLE II. POWERS OF DIRECTORS

The Directors shall have power:

Section 1. To call special meetings of the stockholders, when they deem it necessary. And they shall call a meeting at any time upon the written request of stockholders holding at least one-third of the issued capital stock.

Section 2. To appoint and remove at pleasure, all officers; agents and employees of the corporation, prescribe their duties, fix their compensation and require from them security for faithful service.

Section 3. To conduct, manage and control the affairs and business of the corporation, and to make rules and regulations for its government and the selling and distributing of the water furnished by the corporation; such rules and regulations to be not inconsistent with the laws of the State of California, or with the By-Laws of this corporation.

Section 4. To incur indebtedness, such indebtedness, except as hereinafter in this Section 4 provides, not to exceed in the aggregate at any time the sum of Fifty Thousand Dollars (\$50,000.00) without the consent of the stockholders holding upon the books of this corporation at least two-thirds of the issued capital stock thereof, such consent to be either in writing or by the affirmative vote of the stockholders given in a meeting as prescribed in these By-Laws and the laws of the State of California; provided, however, and anything hereinbefore in this Section 4 to the contrary notwithstanding, the Board of Directors shall have power

and authority without the consent of the stockholders at any time and from time to time in the discretion of the Board of Directors to incur indebtedness to any recognized banking institution or institutions in an amount or amounts not exceeding in the aggregate at any time the sum of Four Million Dollars (\$4,000,000.00). Any such institution shall be entitled to rely upon any certificate of indebtedness executed by the Secretary or Treasurer and such certificate shall be exclusive upon the corporation.

Section 5. The Board of Directors are hereby authorized to charge the stockholders such sums for water as may cover all ordinary expenses of the company.

Section 6. The Board of Directors, may, at their discretion, also charge an additional sum for water sufficient in amount to establish a sinking fund with which to pay any bonded and/or other indebtedness, and interest thereon that may be hereafter incurred by this company, or such bonded and/or other indebtedness and interest may be paid from the proceeds of assessments levied from time to time upon the stockholders.

Section 7. The Board of Directors may, at their discretion, charge the cost of any enlargement, expansion or extension of present facilities or the installation of new facilities, when such enlargement, expansion, extension or installation are for the primary benefit of a portion of the lands to which the shares of this corporation are appurtenant, to the stockholders owning such portion, upon such basis of apportionment and upon such terms as the Board of Directors deems fair and reasonable, and to enforce such charges, in addition to any other remedy at law or in equity, by levy of assessment against the stock of such stockholders.

Section 8. To buy in the stock of this corporation when offered for sale for the nonpayment of any assessments levied upon the same, provided that when stock of this corporation is purchased by the Board of Directors for the corporation that the owner of the same may redeem the stock so purchased by the corporation at any time within six (6) months from the date of such purchase by the corporation, by paying to the corporation an amount for which the corporation purchased the stock, together with such amount per share as shall equal the amount of all intervening assessments levied upon the issued capital stock of the corporation, and an amount equal to all intervening water rates and charges, together with interest upon all of the aforesaid amounts, at the rate of one per cent (1%) per month, together with all costs and expenses of sale; provided, further, that should such stock not be so redeemed within six (6) months from the date of such sale, then it shall revert to the treasury stock of this corporation, and may be sold in the same manner as other treasury stock of said corporation is sold.

ARTICLE III. DUTIES OF DIRECTORS

It shall be the duty of the directors:

Section 1. To cause to be kept a complete record of all their minutes and acts and the proceedings of the stockholders, and present a full statement at the annual meeting, showing the condition of the corporation. A similar statement shall at any time be furnished upon the written request of the stockholders holding at least one third of the issued capital stock of the corporation.

Section 2. To supervise all officers, agents and employees and see that their duties are properly performed; to cause to be issued to the stockholders, in proportion to their several interests, certificates of stock, not to exceed in the aggregate the duly authorized capitalization of the corporation.

ARTICLE IV. OFFICERS AND THEIR DUTIES

Section 1. Officers. The officers of this corporation shall be

chosen by the directors, and shall consist of the President and Vice President (who shall all be members of the Board of Directors), also a Secretary, an Assistant Secretary, a Treasurer, and such other officers as may be required by law, or may be created by the Board of Directors. Any person may hold at one time any two or more of the aforesaid offices. The Board of Directors shall have power to create any additional offices and fill the same wherever in their judgment the same may be necessary, and the duties of such additional officers shall be such as the Board may prescribe.

Section 2. Removals. All officers shall hold their offices only during the pleasure of the Board of Directors. Any officer may be changed at any time upon the affirmative vote of a majority of the Board of Directors.

Section 3. Salaries. The officers may receive only such salaries as the Board of Directors may from time to time determine. Until the salary of an officer has been fixed by resolution of the Board of Directors, such officer shall serve without compensation.

Section 4. President. The president shall be the chief executive officer of the corporation, unless otherwise provided by the Board of Directors. When present, he shall preside at all meetings of the stockholders and directors. Unless the Board shall otherwise provide, he, with the secretary, shall sign and execute all authorized bonds, contracts and other obligations in the name of the corporation, and all certificates of stock of the corporation; he may, in his discretion, call meetings of the directors and stockholders, notice whereof shall be given as provided by these By-Laws. Unless otherwise provided, as aforesaid, he shall have general management and control of, and shall supervise, and direct the operating business of the corporation; he shall at all times be subject to the instructions of the Board of Directors; he shall also do and perform all other duties required by law or by these By-Laws, and such as from time to time may be imposed upon him by the Board of Directors.

Section 5. Vice President. In case of the absence or disability of the President the Vice President shall perform the duties of the office of the President. When authorized by the Board of Directors, he shall sign and execute all authorized bonds, contracts and other obligations and instruments in the name of the corporation, and all certificates of stock of the corporation. He shall also perform such other duties and have such authority as may be provided from time to time by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all acts and proceedings of the Board of Directors and of the stockholders done and had at their meetings, in books provided for that purpose; he shall attend to the giving and serving of all notices for the corporation; unless the Board of Directors shall otherwise provide; he shall sign with the President, in the name of the corporation, all bonds, contract and other obligations and instruments authorized by said Board of Directors, and when authorized by said Board, he shall affix the seal of the corporation thereto; he shall have charge of all records, books and papers pertaining to his office, the corporation seal of the corporation, the certificate book and such other books and papers of the corporation as the Board of Directors may direct; he shall keep proper books of account and serve all notices required by law or by the By-Laws of the corporation. With the President or Vice President, he shall sign all certificates of stock, and he shall in general perform all duties incident to the office of Secretary, subject to the control of the Board of Directors. He shall also perform all other duties required of him by law or these By-Laws, and such as the Board of Directors may from time to time impose upon him. At the expiration of his term of office, he shall deliver to his successor, or such other person or persons as the Board of Directors may designate all books and property to the corporation in his possession. The Assistant Secretary may perform any of the duties of the Secretary, in the latter's absence, or upon his request, except as the Board of Directors shall otherwise provide.

Section 7. Treasurer. The Treasurer shall have charge and supervision of the finances of the corporation. He shall receive, receipt for and safely keep all of its funds, and shall dispose of them only in the manner authorized by the Board of Directors; he shall at all TIMES KEEP A FULL AND COMPLETE AND ACCURATE RECORD of the funds of the corporation; and shall deposit the same to the credit of the

corporation in such bank, banks or depositories as the Board of Directors may designate; he shall sign with the President or Vice President, or such other person or persons as may be designated by the Board of Directors, all bills of exchange and promissory notes of the corporation, unless the Board of Directors shall otherwise direct. When ordered by the Board of Directors, he shall render a statement of this account. He shall at all times be under the control of the Board of Directors and generally perform all duties incident to the position of Treasurer, and all other duties that may be required of him by law and these By-Laws, and that said Board may from time to time impose upon him, at all times keeping full, complete and accurate records thereof. At the expiration of his term of office, he shall deliver all moneys, papers, records and property of the corporation in his possession or under his control to his successor, or to such other person as the Board of Directors may designate.

Section 8. Bonds. The Board of Directors may require any and all officers, respectively, to give a bond for the faithful performance of their respective duties in such sum as said Board of Directors may determine, such bond to be executed by a reliable surety company, but at the expense of the corporation.

ARTICLE V. MEETING OF STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the stockholders of La Cumbre Mutual Water Company shall be held on the second Tuesday in June of each year, at a time and place to be notified on the ballot and proxy form to be mailed to each stockholder not less than 2 weeks prior to the meeting.

Section 2. Special Meetings. Special meetings of the stockholders may be called by the President or by the Board of Directors by written instrument signed by, or by the vote of, a majority of said Board.

Section 3. Notice of Meetings. The Secretary, or officer or person performing his duties, shall give notice of each special meeting by mailing, at least ten days before the date of any such meeting, to each stockholder at his address as it appears on the books of the corporation (and if no address so appears, then directed to him, at the said City of Santa Barbara, County of Santa Barbara, State of California) a written or printed notice of such meeting; provided, however, that a meeting may be held at any time if all the stockholders are present, or if those not present sign in writing a consent to the holding of such a meeting.

Section 4. Quorum. At any meeting of the stockholders, the holders of twenty percent (20%) of the shares issued and outstanding, present in person or represented by proxy, shall constitute a quorum for all purposes, including the election of directors, except where otherwise provided by statute; but if at any stockholders' meeting notice of which was given in the manner provided in these By-Laws, the owners of twenty percent (20%) of the shares of stock of this corporation shall not be present, either in person or by proxy, the stockholders who are present may adjourn such meeting from time to time to a time stated and until a quorum is present and no notice of such adjourned meeting need be given.

Section 5. Voting. At each meeting of the stockholders every stockholder shall be entitled to vote in person or by proxy.

ARTICLE VI. NOTICE AND WAIVER OF NOTICE

Section 1. Notice. Any notice required to be given by these By-Laws may be given by mailing the same, addressed to the person entitled thereto, at his address as shown on the corporation's books, and such notice shall be deemed to be given at the time of such mailing.

Section 2. Serving of Notice. In case any officer or person whose duty it is to serve any notice be absent, or shall refuse or neglect or

for any reason be unable to serve the same, such notice shall be served by any stockholder whom the President shall, in writing, appoint for this purpose.

Section 3. Waiver of Notice. Any stockholder, director or officer may waive any notice required to be given by these By-Laws.

ARTICLE VII. BOOKS AND PAPERS

The books and all papers placed on file either by the Board of Directors or the meetings of the stockholders shall be kept by the Secretary and shall at all times during business hours be open to the inspection of the stockholders.

ARTICLE VIII. STOCK APPURTENANT TO LAND AND SALE OF WATER ONLY

Section 1. The shares of stock of this corporation shall be forever appurtenant to the following described lands situated in the County of Santa Barbara, State of California, and more particularly described in Exhibit "A" attached hereto and incorporated herein in this reference.

No share of stock shall be issued except as appurtenant to some parcel of subdivision of the above described property, and those only who are the owners of some parcel or parcels of the above described property, or who have a valid contract for the purchase of some parcel of land shall be the holders or owners of shares of the capital stock of this corporation. For each acre of land such holder may become the holder of one share of the stock of this corporation, and no more; provided that whenever any person is the owner of a parcel of land which is less than one acre, then such owner shall be entitled to a certificate for one-half share, and wherever any person is the owner of a parcel which contains one or more full acres, and also a fraction of an acre exceeding one-tenth, then such owner may receive one share of stock for each full acre and an additional one-half share for such fraction of an acre. Anything herein in this Section 1 to the contrary, notwithstanding, from and after the date upon which this amendment shall become effective, transferees of title to any lands to which any stock issued as appurtenant shall become entitled to stock to the extent and in the manner provided by the provisions of Section 3 of this Article VIII.

Section 2. The certificate of stock shall be issued in such form and devise as the Board of Directors may direct, but each certificate shall be signed by the President or Vice President and countersigned by the Secretary or Assistant Secretary, and shall express upon its face, its number, date of issuance, number of shares for which, and the person to whom the certificate is issued, and a description of the land to which such shares are appurtenant, sufficient to identify the land, and shall recite that the said shares of stock are appurtenant to the land described, and that upon any sale or transfer of the title to the land, the certificate and shares of stock represented thereby will pass to and vest in the purchaser of the land. The certificate books shall contain upon the stub or margin of each certificate, which shall be issued, the date of its issuance, the number of shares, the name of the person to whom issued, and in appropriate cases the name of the person from which stock is transferred, and a description of the land to which the said stock as issued is appurtenant.

Section 3. Anything hereinbefore and specifically in Section 1 of this Article VIII to the contrary notwithstanding, from and after the date upon which this amendment shall become effective, every transfer of title to any lands to which any stock is issued as appurtenant, whether by grant or operation of law, shall operate, whether or not it be so expressed in the grant or other means of transfer of said land, as a transfer of all the rights to the use of the water under the certificate of said stock and as a transfer of the ownership of said stock as well as the stock itself, and the certificate hereof, to the grantees and successors in title, respectively, of said parcel

or parcels of land in the proportions which the area of land so transferred to such grantees and successors in title, respectively, bears to the total area of said lands to which the said stock was issued as appurtenant, and upon any transfer of a portion of a parcel of land to which stock is appurtenant the title and ownership of a proportionate amount of such stock shall be likewise affected; and upon presentation to this corporation of proof of any such transfer of land to which water rights and stock are appurtenant, the proper officer or officers of this corporation shall cause a transfer of such stock to be made upon its books to the successor in title to said parcel or parcels of land and shall cause the outstanding certificate to be cancelled.

Section 4. Water shall be sold, distributed, supplied and/or be delivered by this corporation only to the owners of the shares of its capital stock and in proportion to the number of shares held by each, providing that where any one holds a fractional share, the water delivered under such fractional share may be in proportion to the amount of water delivered under each full share as the fraction of land over an exact number of acres (or less than one acre) bears to the whole of an acre. Provided, however, that where any owner or holder of any shares of stock of this corporation shall sell any parcel of land to which such stock is appurtenant, and shall refuse to surrender the certificate for such stock to the purchaser of such parcel of land, then as before provided the proper officers of this corporation shall enter a cancellation of such certificate upon the stock books of the corporation, and cause a new certificate of stock to be issued to and water delivered to thereunder to the said purchaser and no water shall be delivered to such prior owner upon such stock; and provided, further, that where the owner or holder of any certificate of stock shall sell, alienate, or otherwise transfer a portion of a parcel of land to which his stock is appurtenant, and shall fail and refuse to deliver his certificate of stock for cancellation so that new certificates can be issued to him and to the purchaser of a portion of his said parcel, then and in that event the proper officers of the corporation shall cause a like cancellation of the outstanding certificates and new certificates to be issued to the said holder or owner of said stock and to the person who has purchased or otherwise acquired from him a portion of the said parcel of land, and no water shall be delivered under the cancelled certificate.

Section 5. Water sold, distributed, supplied and/or delivered by this corporation to any of its shareholders shall only be used upon the lands belonging to the owner of such stock and to which said stock is appurtenant.

Section 6. Provided, always, that the respective shareholder shall have paid all water rents and/or charges established by the Board of Directors for the delivery of such water, upon the lands of Hope Ranch to which his said stock is appurtenant, together with any and all assessments when due, that may be levied by the corporation upon his stock, each shareholder shall be entitled to such proportion or part of all water developed, sold and/or delivered by this corporation as the number of shares of stock which he owns bears to the total amount of outstanding shares of stock of this corporation, except as in Section 4 hereof provided as to water to be delivered upon a certificate for fractional share; but nothing herein contained shall prevent this sale and delivery to other shareholders upon such terms as the Board of Directors may determine, of water to which a particular shareholder may be entitled hereunder, but which such shareholder shall consent to so be sold and delivered to other shareholders.

Section 7. Any purchaser or owner of any parcel of land within the above described lands to which the stock of this company is appurtenant shall be entitled to receive his proportionate number of shares and/or fraction of shares in this corporation, upon paying the price that shall be fixed thereon by the Board of Directors, or by purchasing land to which stock of this corporation has been issued, upon the agreement that any and all water rates and charges fixed by the Board of Directors of this corporation for water delivered and/or to be delivered to him, shall each separately constitute a lien upon the lands on which the shares of stock are issued and to which said shares are appurtenant, in the manner and to the extent provided by these By-Laws, but no certificate of stock shall be issued, either originally or to any transferee or former holder of stock, until the person to whom the stock is to be issued shall enter into said agreement.

Section 8. All assessments levied by the Board of Directors upon the stock of this corporation shall, from time to time as they are made and levied and until they are paid or discharged, be and remain a lien on the lands of the shareholders as to which the respective shares of stock have been issued and are appurtenant and upon the said shares of stock and all rights and interest represented by such shares. And payment of such assessments may be enforced by the Directors in the manner provided by the Civil Code.

Section 9. Said Board of Directors shall, from time to time, in its discretion, fix reasonable rates for the water delivered and/or to be delivered to the lands of the shareholders in this corporation to which the shares of stock have been issued and are appurtenant. In the discretion of the Board, said rates may be made to apply ratably and in proportion to the acreage of the lands to which the stock of this corporation has been issued, and is outstanding, or partly or wholly to such lands only as to which the shareholders have requested the delivery of water, and may be fixed in proportion to the amount of land to which water is delivered, or according to the amount of water delivered to the land of each shareholder. The rates so fixed may be made payable monthly or at other stated times or periods.

Section 10. All water rates and charges for the delivery of water, when fixed and prescribed by the Board of Directors as in Section 9 provided, shall be and remain from the time that they are so fixed and prescribed, and until paid or otherwise discharged, a lien upon the lands to which the respective shares of stock are appurtenant, and also upon said shares of stock and all rights and interest represented by such shares.

Section 11. Each of the liens hereby provided for respectively in Sections 8 and 10 shall at all times be subject and subordinate to the lien of any deed of trust or mortgage, or any other encumbrance placed upon said land, and in good faith, prior to the levying of such assessment, and/or such water rate or charge by the owner of said land, and/or by his predecessor in interest, to secure any debt of said owner of said land or of such predecessor in interest.

Section 12. Within thirty days after the adoption by the Board of Directors of any resolution fixing and prescribing any water rate or charge for the delivery of water, as provided in Section 9, the Secretary of the corporation, shall cause a copy of such resolution to be mailed or personally delivered to each shareholder of the corporation. Such copy of resolution, if mailed, shall be mailed to the last known address of each shareholder, and in the event any shareholder's address is not known, then the copy of said resolution shall be mailed to him "care of general delivery" City of Santa Barbara, County of Santa Barbara, State of California. The affidavit of the Secretary, or Assistant Secretary as the case may be, of the mailing of any copy of said resolution, or delivery of said resolution made within three days thereafter and placed on the files of the corporation shall be conclusive evidence of such mailing and/or service of copy of said resolution.

Section 13. The Board of Directors, in the Resolution fixing any rate or charge for the delivery of water, or in any subsequent resolution, may fix and prescribe the time when such water rate or charge, or the several installments thereof, shall be payable, and the time when the same, if not paid, shall be and become delinquent. The time at which such water rate or charge, or installment thereof, shall become delinquent, shall not be less than thirty days from the time when the same is payable, nor less than sixty days from the date of the resolution adopting and fixing such rate and/or charge.

Section 14. In case any shareholder allows the payment of any water rate or assessment, or any installment of such water rate or assessment to become delinquent, the corporation may, in the discretion of the Board of Directors, shut off the water of such delinquent shareholder and refuse to deliver any further water to him upon any tract or parcel of land owned by him, and in addition thereto, the said Board of Directors may, in their discretion, by foreclosure or other appropriate remedy, enforce the lien of the water rate and/or charge upon the lands to which the shares of stock of this corporation have been issued and are appurtenant, and upon the shares of stock of such shareholder. If any water rate or charge shall become delinquent, the delinquent shareholder

at any time before proceedings are commenced to foreclose the lien of such water rate or charge may completely and fully restore his right to receive water under his stock by paying all water rates and charges then due and that have become delinquent, together with a penalty of one percent per month on the amount of any delinquent water rate and/or charge, together with any and all costs and expenses incurred by the corporation in attempting to collect or enforce the water rate or charge which has become delinquent, and upon making such payment, the said shareholder shall be fully restored to all his rights therein, and thereafter may receive his proportionate amount of water under sale shares of stock held by him in this corporation.

**ARTICLE IX.
EXECUTION OF INSTRUMENTS**

Checks, drafts and orders upon the funds or credits of the corporation, bills, notes and other obligations for the payment of money by the corporation, and contracts and instruments in writing by the corporation, shall be valid and binding upon the corporation only when executed by such officer or officers as may be designated and authorized by the Board of Directors, or by these By-Laws.

**ARTICLE X.
SEAL**

The Board of Directors shall provide a suitable seal containing the name of the corporation and the words "Incorporated 1925, California" or other appropriate words, which seal shall be in charge of the Secretary to be used as directed by the Board.

**ARTICLE XI.
AMENDMENTS**

These By-Laws may be amended at any annual meeting or at any special meeting of the stockholders called for that purpose by a two-thirds vote of the stock of this corporation or by the written consent of the holders of two-thirds of said stock.