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## ARTICLE I. MEETINGS OF THE SHAREHOLDERS

### Section 1. Annual Meeting of Shareholders<sup>1 2</sup>

The Annual Meeting of Shareholders of this Corporation for the election of members of the Board of Directors to serve for the ensuing year term and for the transaction of such other business as may properly come before the same, shall be held at the hour of 9:30 A.M. on the third Friday in November, at the principal executive office of the Corporation, where it presently located at 15505 East Whittier Boulevard, Whittier, California or at such other place at which said principal executive office may be located from time to time, or at such other location as the Board of Directors may determine.

If the Annual Meeting of Shareholders shall not be held on the date above specified, it shall be held at the hour of 9:30 A.M. on any day specified in advance by the Board of Directors, from the third Friday in October to the third Friday in December, inclusive. Written notice of the Annual Meeting of Shareholders shall be provided to each shareholder not less than ten (10) nor more than sixty (60) days before the scheduled date of the meeting.

### Section 2. Nominations for Members of the Board of Directors<sup>3 4</sup>

Annually in October, in preparation for the Annual Meeting of Shareholders to be held in November or at other such time as determined by the Board of Directors and in accordance with Section 1 – Annual Meetings of Shareholders above, the Board of Directors will consider and adopt a resolution nominating the management slate of Directors up for election and call for potential nominations from the majority shareholders, including Suburban Water Systems, the City of La Habra, and the City of Brea. Each majority shareholder shall have the opportunity to recommend their incumbent representative or to submit the names and qualifications of up to three (3) other individuals for the Board of Directors to review and consider for nomination. The Board of Directors of the Corporation reserves the right to evaluate and assess the list potential nominee prior to extending the nominated slate of Directors for election to the Corporation's shareholders.

Written notice, including the name and qualifications, of each nomination nominee for members of the Board of Directors of this Corporation to be

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<sup>1</sup> Amended 03/11/1983, Corporate Minute Records, Page 2299

<sup>2</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>3</sup> Amended 03/10/1978, Corporate Minute Records, Page 2088

<sup>4</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

made at any Annual Meeting of Shareholders must be received at the principal executive office of this Corporation by the President, Assistant Secretary ~~of the corporation,~~ or the designee of such officer or any other executive officer of the Corporation, not less than 24 hours prior to the stated time for such Annual Meeting of Shareholders. No person ~~whose nomination for the Director of this corporation has not been the subject of prior written notice so delivered shall be qualified for nomination or election as a Director of this corporation at any given Annual Meeting of Shareholders~~ may be considered for election as a member of the Board of Directors of the Corporation unless their nomination has been submitted as specified in the preceding sentence.

The residency status of candidates for nomination to the Corporation's Board of Directors in any particular shareholder jurisdiction is not a requirement for qualification as a nominee; provided that a shareholder may consider such residency in making its nomination.

## ARTICLE II. MEMBERS OF THE BOARD OF DIRECTORS

### Section 1. Number of Directors<sup>5</sup> 6

The number of Directors of this Corporation shall be ~~not less than five (5) nor more than eight (8), with the exact number of Directors to be fixed, within said limits, by written resolution adopted by the affirmative vote of a majority of the entire Board of Directors at any duly constituted meeting of the Board of Directors, or by the affirmative vote of a majority of all of the shareholders of this corporation at any duly constituted meeting of the shareholders~~ six (6). The current and long-term practice of the Corporation recognizes two (2) members of the Board of Directors to represent each of the three (3) majority shareholders, including Suburban Water Systems, the City of La Habra, and the City of Brea.

### Section 2. Qualifications, Election, and Tenure of Office<sup>7</sup> 8

Any person eighteen (18) years or older may serve as a member of the Board of Directors of the Corporation; provided, however, that to ensure the overall best interests of the Corporation, rather than the best interests of any single shareholder, are served, no member of the Board of Directors shall be a current or former elected official of any shareholder of the Corporation that is a city, county, special district or any other type of public agency.

Qualifications to be nominated and serve as a member of the Board of Directors of the Corporation shall include some combination of the following skill sets:

- Working knowledge of and experience in private or public utility operations.
- Experience working with city, county, and/or other governmental or regulatory agencies.
- Management practices of the banking, finance, or commercial insurance industries.
- Professional experience in the areas of law, finance, engineering, accounting, risk and asset management, human resources, policy administration, or private and/or commercial real estate.

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<sup>5</sup> Amended 10/17/2011, Corporate Minute Records, Page 3219

<sup>6</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>7</sup> Amended 10/17/2011, Corporate Minute Records, Page 3219

<sup>8</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

- Knowledge and understanding of land use planning and zoning requirements.
- Specialized training, coursework, certification, and/or other experience in managing an entire business organization or one or more functional departments of a business organization.

The members of the Board of Directors shall be elected ~~by ballot~~ at applicable Annual Meetings of Shareholders to serve for a term of two (2) years. Terms shall be staggered as determined by the Board of Directors so that:

- i. ~~For an odd number of Directors, either three (3), in the case of five (5) total Directors, or four (4), in the case of seven (7) total Directors, are elected in every even numbered year, and either two (2), in the case of five (5) total Directors, or three (3), in the case of seven (7) total Directors, are elected in every odd numbered year; or~~
- i. For an even number of Directors, either three Three (3) Directors, in the case of six (6) total Directors, or four (4), in the case of eight (8) total Directors, are elected in every even numbered year, and the other three (3) Directors, in the case of six (6) total Directors, or four (4), in the case of eight (8) total Directors, are elected in every odd numbered year.
- ii. If any such Annual Meeting of Shareholders where Directors would otherwise be elected is not held or if the Directors are not elected at that particular meeting, the Directors may be elected at a special meeting of shareholders held for that purpose. Each Director, including a Director appointed or elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.
- ii.iii. Voting for Directors at meetings of shareholders need not be by ballot unless some shareholder present demands this method before the voting has begun.

### **Section 3. Vacancies**<sup>9</sup>

In the event of a vacancy in any Director's position because of the death, resignation, removal, disqualification, or any other cause relating to such Director, the President will notify in writing the majority shareholder whose Director's position has become vacant to determine potential nominees to be appointed by the Board of Directors to fill that vacancy. The majority

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<sup>9</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX

shareholder will provide names and qualifications for up to three (3) potential nominees to be considered by the Board of Directors. The Board of Directors will then act to fill that vacancy for the remainder of the unexpired term for that position or until the successor to that position is duly elected and qualified. If the Board of Directors fails to fill that vacant position within one hundred twenty days (120) days from when the President notifies the majority shareholder of the vacancy, the Company's shareholders may act to fill that vacancy.

#### **Section 3. Section 4. Performance of Duties and Liability<sup>10</sup>**

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

In performing the duties of a member of the Board of Directors, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- i. One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented.
- ii. Counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence.
- iii. A committee of the Board of Directors upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

A person who performs the duties of a member of the Board of Directors in accordance with this section shall have no liability based upon any alleged failure to discharge the person's obligations as a Director.

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<sup>10</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX

## ARTICLE III. OFFICERS AND THEIR DUTIES

### Section 1. Officers<sup>11</sup> 12

The officers of the Corporation shall be a Chair, one or more Vice Chairs, a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Chief Financial Officers, and such other officers as may be appointed in accordance with provisions of Section 3 – Subordinate Officers of this Article III. Any number of offices may be held by the same person, except those of President and Secretary.

- A. **Chair** – The Chair shall be the Chief Executive Officer of the Corporation and shall preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors or prescribed by the Bylaws.
- B. **Vice Chair** – The Vice Chair shall assume the Chair's duties in the absence of ~~that officer~~ the Chair and shall perform such other duties as may be assigned by the Board of Directors from time to time. The Board of Directors may select one or more Vice Chairs and may designate the order of rank.
- C. **President** – The President shall be the Chief Operating Officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision and direction of the business and officers of the Corporation, have the general powers and duties of management usually vested in the office of President of a corporation, and such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.
- D. **Vice President** – In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all 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 Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the Bylaws.

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<sup>11</sup> Amended 07/17/1987, Corporate Minute Records, Page 2447

<sup>12</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX



- E. **Secretary** – The Secretary shall keep, or cause to be kept, a book of minutes at the principal office, or such other place as the Board of Directors may order, of all meetings of the Board of Directors and shareholders, with the time and place of holding, whether regular, ~~or~~ special, or emergency, and if special or emergency, how authorized, the notice thereof given, the names of those present at the Board of Director’s meetings, and the number of shares present or represented at shareholder’s meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the Corporation’s transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the Board of Directors and of the shareholders as required by the Bylaws or by law to be given. ~~He or she~~The Secretary shall keep, or cause to be kept, the seal of the Corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

- F. **Chief Financial Officer** – The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principles, adequate and correct accounts of the ~~properties~~Corporation and its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus), and shares. The books of account shall at all reasonable times be open to inspection by any member of the Board of Directors.

The Chief Financial Officer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board of Directors, shall render, or cause to be rendered, to the President and members of the Board of Directors, whenever they request it, an account of all ~~of his or her~~ transactions processed and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

## **Section 2. Election<sup>13</sup>**

The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3 – Subordinate Officers or Section 5 – Vacancies of this Article III., shall be chosen annually by the Board of Directors. Each elected and qualified officer shall hold office until ~~he or she~~they shall resign, ~~or shall be~~are removed, ~~or are otherwise~~ disqualified to serve, or are replaced by a successor ~~shall be~~who is elected and qualified to serve.

## **Section 3. Subordinate Officers**

The Board of Directors may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as may be prescribed by the Board of Directors or by the Bylaws.

## **Section 4. Removal and Resignation of Officers<sup>14</sup>**

Subject to the rights, if any, of an officer under contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular, ~~or~~ special, or emergency meeting of the Board of Directors, or, except in case of any officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of and, unless otherwise specified in that notice, the acceptance of the resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

## **Section 5. Vacancies**

A vacancy in any office because of death, removal, resignation, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointment to the office.

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<sup>13</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>14</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

## ARTICLE IV. MEETINGS OF THE BOARD OF DIRECTORS

### Section 1. Regular Meetings<sup>15 16</sup>

The regular meetings of the Board of Directors shall be held on the third Friday of ~~the second month of each quarter (the third Friday of August, November, February and May)~~ each month, or at such other times as the Chair or members of the Board of Directors specify.

### Section 2. Special and Emergency Meetings<sup>17</sup>

Special meetings of the Board of Directors may be called at any time or place by order of the President or any two members of the Board of Directors. Notice of the special meeting shall be ~~mailed at least one (1) day before such special meeting to each Director at his address appearing upon the books of the Company~~ provided as specified in Section 5 – Notice of Meetings below.

Emergency meetings of the Board of Directors may be called by the President, the Chair, or by any two members of the Board of Directors other than the Chair, if there are circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board of Directors, and which of necessity make it impracticable to provide notice as required under Section 5 – Notice of Meetings below.

### Section 3. Participation by Telephone or Other Communications Equipment<sup>18</sup>

Any meeting of the Board of Directors may be held by telephone conference or similar communications equipment to allow for remote participation by the members of the Board of Directors, so long as all members of the Board of Directors participating in the meeting can hear one another. All members of the Board of Directors participating remotely by telephone conference or other communications equipment shall be deemed to be present in person at the meeting.

### Section 4. Members of the Board of Directors Acting Without a Meeting<sup>19</sup>

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and with the same force and effect as

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<sup>15</sup> Amended 05/17/1997, Corporate Minute Records, Page 2716

<sup>16</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>17</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>18</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>19</sup> Amended 05/17/1997, Corporate Minute Records, Page 2716

unanimous vote of the Board of Directors, if all members of the Board of Directors consent in writing to such action.

**Section 5. Notice of Meetings<sup>20</sup>**

Notice of the date, time, and place of all meetings of the Board of Directors must be provided, as specified in this section, at least two (2) days before the scheduled meeting. Notice of the meeting must specify the time and place of the meeting and must include an agenda for the meeting, specifying the items to be discussed and upon which action may be potentially taken. Notice of the meeting shall be posted outside of the Company's office.

Notice of all meetings of the Board of Directors shall be delivered to each Director personally, by electronic mail, by facsimile, by telephone, or by first-class mail, charges prepaid, to the address of each Director as it is shown on the records of the Company, or as may have been given to the Company by the Director for purposes of notice, or if such address is not shown on the records or is not readily ascertainable, the place where the meetings of the Board of Directors are regularly held.

**Section 6. Quorum**

A majority of the members of the Board of Directors as fixed by the Articles of Incorporation or these Bylaws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the members of the Board of Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the members of the Board of Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

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<sup>20</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX

## **ARTICLE V. RECORDS AND REPORTS**<sup>21</sup>

### **Section 1. Inspection of Records**

The accounting books, records, and minutes of proceedings of the Board of Directors and shareholders shall be open to inspection and copying at the Corporation's principal office upon written demand of any shareholder at any reasonable time during normal business hours for a purpose reasonably related to the shareholder's interest as a shareholder. A shareholder requesting copies of any records from the Corporation under this section must pay for all copying and postage costs incurred in connection with the photocopying and delivery of the requested records.

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<sup>21</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX

## **ARTICLE VI. SEAL**

### **Section 1. Official Seal**

The seal of the Corporation shall have on its margin in a circle the words "California Domestic Water Company, Los Angeles, California", and within the circle the words, "Incorporated October 9<sup>th</sup>, 1902".

## ARTICLE VII. VOTE

### Section 1. Voting Entitlement<sup>22</sup>

At all corporate meetings of shareholders, each shareholder, either in person or by proxy, shall be entitled to as many votes as ~~he~~the shareholder owns shares of stock. All proxies shall be in writing and filed with the Secretary.

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<sup>22</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

## ARTICLE VIII. STOCK

### Section 1. Types of Stock and Water Entitlements

A. **Common Stock**<sup>23 24</sup> – Each share of stock shall be entitled to receive annually from July 1 through June 30 a prorata portion (based on the issued and outstanding stock of the Company) of water measured by the Company’s non-cumulative Annual Pumping Right as set by the Main San Gabriel Basin Watermaster plus any non-cumulative additional pumping rights as may be available to the Company from time to time plus any non-cumulative annual bonus entitlement declared by the Board of Directors in any fiscal year. Each share of Common Stock represents an entitlement to delivery of one-tenth of a miner’s inch of water, or 1.4325 acre-feet per share owned, each year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>, subject to annual review and adjustment based on the Company’s access to and availability of water supply resources as determined by the Board of Directors. Common Stock water entitlements, including the lease of Common Stock shares, the accounting for delivery of these water entitlements, and the rates for delivery of these water entitlements, shall be subject to the Rules and Regulations Governing Water Service of the Corporation as adopted and amended by the Board of Directors from time to time.

B. **Class A Preferred Stock**<sup>25</sup> – Each share of Class A Preferred Stock represents an exclusive entitlement to delivery of one acre-foot of water each year beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>, subject to proportionate adjustments in the event the Company’s right to exercise any water rights directly associated with the shares of Class A Preferred Stock is limited pursuant to the provisions of any court judgment governing the applicable groundwater basin, such as the annual Determination of the Operating Safe Yield of the Main San Gabriel Basin Watermaster. Class A Preferred Stock water entitlements, including the lease of Class A Preferred Stock shares, the accounting for delivery of these water entitlements, and the rates for delivery of these water entitlements, shall be subject to the Rules and Regulations Governing Water Service of the Corporation as adopted and amended by the Board of Directors from time to time.

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<sup>23</sup> Amended 11/21/1986, Corporate Minute Records, Page 2420

<sup>24</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>25</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX



~~A.C. **Excess Water Entitlement**<sup>26 27</sup> – Each stockholder shall be entitled to receive the amount of water represented by the stock owned by such stockholder under and subject to such rules and regulations as may be fixed and determined by the Board of Directors of the corporation. If a share of stock receives more than the prorata share of the water to which such share is entitled in any fiscal year, then an Excess Water Penalty shall be levied on such share in such amount as may be fixed and determined by the Board of Directors. Sections A – Common Stock and B – Class A Preferred Stock above, provide for the respective per share water entitlements provided to the Company’s shareholders. Shareholders may purchase water deliveries in excess of their annually allocated per share water entitlements under Sections A – Common Stock and B – Class A Preferred Stock above, subject to the Company’s access to and availability of water supply resources and practical limitations of the water system operation, including but not limited to, transmission pipeline system capacity. No shareholder shall receive delivery of more than three hundred percent (300%) of that shareholder’s Common Stock entitlement as excess water entitlement in any single period from July 1<sup>st</sup> through June 30<sup>th</sup>. Excess water entitlements purchased by shareholders shall be assessed Excess Water Charges subject to the Rules and Regulations Governing Water Service of the Corporation as adopted and amended by the Board of Directors from time to time.~~

## **Section 2. Assessments<sup>28 29</sup>**

~~The cost of maintenance of the system owned by the corporation and the cost of distribution of water among its stockholders shall be met by the levy of assessments upon the stock of the corporation, and/or by charges for water and water service established by rules and regulations fixed and determined from time to time by the Board of Directors of the corporation. Shares of Common Stock are subject to the levy of assessments as authorized by the Articles of Incorporation and Bylaws of the Corporation for meeting water system general operating expenses, capital improvement expenditures, necessary reserves, and/or any other appropriate corporate use for the purpose of providing, supplying, and delivering water service to shareholders. Assessments shall be determined and authorized by the Board of Directors, who may change the amount of the assessments at its sole discretion. All assessments shall be levied in accordance with Corporations Code Section 423 and subject to the Rules~~

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<sup>26</sup> Amended 11/21/1986, Corporate Minute Records, Page 2420

<sup>27</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>28</sup> Amended 01/30/1956, Corporate Minute Records, Page 648

<sup>29</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

and Regulations Governing Water Service of the Corporation as adopted and amended by the Board of Directors from time to time.

Shares of Class A Preferred Stock are not subject to the levy of assessments.

### **Section 3. Certificates<sup>30</sup>**

Each certificate of stock shall be of such form and device as the Board of Directors may determine; each certificate shall be signed by the Chair, the Vice Chair, or the President, countersigned by the Secretary or Assistant Secretary, and sealed with the official seal of the Company, and shall express upon its face its number, the date of its issue, the name of the person(s) to whom issued, and that the stock represented thereby is entitled to a pro-rata share of the water available to the Company as defined in the Bylaws.

### **Section 4. Transfers<sup>31</sup>**

Shares of stock may be transferred by the endorsement of the signature of the owner, or by his-the owner's attorney in fact, and by delivery of the certificate to the Secretary or Assistant Secretary, and such transfer is not valid until the same is so entered upon the books of the Company as to show the names of the parties by and to whom transferred, the number of shares, and the date of transfer.

### **Section 5. Registration<sup>32</sup>**

Shares presented to the Corporation for registration shall bear only the name or names of the registered owners, ~~or~~ and if more than one owner, their legal relationship, as deemed necessary by the Secretary to reflect adequately such description or relationship. No shares shall be issued or accepted for transfer by the Corporation indicating the existence of a hypothecation or other encumbrance thereon. This provision of the Bylaws shall be effective on and after December 15, 1963. Any registration or share certificate contrary to the effective date hereof shall, upon presentation of the certificate, be re-registered and a new share certificate issued in accordance with the provisions of the Bylaws, provided that the Secretary is satisfied that the Corporation would not thereby violate the legal rights of any interested person.

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<sup>30</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>31</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

<sup>32</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

## ARTICLE IX. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS<sup>33</sup>

### Section 1. Definitions

- A. **Directors, Officers, Employees, and Agents** – For the purposes of this Article IX., Directors, officers, employees, and agents means any person who is or was a Director, officer, employee, or other agent of this Corporation or is or was serving at the request of this Corporation as a Director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise or was a director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this Corporation or of another enterprise at the request of such predecessor corporation.
- B. **Proceeding** – For the purposes of this Article IX., a “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.
- C. **Expenses** – For the purposes of this Article IX., “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification under this Article IX.

### Section 2. Indemnification<sup>34</sup>

- A. This Corporation shall indemnify any Director or officer who was or is a party or is threatened to be made a party to any proceeding, other than an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person is or was a Director or officer of the Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such Director or officer acted in good faith and in a manner such Director or officer reasonably believed to be in the best interest of the Corporation and, in the case of a criminal proceeding, has no reasonable cause to believe the conduct of such Director or officer was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the Director or officer did not act in good faith and in a manner which the Director or officer reasonably believed to be in the best interests of this Corporation or that the Director or officer had reasonable cause to believe that ~~his or her~~their conduct was unlawful.

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<sup>33</sup> Added 05/16/1986, Corporate Minute Records, Page 2403

<sup>34</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

- B. This Corporation shall indemnify any Director or officer who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such Director or officer is or was a Director or officer of this Corporation, against expenses actually and reasonably incurred by such Director or officer in connection with the defense or settlement of such action if such Director or officer acted in good faith, in a manner such Director or officer believed to be in the best interests of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. However, no indemnification shall be made under this Section 2 – Indemnification if:
- i. In respect of any claim, issue, or matter as to which such Director or officer shall have been adjudged to be liable to the Corporation in the performance of such Director's or officer's duties to the Corporation, unless and only to the extent that the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such Director or officer is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;
  - ii. Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
  - iii. Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.
- C. To the extent that a Director or officer of this Corporation has been successful on the merits in defense of any proceeding referred to in items A. and B. above or in defense of any claim, issue, or matter therein, the Director or officer shall be indemnified against expenses actually and reasonably incurred by such Director or officer in connection therewith.
- D. Any indemnification under the preceding item B. shall be made by this Corporation only if authorized in the specific case upon a determination that indemnification of the Director or officer is proper in the circumstances because the Director or officer has met the applicable standard of conduct set forth in item B. above by:
- i. A majority vote of a quorum consisting of members of the Board of Directors who are not parties to such proceedings;

- ii. Approval of the shareholders with the shares owned by the Director or officer to be indemnified not being entitled to vote thereon; or
  - iii. The court in which such proceeding is or was pending upon application made by this Corporation or the Director or officer or the attorney or other person rendering services in connection with the defense, whether or not such application by the Director or officer, attorney or other person is opposed by this Corporation.
- E. This Corporation shall have the power upon affirmative vote of the majority of the Board of Directors thereof to provide for indemnification of employees or agents of this Corporation other than Directors or officers to any extent deemed desirable by the Board of Directors either by contract or by action taken by the Board of Directors from time to time. Indemnification under such circumstances may but need not be curtailed by any of the qualifications contained in this Article IX. with respect to indemnification of Directors and officers.

### **Section 3. Expenses**

Expenses incurred in defending any proceeding described in Section 2 – Indemnification, item A above shall be advanced by this Corporation. Expenses incurred in defending any proceeding described in Section 2 – Indemnification, item B above shall be advanced prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount unless it shall be determined ultimately that the Director or officer is entitled to be indemnified as authorized in this Article IX.

### **Section 4. Voiding of Indemnification**

Any provision for indemnification of Directors, officers, employees, or agents as permitted or required herein shall be void if and to the extent inconsistent with any condition expressly imposed by a court in approving any settlement.

### **Section 5. Insurance Coverage**

This Corporation shall have the power to purchase and maintain insurance on behalf of any Director, officer, employee, or agent of the Corporation against any liability asserted against or incurred by such Director, officer, employee, or agent in such capacity or arising out of such person's status as such whether or not this Corporation would have the power to indemnify the Director, officer, employee, or agent against such liability under the provisions of this Article IX.

**Section 6. Limitations on Types of Proceedings and Subsidiaries**

None of the preceding sections shall apply to any proceeding against any trustee, investment manager, or other fiduciary of any employee benefit plan sponsored by this Corporation in such person's capacity as such even though such person may also be a Director, officer, employee, or agent of this Corporation. This Corporation shall, however, indemnify the Directors, officers, and employees of this Corporation or any of its subsidiary affiliated corporations acting as a fiduciary of any such employee benefit plan and further, this Corporation shall have the power to purchase and maintain insurance on behalf of any such fiduciary.

**Section 7. Applicability**

The provisions of this Article IX. shall apply both prospectively and retroactively except that in the event of any retroactivity, this Corporation shall have the power to assert the defense of any applicable period of limitations.

## ARTICLE X.AMENDMENTS<sup>35</sup> 36

These Bylaws and articles may be altered or amended as follows:

- A. At the Annual Meeting of Shareholders, or at any other meeting of the shareholders called for that purpose by the Board of Directors by a vote representing two-thirds of the subscribed stock.
- B. By the written consent of the holders of two-thirds of the subscribed stock.
- C. By the affirmative vote of at least seventy-five percent (75%) of the Board of Directors at any meeting at which all members of the Board of Directors are present.
- D. By written consent of all members of the Board of Directors.

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<sup>35</sup> Amended 11/21/1986, Corporate Minute Records, Page 2420

<sup>36</sup> Amended XX/XX/XXXX, Corporate Minute Records, Page XXXX

**SECRETARY'S CERTIFICATE OF ADOPTION OF AMENDED BYLAWS<sup>37</sup>**

I hereby certify that I am the duly elected and acting Secretary of California Domestic Water Company, a California corporation, and that the foregoing amended Bylaws constitute the Bylaws of said Corporation as adopted by resolution and the affirmative vote of at least seventy-five percent (75%) of the Board of Directors at its regular meeting held on [MONTH] [DAY], 2024 where all members of the Board of Directors were present.

IN WITNESS WHEREOF, I have unto subscribed my name and affixed the seal of said Corporation this [DAY] day of [MONTH], 2024.

ATTEST:

\_\_\_\_\_  
Secretary

[SEAL]

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<sup>37</sup> Added XX/XX/XXXX, Corporate Minute Records, Page XXXX