

AMENDED BYLAWS
of
HOWELL MOUNTAIN MUTUAL WATER COMPANY, INC.,
A NONPROFIT MUTUAL BENEFIT CORPORATION

ARTICLE 1. BACKGROUND, PURPOSE AND POLICIES.

1.01. Background. Howell Mountain Mutual Water Company, Inc. (the “Company”), was incorporated in the State of California on July 5, 1984, and began operations in 1985. It was organized under the Nonprofit Mutual Benefit Corporation Law of the State of California (the “Law”) as a nonprofit mutual benefit corporation to develop, distribute, and supply water to its Registered Customers and residents of Angwin and Deer Park and surrounding communities. The Company is owned by its Members, not its Registered Customers.

These Bylaws and any other policies and actions of either the Members or Board of Directors of the Company shall comply with California law and the California Nonprofit Mutual Benefit Corporation Law, commencing with Corporations Code Section 7110. If any part of these Bylaws is held invalid, the remainder of the Bylaws shall continue to be in full force and effect.

1.02. Definitions.

(a) “**Effective Date**” means the day these amended Bylaws are approved by the Members.

(b) “**Member**” means those who:

1. are a Registered Customer; or
2. are, on the date prior to the Effective Date of these amended Bylaws, a Member, but who do not currently receive water service and are granted continued Member status by the Company so long as they continue to reside within the Company’s service area; or
3. own property that receives water service from the Company but lease that property to a tenant, who is a Registered Customer, and are granted Member status by the Company after an appropriately submitted request to the Company.

There is no charge associated with being a Member, other than the normal costs for hook-up and water usage.

(c) **“Registered Customer”** means those who request and receive water service from the Company. A person becomes a Registered Customer by requesting water service from the Company and, if the request is accepted, by receiving water service. Once enrolled as a Registered Customer, the Company will add the Registered Customer’s name to the Member’s roll.

1.03. Purpose. All property (land, lakes, and buildings) owned by the Company shall be used primarily for collection, storage, treatment, and distribution of the Company’s water resources as well as for office work, filter work, and other necessary Company activities.

1.04. Declaration of Conservation Period. The Board of Directors (“Board”) may declare a period of water conservation based upon conditions of drought, water shortage, changing environmental weather or emergency measures. The Company shall provide written notice to Registered Customers regarding initiation of a conservation period and water conservation measures at least ten (10) days prior to the commencement of the period unless the emergency nature of the conservation event severely impacts the Company’s ability to provide water, in which case the notification period is waived. Measures shall stay in place until Registered Customers are notified in writing by the Company that the period of water conservation is ended.

1.05. Water System Merger, Purchase or Joint Operation. Any proposed merger, purchase or agreement for joint operation between the Company and any other entity which supplies water shall require a vote of approval from the Members.

ARTICLE 2. PLACE AND TIME OF BUSINESS.

2.01. Principal Office. The principal office for the transaction of the business of the Company shall be located at Angwin, in the County of Napa, State of California. The Board is granted full power and authority to change the principal office from one location to another within the County of Napa.

2.02. Time of Meeting. Regular meetings of the Board shall be held without call on the last Thursday of each month at 6:30 p.m. of said day at such place designated by the Board or at such other time(s) as shall be designated by the Board.

ARTICLE 3. BOARD OF DIRECTORS.

3.01. Number. The authorized number of directors of this Company shall be seven (7) Directors. The number of Directors may then be changed by amendment of the Bylaws.

3.02. Qualifications. At least two-thirds (2/3) of the Directors must be Members.

3.03. Powers and Duties. Subject to the provisions and limitations of the Law and any other applicable laws and limitations in the Articles of Incorporation and these Bylaws relating to actions required to be approved by the Members, all corporate powers shall be exercised by or under the direction of the Board. The activities and affairs of the Company shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. The Board's powers shall include the power to:

(a) elect and remove all officers, to prescribe their duties, fix their compensation, and require from them security for faithful performance of service if deemed necessary;

(b) make rules and regulations for the guidance of the officers and the management of the affairs of the Company and the provision of a water supply;

(c) appoint and delegate to committees, each consisting of two (2) or more Directors, subject to the limitations set forth in Section 7212 of the California Corporations Code, any of the powers and authority of the Board as deemed necessary, for the management of the business and affairs of the Company, subject always to the authority of the Board and except the power to adopt, amend, or repeal Bylaws. To make rules and regulations for the appointment and terms of office of the members of said committees;

(d) designate meeting places for meetings of Directors and Members;

(e) establish water rates, hook-up fees and to make collections based on water rate bills that are adequate for the Company's continuance as an ongoing concern, giving adequate consideration to upgrading and maintenance, except that a change in water rates must be approved by a two-thirds (2/3) vote of all Directors; and

(f) authorize the issuance of certificates of membership upon such terms as may be determined by the Board.

3.04. Elections. The Directors of the Company shall be elected from a slate of candidates selected by a nominating committee. The election will be conducted by mail

before the annual meeting on terms specified by the Board. Each Member will be allowed one vote for each vacancy. Cumulative voting will not be allowed.

(a) The Board shall form a nominating committee approximately 3 months before the election. It shall be composed of two Directors and two Members who are not on the Board.

(b) The nominating committee shall define the process by which nominees will be evaluated and selected as candidates. This process and timeline need to be approved by the Board.

(c) The Board shall provide means for Members to nominate candidates for consideration by the nominating committee.

(d) The final candidate list should aim to include two candidates more than there are vacancies and shall be approved by the Board.

(e) Members may petition the Board to include an additional candidate on the ballot so long as at least 10% of Members sign the petition and the candidate meets all of the legal qualifications and the timeline required of the "official" candidates.

(f) Upon selection of the candidates, the Board shall cause a written ballot listing the candidates, and any other items to be voted upon, to be sent to each Member. The Board shall allow a reasonable time to return the ballot.

(g) Each Member is allowed one ballot but where a Member owns more than one property served by the Company then they will be allowed one ballot for each property owned.

(h) After the deadline to receive ballots has passed, the nominating committee shall count the ballots. The number of ballots received must represent one-third (1/3) of the Members.

(i) Those candidates receiving the highest number of votes shall be elected to fill the declared number of vacancies on the Board.

(j) In the event that the number of ballots returned does not equal or exceed one-third (1/3) of the Members, the Board may fill by appointment the declared number of vacancies on the Board as outlined in Corporations Code Section 7224.

3.05. Term of Office. Directors shall serve three (3)-year terms. Directors' terms of office shall be established in such a manner that approximately one-third (1/3) of the Directors shall have terms expiring each year. In the event of a change in the

number of Directors, the staggering of terms shall be preserved. Directors may succeed themselves.

3.06. Vacancies. Vacancies on the Board occurring between elections shall be filled by the runner-up candidate in the most recent election. Each Director so appointed shall hold office for the remainder of the term of the predecessor.

3.07. Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except that a majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to the following:

- (a) Approval of contracts or transaction in which a Director has a direct or indirect material financial interest,
- (b) Appointment of committees, and
- (c) Indemnification of Directors.

A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action is approved by at least a majority of the required quorum for that meeting.

3.08. Meetings. The Board shall notify the Members of the new time and place of Board meetings if a change is adopted. Special meetings of the Board may be called by the president or, if the president is absent or is unable or refuses to act, by the vice president or any two (2) Directors, upon reasonable notice in writing given to each Director. Such meetings may be held at any place and time which shall be designated.

3.09. Telephonic Meetings. Directors may participate in a regular or special meeting through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

3.10. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or where held, shall be as valid as though taken at a meeting duly held after regular call and notice if:

- (a) a quorum is present; and

(b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. 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 meeting.

Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

3.12. Removal. The Board may only remove from the Board any Director who has:

(a) become subject to an entry by a court of competent jurisdiction that appoints a guardian or conservator for the director or estate of the Director;

(b) been convicted of a felony; or

(c) been found by a final order or judgment of a court of competent jurisdiction to have been found of unsound mind or to have breached any duty under California Corporations Code Sections 7230 through 7238 or any successor provisions thereto.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of such Director's term of office.

3.13. Removal of Director Without Cause. Members may initiate removal of one or more Directors by following the procedures outlined in Corporations Code Section 7222, or any successor provision.

ARTICLE 4. OFFICERS.

4.01. Officers. The officers of this Company shall be a president, a general vice president, a secretary and a chief financial officer/vice president-finance. The Company may also have, at the discretion of the Board, one (1) or more additional vice presidents, one (1) or more assistant secretaries, and such other officers as may be appointed in accordance with the provisions of Section 4.02.

4.02. Election. The officers of this Company shall be selected by the Board and shall serve for one (1) year, or until the officer resigns, is removed or is otherwise disqualified to serve, or until the officer's successor be elected or appointed.

4.03. President. The president shall be the chief executive officer of the Company and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Company. The president shall call and shall preside at all meetings of the Board and of the Company members. The president shall exercise such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

4.04. General Vice President. In the absence or disability of the president, the general vice president shall perform all of the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The general vice president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

4.05. Secretary. The secretary shall:

(a) be subject to the supervision of the Board, the president and chief financial officer/vice president-finance;

(b) keep a book of minutes of all meetings and actions, and actions of the Members, the Board and its committees with the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at the Board meetings, and the number of Members present at Members' meetings;

(c) keep a membership register or a duplicate membership register, account of properties and also all other books, contracts, and records of the Company, including books of account and keep, for the inspection by Members or Directors, the original or certified copy of the Articles of Incorporation and Bylaws of the Company as amended to date; and

(d) attend to the giving and servicing of all notices of the Company as required by law or by these Bylaws.

4.06. Chief Financial Officer/Vice President-Finance. The chief financial officer/vice president-finance, subject to review and direction provided by the president and the Board, shall oversee the Company personnel in all financial matters concerning the Company.

ARTICLE 5. MEETINGS OF MEMBERS.

5.01. Annual Meetings. The annual meetings of the Members shall be held in the 1st quarter of each year on such day and at such time and place as designated by the Board.

5.02. Special Meetings. Special meetings of Members for any purpose or purposes may be called at any time by the Board, or by five percent (5%) or more of the Members.

If a special meeting is called by anyone other than the Board, the request shall be in writing, specifying the time of the meeting and the general nature of the business proposed to be transacted. The request shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to one or more of the president, the vice president or the secretary of the Company. The officer receiving the request shall cause notice to be given promptly to the Members entitled to vote, in accordance with the provisions of Section 5.03, that a meeting will be held at the time requested by the person or persons calling the meeting not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this Section shall be construed as limiting, fixing or affecting the time when a meeting of Members called by action of the Board may be held.

5.03. Notice. Written notice of any meeting of the Members shall be given by mail or otherwise to each Member entitled thereto, at the Member's address as shown on the records of the Company. Such notice shall be given not less than ten (10) days, or if notice by mail is not given by first-class, registered, or certified mail, notice shall not be given less than twenty (20) days, nor more than ninety (90) days before such meeting. Notice shall specify the day, hour, and place of meeting and (a) in the case of the annual meeting, those matters which the Board, at the time of giving the notice, intends to present for action by the Members, or (b) in the case of a special meeting, the general nature of the business to be transacted.

5.04. Quorum. One-third (1/3) of the Members, represented in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the Members. A meeting at which a quorum is initially present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

ARTICLE 6. MEMBERSHIP

6.01. Issuance of Membership.

(a) After the Effective Date of these amended Bylaws, all of those who satisfy the definition and requirements of a Member, as set forth in Article 1.02 (b), will retain their status, as long as they remain in good standing, and those who are also customers will automatically be enrolled as Registered Customers. Nominally, each Company-owned water meter entitles the Registered Customer of that meter to one Membership.

Where the Registered Customer is a tenant, and the parcel owner would like to obtain status as a Member, the parcel owner will be required to provide proof of ownership with the request for Membership.

(b) New Members (i.e. those accepted after the Effective Date of these Bylaws) can be any parcel owner or tenant of such parcel who has been accepted as a Registered Customer of the Company. Only one (1) Membership will normally be issued for each parcel. However, where the Member is a tenant, then the parcel owner may also request to be a Member to represent their interest in a reliable water supply.

(c) For parcels on which there are multiple rental units, additional Memberships may be issued to that parcel, with the parcel owner having one (1) Membership and each tenant, who is a Registered Customer of HMMWC with a separate Company owned water meter, having an additional Membership.

(d) Where more than one parcel, as shown on the county assessor's role, is owned by single landowner, one (1) Membership will be assigned for each parcel so long as each parcel is the place of service for a Registered Customer and each parcel is served by a separate, Company-owned water meter.

(e) No fractional Memberships may be held.

(f) Membership may not be transferred or assigned for value or otherwise.

6.02. Application Fees and Dues. There shall be no fees or dues for making application for membership or continuing membership in the Company.

6.03. Voting by Members. Only Members have the right to vote on Company matters. For voting purposes each Member shall be entitled to one (1) vote on each matter submitted to a vote of the Members. In the case of a Member who satisfies Article 6.01(d) above, that Member shall be entitled to cast one (1) vote for each membership on each matter submitted to a vote of the Members.

If a Membership is held in the names of two or more persons, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order declaring this different intent, their acts with respect to voting shall have the following effect:

(a) If only one votes, such act binds all.

(b) If more than one vote on the same matter, the act of the majority binds all.

(c) If more than one vote on the same matter but for different actions, and the co-members are equal in status, the votes shall be disregarded.

6.04. Termination of Membership. A Membership shall terminate on occurrence of any of the following events:

(a) Resignation of the Member;

(b) The Member's termination as a Registered Customer;

(c) Any event that renders the Member ineligible for membership or failure to satisfy membership qualifications; or

(d) Good faith determination by the Board that the Member has engaged in conduct materially and seriously prejudicial to the Company's purposes and interests. (See Corporations Code Section 7341.)

ARTICLE 7. WATER SERVICE.

7.01. Right to Water Service.

(a) Water service from the Company shall be extended only to those connected to the Angwin Water Company on July 2, 1985, or to any other water system that may be transferred to or otherwise acquired by the Company. Additional water services may be made available on a priority basis, as determined by the Board, only after the Board has determined that adequate water resources are available to expand the list of Users.

(b) The right to receive water shall depend upon the prompt payment of water service charges, as determined by the Board, and keeping in full force and effect with the Company a written agreement for providing water service.

(c) The right to water service goes with the property. If the property is sold with an outstanding balance, the water service will be terminated until the back bill is paid in full.

(d) Payment for water service charges, or other unpaid charges levied by the Board, which remain due and unpaid after thirty (30) days, shall be deemed delinquent. Once the charges are delinquent, the Company is authorized to take several actions. In the event such payments are not promptly made to the Company once they are delinquent, the Company is empowered to:

(1) cause cessation of delivery of water until such defaults are rectified. At least fifteen (15) calendar days prior to the proposed termination of service, the Company shall give notice of the delinquency and the impending cessation by first class mail to the User to whom the water service is billed. Notice to the User shall be sent to the address of the User as reflected in the records of the Company. Every notice of termination of service for nonpayment of charges shall include all of the following information:

(i) The name and most recent address as shown on the Company's records of the customer whose account is delinquent.

(ii) The amount of the delinquency.

(iii) The date by which payment or arrangements for payment is required in order to avoid termination.

(iv) The procedure by which the customer may initiate a complaint or request an investigation concerning service or charges.

(v) The procedure by which the customer may request amortization of the unpaid charges.

(vi) The telephone number and the name of the Company personnel who can provide additional information or institute arrangements for payment.

The Company shall make a reasonable attempt to contact an adult person residing at the premises of the customer by telephone or in person at least twenty-four (24) hours prior to any termination of service, except that, whenever telephone or personal contact cannot be accomplished, the Company shall post, in a conspicuous location at the premises, a notice of termination of service at least forty-eight (48) hours prior to termination.

Any customer who has initiated a complaint or requested an investigation within five (5) days of receiving the disputed bill, or who has, before termination of service, made a request for extension of the payment period of a bill asserted to be beyond the means of the customer to pay in full within the normal period for payment, shall be given an opportunity for review of the complaint, investigation, or request by the manager of the Company. The review shall include consideration of whether the customer shall be permitted to amortize any unpaid balance which may include interest of the delinquent account over a reasonable period of time, not to exceed twelve (12) months. No termination of service shall be affected for any customer complying with an amortization agreement, if the customer also keeps the account current as charges accrue in each subsequent billing period.

Residential water service shall not be terminated for nonpayment in any of the following situations:

(vii) During the pendency of an investigation by the Company of a customer or subscriber dispute or complaint.

(viii) When a customer has been granted an extension of the period for payment of a bill.

(ix) On the certification of a licensed physician and surgeon that to do so will be life threatening to the customer and the customer is financially unable to pay for service within the normal payment period and is willing to enter into an amortization agreement, not to exceed twelve (12) months, with the Company with respect to all charges that the customer is unable to pay prior to delinquency.

If a residential customer fails to comply with an amortization agreement, the Company shall not terminate service without giving notice to the customer at least forty-eight (48) hours prior to termination of the conditions the customer is required to meet to avoid termination, but this notice does not entitle the customer to further investigation by the Company.

Whenever residential water service is furnished through a master meter or whenever residential water service is furnished in a multiunit residential structure, mobile home park, or farm labor camp where the owner, manager, or farm labor employer is listed by the Company as the customer of record, the Company shall make every good faith effort to inform the residents, by means of a notice, that service will be terminated at least fifteen (15) days prior to termination. The notice shall further inform the residents that they have the right to become customers, to whom the service will then be billed, without being required to pay any amount which may be due on the delinquent account.

The Company is not required to make service available to the residents unless each resident agrees to the terms and conditions of service and meets the requirements of the Company's rules. However, if one (1) or more residents are willing and able to assume responsibility for the entire account to the satisfaction of the Company, or if there is a physical means, legally available to the Company, of selectively terminating service to those residents who have not met the requirements of the Company's rules, the Company shall make service available to those residents who have met those requirements.

Where prior service for a period of time is a condition for establishing credit with the Company, residence and proof of prompt payment of rent for that period of time is a satisfactory equivalent.

(2) have a lien placed on the property to which the water is delivered, and a notice of such lien may be recorded by the manager of the Company with the

county recorder. Such lien may be foreclosed in the manner provided by law for the foreclosures of liens on real property.

7.02. Scope of Water Service. The Company acquired its initial water system from Angwin Water Company on July 2, 1985, because it was being offered for sale and because it was felt that such a purchase would most effectively lead to the improvement of the water system. The long-term goal of the Company is to improve the sources of supply and the level and quality of water services as funding is available and as financial feasibility permits. Until these goals are achieved, users will continue to receive only that level and quality of service that is available with the Company's water system's existing conditions and limitations.

7.03. Charges and Late Fees. The Company may establish charges for connection, reconnection, termination or transfer of water service and late fees on delinquent accounts in amounts as determined by the Board from time-to-time.

7.04. No Third Party Rights. The provisions of this Article 7 are intended solely for the purposes of internal governance of the Company and shall not confer any rights on any party who receives water service from the Company. The rights of the water service recipients shall be governed solely by the terms of agreements entered into between the Company and such recipients without reference to the provisions of this Article, and the Company maintains the right to contract with parties on terms deemed to be in the best interests of the Company.

ARTICLE 8. INDEMNIFICATION.

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.

ARTICLE 9. AMENDMENTS.

9.01 Amendments by Members. Subject to the exceptions stated in Section 7151 (e) of the California Corporations Code, these Bylaws or any provision of these Bylaws may be amended or repealed or new Bylaws may be adopted by:

(a) Affirmative, majority vote of the Members represented and voting at a duly held meeting with a quorum (as specified in Section 5.04) present; provided that each Member of the Company shall have been mailed a copy of the proposed amendment at least three (3) weeks prior to the meeting; or

(b) Written ballot with an affirmative majority vote of the Members in accordance with Section 7513 of the California Corporations Code provided that each Member shall have been mailed a copy of the proposed amendment at least three (3) weeks prior to the counting of the ballots.

9.02 Amendments by Board. Subject to Section 7150(a) and 7151(e) of the California Corporations Code, ARTICLE 2 on Place of Business or ARTICLE 7 on Water Service of these Bylaws may be amended upon a two-thirds (2/3) vote of the Directors. The following Articles of the Bylaws may not be amended by the directors: ARTICLE 1--HMMWC Background, Purpose, and Land Usage; ARTICLE 3-- Board of Directors; ARTICLE 4--Officers; ARTICLE 5--Meetings of Members; ARTICLE 6--Membership; ARTICLE 8--Indemnification; and ARTICLE 9-- Amendments.

9.03 Amendments Subject to Law. Notwithstanding any provision to the contrary, any amendment to these Bylaws required by law may be adopted by a majority vote of the Directors. Any amendments or changes to the Bylaws by either the Members or by the Board are only valid as long as they are not in conflict with any governmental statutes relating to the Company.

CERTIFICATE OF SECRETARY

I, Bill Mundy, hereby certify that:

I am the duly elected and acting Secretary of Howell Mountain Mutual Water Company, Inc., a California nonprofit mutual benefit corporation; and

The foregoing Amended Bylaws constitute the Bylaws of said corporation as duly adopted by the Board of Directors on September 25, 2008, and the Members on January 26, 2009.

IN WITNESS WHEREOF, I have hereunder subscribed my name this
27th day of Jan, 2009.


Bill Mundy, Secretary

