

AVERYDALE MUTUAL WATER COMPANY

Attachment I.3.b.i.

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GRESHAM | SAVAGE
ATTORNEYS AT LAW
3750 UNIVERSITY AVE.
STE. 250
RIVERSIDE, CA 92501-3335
(951) 684-2171



Averydale Mutual Water Company



Post Office Box 191 Lancaster, California 93584

Phone (661) 946-2256

Fax (661) 946-2256

3154-010-011	3154-009-068	3154-008-086
3154-010-012	3154-009-057	3154-008-030
3154-010-013	3154-009-059	3154-008-031
3154-010-014	3154-009-060	3154-008-032
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3154-010-016	3154-009-063	3154-008-034
3154-010-017	3154-009-064	3154-008-035
3154-010-018	3154-009-073	3154-008-058
3154-008-041	3154-009-065	3154-008-037
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3154-010-032	3154-008-003	3154-008-050
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3154-009-072	3154-008-081	3154-008-052
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3154-009-052	3154-008-083	3154-007-073
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3154-009-054	3154-008-072	3154-007-014
3154-009-055	3154-008-077	3154-007-015
3154-009-067	3154-008-078	3154-007-016
3154-009-056	3154-008-085	3154-007-017
3154-009-058	3154-008-084	3154-007-018



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3154-007-019	3154-007-058	3154-004-013
3154-007-020	3154-007-059	3154-004-014
3154-006-033	3154-007-060	3154-004-015
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3154-007-030	3154-007-071	3154-005-016
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3154-007-033	3154-007-074	3154-004-021
3154-007-034	3154-007-075	3154-004-022
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3154-007-056	3154-004-011	3154-004-037
3154-007-057	3154-004-012	3154-004-038



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3154-004-072	3154-004-063	3154-003-037
3154-004-040	3154-004-064	3154-003-038
3154-004-041	3154-004-065	3154-003-039
3154-004-073	3154-004-066	3150-017-001
3154-004-043	3154-004-067	3154-017-002
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3154-004-075	3154-003-002	3150-017-023
3154-004-076	3154-003-003	3150-017-017
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3154-005-032	3154-003-025	
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3154-004-070	3154-003-027	
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3154-004-057	3154-003-031	
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3154-004-060	3154-003-034	
3154-004-061	3154-003-035	
3154-004-078	3154-003-036	

2012

ANNUAL PROPERTY TAX BILL

2012

CITIES, COUNTY, SCHOOLS AND ALL OTHER TAXING AGENCIES IN LOS ANGELES COUNTY
SECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013

MARK J. SALADINO, TREASURER AND TAX COLLECTOR

FOR ASSISTANCE CALL 1(213) 974-2111 OR 1(888) 807-2111, ON THE WEB AT www.lacountypropertytax.com

ASSESSOR'S ID. NO.

CK

DETAIL OF TAXES DUE FOR 8920 851 066 12 000 76

PROPERTY IDENTIFICATION

ASSESSOR'S ID. NO.: 8920 851 066 12 000

OWNER OF RECORD AS OF JANUARY 1, 2012

NAME AS BELOW

MAILING ADDRESS

AVERYDALE MUTUAL WATER CO
P O BOX 191
LANCASTER CA 93584

AGENCY	AGENCY PHONE NO.	RATE	AMOUNT
GENERAL TAX LEVY			
ALL AGENCIES		1.000000	\$ 12,092.32
VOTED INDEBTEDNESS			
SPECIAL WATER		.070490	\$ 852.38
COMMUNITY COLLEGE		.029489	356.59
HIGH SCHOOLS		.030747	371.80
ELEM SCHOOLS		.083022	1,003.93

ELECTRONIC FUND TRANSFER (EFT) NUMBER

American Express, Mastercard and Visa payments call 1(888) 473-0835
I have available the EFT number listed above. Service fees will be charged.

SPECIAL INFORMATION

1st installment: check # 5194 \$ 7338.51 11/15/2012

PROPERTY LOCATION AND/OR PROPERTY DESCRIPTION

WATER DISTRIBUTION SYSTEM

IMPS NOT A LIEN ON LAND ON WHICH SUCH

IMPS ARE LOCATED

TOTAL TAXES DUE \$14,677.02

FIRST INSTALLMENT TAXES DUE NOV. 1, 2012 \$7,338.51

SECOND INSTALLMENT TAXES DUE FEB. 1, 2013 \$7,338.51

VALUATION INFORMATION

ROLL YEAR 12-13	CURRENT ASSESSED VALUE	TAXABLE VALUE
LAND		
IMPROVEMENTS	1,209,232	1,209,232

ASSESSOR'S REGIONAL OFFICE

REGION #30 INDEX: TRA:03439

NATURAL RESOURCES

500 W TEMPLE STREET RM. 183

LOS ANGELES CA 90012

(213)974-3108

TOTAL 1,209,232

LESS EXEMPTION:

NET TAXABLE VALUE 1,209,232

ACCT. NO.: PRINT NO.: 1491523 BILL ID.:

ANY RETURNED PAYMENT MAY BE SUBJECT TO A FEE UP TO \$50.00.

DETACH AND MAIL THIS STUB WITH YOUR 2ND INSTALLMENT PAYMENT

DO NOT INCLUDE NOTES WITH YOUR PAYMENT

DO NOT STAPLE, TAPE OR CLIP PAYMENT STUB OR CHECK

ANNUAL

2012

OR MAILING ADDRESS CHANGE
PLEASE MARK BOX BELOW AND
COMPLETE FORM ON REVERSE SIDE
OF THIS PAYMENT COUPON.AVERYDALE MUTUAL WATER CO
P O BOX 191
LANCASTER CA 93584

ASSESSOR'S ID. NO.

CK

PK

8920 851 066 12 000 76 2

2ND INSTALLMENT DUE

INDICATE AMOUNT PAID

PAYMENT DUE 02/01/13

\$7,338.51

IF NOT RECEIVED OR POSTMARKED BY 04/10/13

REMIT AMOUNT OF \$8,082.36

MAKE PAYMENT PAYABLE TO:

Please write the ASSESSOR'S ID. NO.
on the lower left corner of your payment.

LOS ANGELES COUNTY TAX COLLECTOR

P.O. BOX 54018

LOS ANGELES, CA 90054-0018

96728

13912000689208510660000733851000080823672820410

2ND

2012

ANNUAL PROPERTY TAX BILL

2012

CITIES, COUNTY, SCHOOLS AND ALL OTHER TAXING AGENCIES IN LOS ANGELES COUNTY
SECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013

MARK J. SALADINO, TREASURER AND TAX COLLECTOR

FOR ASSISTANCE CALL 1(213) 974-2111 OR 1(888) 807-2111, ON THE WEB AT www.lacountypropertytax.com

ASSESSOR'S ID. NO.

CK

DETAIL OF TAXES DUE FOR

3154 005 008 12 000 96

PROPERTY IDENTIFICATION

ASSESSOR'S ID. NO.: 3154 005 008 12 000

OWNER OF RECORD AS OF JANUARY 1, 2012

SAME AS BELOW

MAILING ADDRESS

AVERYDALE MUTUAL WATER CO
3045 E AVENUE H6
LANCASTER CA 93535-1615

AGENCY	AGENCY PHONE NO.	RATE	AMOUNT
GENERAL TAX LEVY			
ALL AGENCIES		1.000000 \$	290.95
VOTED INDEBTEDNESS			
SPECIAL WATER		.070490 \$	20.51
COMMUNITY COLLEGE		.029489	8.58
HIGH SCHOOLS		.030747	8.94
ELEM SCHOOLS		.083022	24.15
DIRECT ASSESSMENTS			
ANTELOPE MOSQ AB	(661) 236-9550	\$	9.59
COUNTY PARK DIST	(213) 738-2983		36.72
LA CO FIRE DEPT	(323) 881-6151		15.57

ELECTRONIC FUND TRANSFER (EFT) NUMBER

For American Express, Mastercard and Visa payments call 1(888) 473-0835
and have available the EFT number listed above. Service fees will be charged.

SPECIAL INFORMATION

1st installment, check # ~~307734~~ 5192 \$207.51 11/15/2012

PROPERTY LOCATION AND/OR PROPERTY DESCRIPTION

VAC/COR AVE H4(DRT)/37TH STE(D)LANCASTER

RECORD OF SURVEY AS PER BK 63 PG 26 TO

31 OF RECORD OF SURVEYS

LOT 219

TOTAL TAXES DUE \$415.01

FIRST INSTALLMENT TAXES DUE NOV. 1, 2012 \$207.51

SECOND INSTALLMENT TAXES DUE FEB. 1, 2013 \$207.50

VALUATION INFORMATION

ROLL YEAR 12-13	CURRENT ASSESSED VALUE	TAXABLE VALUE
LAND	29,095	29,095
IMPROVEMENTS		

ASSESSOR'S REGIONAL OFFICE

REGION #A1 INDEX: TRA:05868
LANCASTER OFFICE
251 E AVE K-6
LANCASTER CA 93535
(661)940-6700

TOTAL 29,095

LESS EXEMPTION:

NET TAXABLE VALUE 29,095

ACCT. NO.: PRINT NO.:1459315 BILL ID.:

ANY RETURNED PAYMENT MAY BE SUBJECT TO A FEE UP TO \$50.00.

DETACH AND MAIL THIS STUB WITH YOUR 2ND INSTALLMENT PAYMENT
DO NOT INCLUDE NOTES WITH YOUR PAYMENT
DO NOT STAPLE, TAPE OR CLIP PAYMENT STUB OR CHECK

ANNUAL

2012

AVERYDALE MUTUAL WATER CO
3045 E AVENUE H6
LANCASTER CA 93535-1615

ASSESSOR'S ID. NO.

CK

PK

3154 005 008 12 000 96 2

2ND INSTALLMENT DUE

INDICATE AMOUNT PAID

\$207.50

FOR MAILING ADDRESS CHANGE
PLEASE MARK BOX BELOW AND
COMPLETE FORM ON REVERSE SIDE
OF THIS PAYMENT COUPON.

PAYMENT DUE 02/01/13

IF NOT RECEIVED OR POSTMARKED BY 04/10/13

REMIT AMOUNT OF \$238.25

MAKE PAYMENT PAYABLE TO:

Please write the ASSESSOR'S ID. NO.
on the lower left corner of your payment.

LOS ANGELES COUNTY TAX COLLECTOR

P.O. BOX 54018

LOS ANGELES, CA 90054-0018

96961

13912000631540050080000020750000002382596120410

2ND

2012

ANNUAL PROPERTY TAX BILL

2012

CITIES, COUNTY, SCHOOLS AND ALL OTHER TAXING AGENCIES IN LOS ANGELES COUNTY
SECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013

MARK J. SALADINO, TREASURER AND TAX COLLECTOR

FOR ASSISTANCE CALL 1(213) 974-2111 OR 1(888) 807-2111, ON THE WEB AT www.lacountypropertytax.com

ASSESSOR'S ID. NO.

CK

DETAIL OF TAXES DUE FOR

3154 009 043 12 000 86

PROPERTY IDENTIFICATION

ASSESSOR'S ID. NO.: 3154 009 043 12 000

OWNER OF RECORD AS OF JANUARY 1, 2012

SAME AS BELOW

MAILING ADDRESS

AVERYDALE MUTUAL WATER CO INC
3045 E AVENUE H6
LANCASTER CA 93535-1615

AGENCY	AGENCY PHONE NO.	RATE	AMOUNT
GENERAL TAX LEVY			
ALL AGENCIES		1.000000 \$	44.37
VOTED INDEBTEDNESS			
SPECIAL WATER		.070490 \$	3.13
COMMUNITY COLLEGE		.029489	1.31
HIGH SCHOOLS		.030747	1.36
ELEM SCHOOLS		.083022	3.68
DIRECT ASSESSMENTS			
ANTELOPE MOSQ AB	(661) 236-9550	\$	6.59
TRAUMA/EMERG SRV	(866) 587-2862		14.24
LA CO FIRE DEPT	(323) 881-6151		75.35

ELECTRONIC FUND TRANSFER (EFT) NUMBER

For American Express, Mastercard and Visa payments call 1(888) 473-0835
and have available the EFT number listed above. Service fees will be charged.

SPECIAL INFORMATION

1st installment, check #5193 \$75.02 11/15/2012

PROPERTY LOCATION AND/OR PROPERTY DESCRIPTION

45404 30TH ST E LANCASTER
RECORD OF SURVEY AS PER BK 61 PG 30 TO
33 OF R S LOT COM AT NE COR OF LOT 54
COMPLETE DESCRIPTION IN ASSESSOR RECORDS
LOT 54

TOTAL TAXES DUE	\$150.03
FIRST INSTALLMENT TAXES DUE NOV. 1, 2012	\$75.02
SECOND INSTALLMENT TAXES DUE FEB. 1, 2013	\$75.01

VALUATION INFORMATION

ROLL YEAR 12-13	CURRENT ASSESSED VALUE	TAXABLE VALUE
LAND	2,706	2,706
IMPROVEMENTS	1,731	1,731

ASSESSOR'S REGIONAL OFFICE

REGION #A1 INDEX: TRA:05868
LANCASTER OFFICE
251 E AVE K-6
LANCASTER CA 93535
(661)940-6700

TOTAL	4,437
LESS EXEMPTION:	
NET TAXABLE VALUE	4,437

ACCT. NO.: PRINT NO.:1459316 BILL ID.:

ANY RETURNED PAYMENT MAY BE SUBJECT TO A FEE UP TO \$50.00.

DETACH AND MAIL THIS STUB WITH YOUR 2ND INSTALLMENT PAYMENT

DO NOT INCLUDE NOTES WITH YOUR PAYMENT

DO NOT STAPLE, TAPE OR CLIP PAYMENT STUB OR CHECK

ANNUAL

2012

AVERYDALE MUTUAL WATER CO INC
3045 E AVENUE H6
LANCASTER CA 93535-1615

ASSESSOR'S ID. NO.

CK

PK

3154 009 043 12 000 86

2

2ND INSTALLMENT DUE

INDICATE AMOUNT PAID

OR MAILING ADDRESS CHANGE
PLEASE MARK BOX BELOW AND
COMPLETE FORM ON REVERSE SIDE
OF THIS PAYMENT COUPON.

PAYMENT DUE 02/01/13

\$75.01

IF NOT RECEIVED OR POSTMARKED BY 04/10/13

REMIT AMOUNT OF \$92.51

MAKE PAYMENT PAYABLE TO:

Please write the ASSESSOR'S ID. NO.
on the lower left corner of your payment.

96853

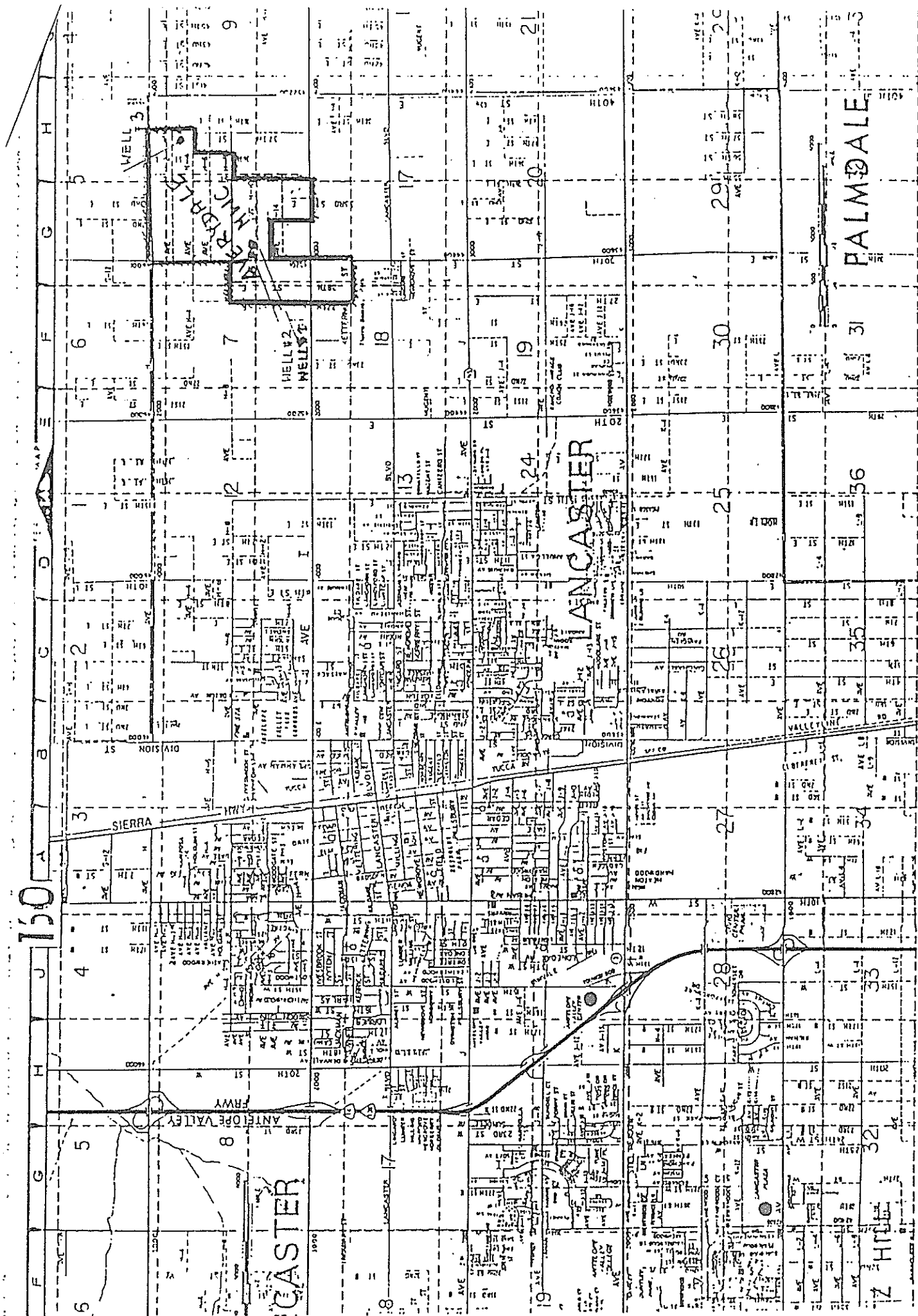
LOS ANGELES COUNTY TAX COLLECTOR

P.O. BOX 54018

LOS ANGELES, CA 90054-0018

13912000631540090430000007501000000925185320410

2ND

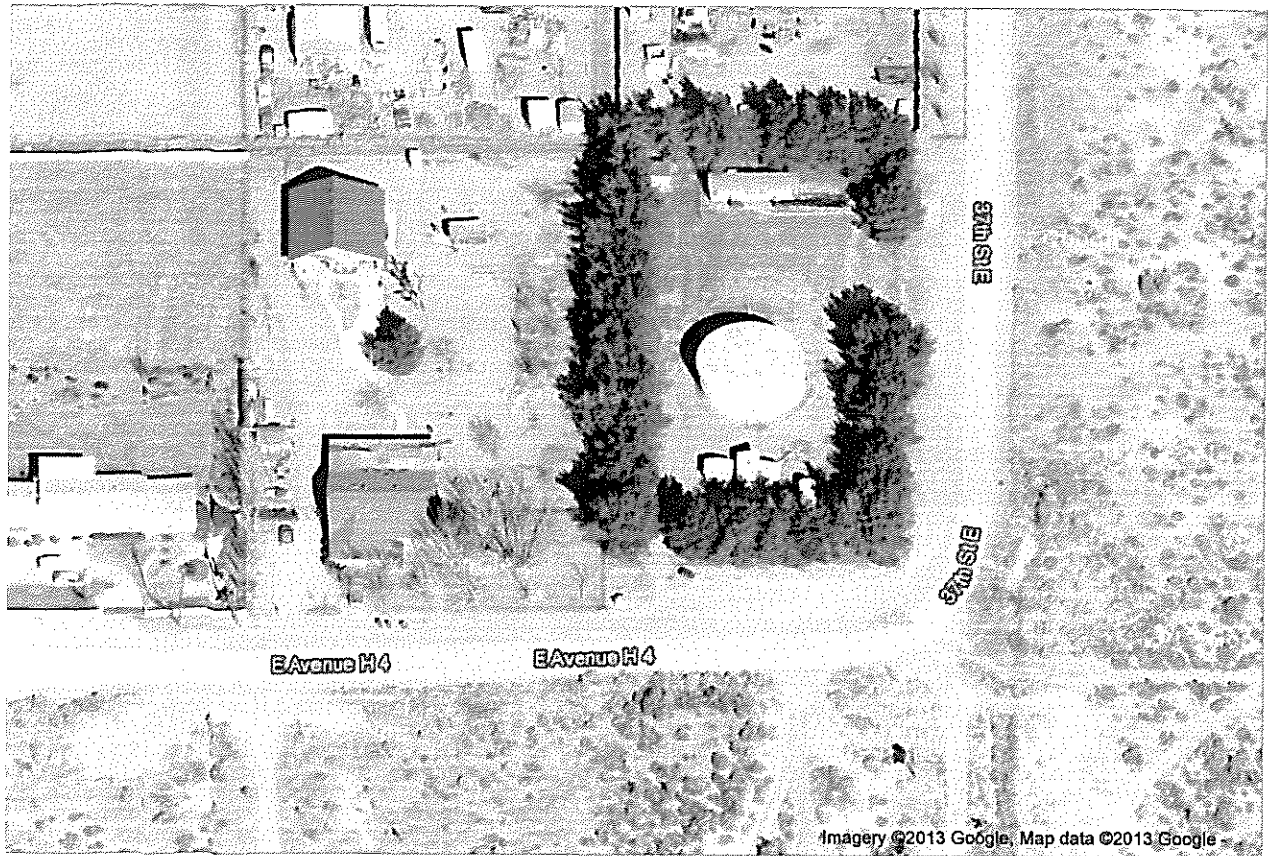


EVERYDALE MUTUAL WATER COMPANY, SYSTEM NO. 1910023

Service Area

Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Imagery ©2013 Google, Map data ©2013 Google -

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AVC H-2

AVC H-4

AVC H-6

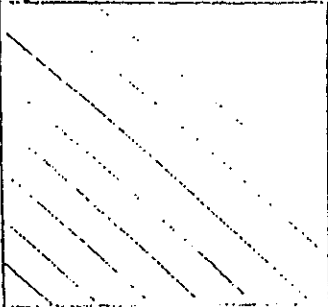
AVC H-8

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AVERYDALE MUTUAL WATER COMPANY

Attachment I.3.c.i.

GRESHAM | SAVAGE
ATTORNEYS AT LAW
3750 UNIVERSITY AVE.
STE. 250
RIVERSIDE, CA 92501-3335
(951) 684-2171

CROSS-DEFENDANT/CROSS-COMPLAINANT, ANTELOPE VALLEY UNITED MUTUAL GROUP, SPECIFICALLY
AVERYDALE MUTUAL WATER COMPANY'S, FIRST SUPPLEMENTAL RESPONSE TO DECEMBER 12, 2012
DISCOVERY ORDER FOR PHASE 4 TRIAL

INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

AUGUST 6, 1948

Number
1540

/ Shares

Averydale Mutual Water Company

CAPITAL STOCK \$1,380,000.00

460 SHARES PAR VALUE \$3,000.00

This certifies that [REDACTED] is the owner of [REDACTED] Shares

of the AVERYDALE MUTUAL WATER COMPANY.

The shares represented by this certificate may be sold in the manner provided by law to pay delinquent water charges and stock installments or by reason of other defaults. The owner hereof is entitled to receive his pro-rata share of the water capable of being delivered by this corporation. The owner hereof must pay his pro-rata share of the costs and expenses of delivering water, as well as maintaining the water system, and any other charges that may be fixed in accordance with the Articles of Incorporation and By-Laws of this corporation. The shares represented hereby are fully assessable as provided in subdivision (3) of Section 331 of the Civil Code and other laws of the State of California.

The shares represented by this certificate are not transferable except to persons who are the owners of land in Los Angeles County, California, included in the service area referred to in the Articles of Incorporation of Averydale Mutual Water Company, said land being known as Parcel No. [REDACTED] on the official service area map on file in the office of the corporation or as specifically described on the back of this certificate.

The holder of this certificate expressly represents and states that he has read and knows the provisions of the By-Laws of this corporation, and hereby expressly agrees to be bound thereby to the same effect as if the same were personally subscribed by the holder of this certificate. By accepting this certificate, the holder hereof expressly consents and agrees to each and every matter and thing hereinabove stated or mentioned, and all the provisions and conditions set forth in the Articles of Incorporation and in the By-Laws of this corporation.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed and its corporate seal to be affixed by its

duly authorized officers this 17 day of July, 1948

Harold Mills
PRESIDENT

[Signature]
VICE PRESIDENT

For Value Received, _____ hereby sell, assign, and transfer
unto _____

_____ Shares
of the Capital Stock represented by the within
Certificate, and do hereby irrevocably constitute and appoint
_____ Attorney
to transfer the said Stock on the books of the within named
Corporation with full power of substitution in the premises.

Dated _____ 19____

In presence of _____

NOTICE. THE SIGNATURE OF THIS ASSIGNMENT
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT
ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

ARTICLE ONE

NOV 10 - 1940

OF

AVENUE 10 WATER COMPANY

ARTICLE ONE

The name of this corporation is AVENUE 10 WATER COMPANY.

ARTICLE TWO

The purposes for which this corporation is formed are:

(a) To acquire, own, appropriate, develop, and store water; to acquire, own and hold water rights and facilities; and to sell, distribute, supply and deliver such water only to owners of the shares of this corporation under rules and regulations established thereby, at actual service cost plus maintenance and necessary expenses, who have land in the area hereinafter described, reached by conduits of this company; and such shares issued by the corporation shall be appurtenant to certain lands in said area when the same are described and certified to in the certificates issued therefor; and when such certificates are so issued and a certified copy of these articles or of the by-laws of this corporation is recorded in the office of the County Recorder of Los Angeles County, the shares of stock shall become appurtenant to said lands and shall be transferred only therewith, except when forfeited and sold for delinquent charges, installments, tolls or assessments thereon, as provided in Section 311 of the Civil Code of California; and each stockholder of this corporation shall have one share of the capital stock of this corporation for each acre of land or fraction thereof owned by him. No share of stock so issued may be hypothecated in

[Handwritten signature]

(b) To acquire rights of way for, and to construct and maintain water works, canals, ditches, dams, tunnels, wells, pipes, pumps, flumes, tanks and reservoirs; and to acquire, hold, own, convey, mortgage, encumber and lease lands and all other property necessary to carry out such purposes.

(c) The limits of the territory within which this corporation will furnish water to its stockholders is hereby defined and established to be the land in Los Angeles County, California, specifically described as follows:

Lots 1, 12 and 13, exclusive of road; 2 to 6 inclusive; 7 to 11 inclusive; 14 to 16 inclusive; 21; east 605 feet of Lot 22; north 1 ft. of Lot 23; north 1 foot of Lot 24, all in Meadow Springs Ranch Tract as per map recorded in Book 5 of Maps, pages 182 and 183 in the office of the County Recorder of Los Angeles County.

The West half (NW) of the southeast quarter (SE) of Section Seven (7), and the Northeast quarter (NE) of the Northeast quarter (NE) of Section sixteen (16), all in Township seven (7) North, Range eleven (11) East, San Bernardino Base and Meridian, subject to easements for public roads.

(d) To borrow money; to issue bonds, notes, debentures or other obligations of this corporation from time to time for any of the objects or purposes of this corporation, and to secure the same by mortgage, pledge, deed of trust or otherwise, or to issue the same unsecured.

(e) To acquire stock and water system of any other company.

(f) To assume any obligations, enter into any contracts or do any acts incidental to the transaction of its business, or expedient to the attainment of its corporate purposes.

ARTICLE IV

(a) The board of directors is hereby empowered from time to time to its discretion to levy and collect assessments upon all shares of this corporation and to take all proceedings provided by law to enforce payment of the same; and to refuse to sell, distribute, supply or deliver water to any stockholder

1 who is delinquent for ten days or more in the payment of assessments
2 stock payment or charges for water already delivered or distributed
3 to him, and such refusal of services may continue during the entire
4 period of any such delinquency, or any delinquency thereafter from
5 time to time.

6 (b) The board of directors is hereby empowered to issue
7 rules and regulations and to establish rates or charges for the use
8 of water and to establish new rates or charges from time to time
9 whenever in the discretion of the board the same may be necessary
10 to meet operating service costs and maintenance expenses.

11 (c) The board of directors is hereby authorized and empowered
12 to issue the whole or any part of its shares or its certificates for
13 shares prior to full payment, as provided in Section 203 of the
14 Civil Code of California, and to formulate rules and regulations
15 therefor.

16
17 ARTICLE FOUR

18 The County in the State of California where the principal
19 office for the transaction of the business of this corporation is
20 to be located is Los Angeles County.

21
22 ARTICLE FIVE

23 This corporation is authorized to issue only one class of
24 shares of stock, to-wit: Capital Stock with par value; and the
25 aggregate par value of all shares of capital stock which the cor-
26 poration is authorized to issue is Twenty-three Thousand Dollars
27 (\$23,000.00), and the total number of shares which the corporation
28 shall have authority to issue is Four Hundred sixty (460), and the
29 par value of each such share is Fifty Dollars (\$50.00).

ARTICLE VII

The number of directors is five, and the names and addresses of the persons who are appointed to act as the first directors are:

Hal E. Hayes
18012 Eaticoy Street
North Hollywood, California

W. Ray Hayes
18012 Eaticoy Street
North Hollywood, California

Stanley W. Hayes
18012 Eaticoy Street
North Hollywood, California

Irene S. McAllister
411 South Flower Street
Los Angeles 12, California

John L. Falkenrath
1154 South Gramercy Drive
Los Angeles 6, California

IN WITNESS WHEREOF, the incorporators have subscribed their names to these Articles this 3 day of August, 1948.

Hal E. Hayes
Hal E. Hayes

W. Ray Hayes
W. Ray Hayes

Stanley W. Hayes
Stanley W. Hayes

Irene S. McAllister
Irene S. McAllister

John L. Falkenrath
John L. Falkenrath

State of California }
County of Los Angeles } ss.

On this ____ day of August 1948, before me, B. W. RUBIN, a
Notary Public in and for said County, personally appeared HAL B.
HAYES, E. RAY HAYES, STANLEY A. HAYES, IRENE S. McALLISTER and
JOHN A. FALKENRATH, known to me to be the persons whose names are
subscribed to the within instrument, and acknowledged to me that
they executed the same.

WITNESS my hand and official seal.

(Signature)

Notary Public
in and for said County and State

BY-LAWS

04

AVERYDALE MUTUAL WATER COMPANY

Article I

STOCKHOLDERS MEETING AND ELECTION

Section 1. The annual meeting shall be held on the first Thursday in February of each year at the principal office of the Corporation at 7:30 o'clock P. M., or at such other times and places as may be designated by the stockholders.

Section 2. Special meetings may be called by the President, or by the Vice-President in absence of the President, and shall be called upon written application of 10% of the stockholders.

Section 3. The Secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4. A majority of the stockholders voting in person, or by authorized agent, at any meeting shall constitute a quorum to do business.

Section 5. The Secretary of the Board of Directors shall transcribe the proceedings of all meetings, and shall preserve such transcripts as records of the corporation.

Article 2

BOARD OF DIRECTORS

Section 1. The Board of Directors shall be elected at the first annual meeting of the stockholders held in February 1949; and thereafter the Board of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board of Directors shall be for a period of two years unless such member should die, become disqualified or be removed from office. Any member may be re-elected for any number of terms.

Section 2. Any director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without counsel, and may have witnesses in his behalf according to law.

Section 3. When any vacancy occurs in the Board of Directors, a special meeting shall be called to elect a director to fill the vacancy, who shall immediately take office after election.

Section 4. The stockholders may require surety bonds for the faithful performance of duty by any director, employee or appointee.

Section 5. The Board of Directors shall meet at 7:30 P. M. on the third Tuesday of each month at the principal place of business of the corporation, unless the stockholders should vote to change the time and date; and shall meet at all other times when the business of the corporation should require. Any stockholder may attend any such meeting as an observer.

Section 6. A majority of the authorized members of the Board of Directors shall constitute a quorum to do business.

Section 7. The Board of Directors shall elect the officers of the corporation.

Section 8. The Board of Directors shall be charged with managing the affairs of the corporation, keeping accounts, and other records necessary for the prosecution of business, making of annual and other periodical reports, setting up funds for various functions of the corporation, making rules and regulations governing distribution of water, establishing uniform rates of water charges and meter installations, establishing the point at which water shall be delivered to the user, making rules and regulations for the operation of the systems, and on the withholding of water pending payment of delinquent assessments, stock payments, or toll charges.

Section 9. The Board of Directors may make and enter into contracts and agreements, incur obligations, and approve expenditures.

Section 10. The Board of Directors may employ all persons or agents necessary for the operation of the water system, and shall have the authority to establish the rate of compensation for each employee, prescribing their duties and authority.

Section 11. The Board of Directors shall have the authority to employ or discharge any persons for the economical operation of the water system, and may discharge any such person for reasons of fraud, malpractice, misrepresentation, or incompetency.

Section 12. The Board of Directors shall prepare and submit to the stockholders at the annual meeting a complete and concise report, including a detailed financial report in writing, for the year preceding the annual meeting; and may prepare such report in a manner suitable for distribution by mail to all stockholders.

Article 3

OFFICERS AND THEIR DUTIES

Section 1. There shall be a President, a Vice-President, and a Secretary-Treasurer. The Secretary-Treasurer need not be a director.

Section 2. The President and Vice-President shall be members of the Board of Directors.

Section 3. The President shall preside over all annual or special meetings of the corporation and shall sign all certificates of stock, contracts, and other corporate instruments, vouchers and warrants, and shall have the general supervision of the affairs of the corporation.

Section 4. The Vice-President shall be charged with duties of the President, when the President is absent or when the President shall delegate one or more of his duties to the Vice-President.

Section 5. The Secretary-Treasurer shall be charged with the duties pertaining to such office and with the certification of stock certificates.

Article 4

ASSESSMENTS

Section 1. The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, whether or not fully paid, of each and every stockholder for all of the purposes of the corporation; not to exceed 50% of the value of the stock, and shall charge the Board of Directors to prepare and submit a report to the stockholders stating the amount and the purposes of such proposed assessments.

Section 2. The Board of Directors shall be charged with limiting all assessments to those matters concerning the operation, maintenance, replacement, repairs, expansion and ex-

tension of the water system, the payment of interest and principal on all indebtedness, the retirement of bonds, and the business of the corporation. The Board of Directors shall formulate rules and regulations governing the manner of levying and collecting assessments.

Section 3. Whenever the Board of Directors shall be instructed to levy and collect assessments, the Secretary shall notify each stockholder by a written notice stating the nature and purpose of the levy made, giving the amount of each individual assessment, the place and time of payment, and the penalties for non-payment. Such notice shall be served personally or by registered mail, and attested by a publication in two issues of a newspaper of local distribution.

Section 4. The stockholders may instruct the Board of Directors to order the forfeiture of any stock for non-payment of water charges, stock payments, tolls, or assessments, and may declare the stock severed from the land to which the same was previously made appurtenant; and may instruct the Board of Directors to formulate rules and regulations governing the sale of such forfeited stock. Any stock so forfeited or severed shall be surrendered to the Corporation upon call. The Board of Directors may extend the time of sale of any delinquent stock provided such extension shall not exceed thirty days in time.

Article 5

SERVICE AREA

Section 1. The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles of Incorporation.

Section 2. Only those persons having land within the service area may become stockholders in the corporation upon the purchase of the required stock.

Section 3. The stockholders may enlarge the service area to include lands adjoining thereto; and shall enlarge the service area upon the written application of any owner of land adjoining thereto who has entered into a written agreement with the Board of Directors of the corporation regarding the manner and method of inclusion.

Article 6

VOTING

Section 1. Each stockholder in the corporation shall have one vote for each share of stock certified in his name, whether or not fully paid, upon all issues involving the business of the corporation, being voted upon at any regular or special meeting.

Section 2. A majority vote of the stockholders at any annual or special meeting shall be the decision of the stockholders, and binding on the stockholders and on the corporation, upon any matter concerning the business of the corporation, ex-

cept where specified otherwise herein.

Article 7

POWERS OF STOCKHOLDERS

Section 1. The stockholders may remove all or any member of the board of directors from office for any reason involving the economical and efficient operation of the business of the corporation; and may enlarge or decrease the number of directors, provided there are not less than three directors at any time.

Section 2. The stockholders may instruct the Board of Directors to borrow or arrange loans of money, issue and sell bonds not to exceed the total value of the capital stock for the operation, maintenance and expansion of the water system, hypothecate property of the corporation to secure a mortgage, deed of trust, or other equitable procedure to secure the performance of an obligation.

Section 3. The stockholders may instruct the Board of Directors to sell, or contract to sell, any portion of the real or physical property of the corporation not necessary for the operation, maintenance, or expansion of the water system.

Section 4. The stockholders may instruct the Board of Directors to purchase, acquire, or take control of any other water system, company, or association, water rights, rights-of-way, real or physical property, or works necessary for the construction, maintenance, repairs, replacement, expansion,

and operation of the water system of the corporation.

Section 5. The stockholders may instruct the Board of Directors to expend monies for the operation of the business of the Corporation; provided that any expenditure of \$500.00 or more shall first be approved by the stockholders.

Section 6. The stockholders, by a two-thirds vote, may consolidate with another corporation, company, or water system; provided the stockholders or owners of such corporation, company, or water system become members of this corporation; may convey the assets of the corporation, and may voluntarily dissolve the corporation.

Section 7. The stockholders may establish a rate of compensation for each member of the Board of Directors or for any appointee of the corporation.

Section 8. The authority to make, repeal and amend the By-Laws is reserved solely to the stockholders of the corporation. ✓

Article 8

MEMBERSHIP

Section 1. Only citizens of the United States of America may become stockholders and members of the corporation, and all persons becoming stockholders and members shall agree to uphold and observe all the provisions of the Articles and By-Laws and shall indicate their agreement by executing their signature upon the stock certificate.

Section 2. Only that person whose name is subscribed to the stock certificate shall be a member of the corporation.

Section 3. A valid stock certificate paid in full or a valid stock certificate being paid for on the installment basis, and not in arrears, shall constitute prima facie evidence of membership except where such stock certificate has been forfeited and severed.

Article 9

COMMITTEES

Section 1. The stockholders shall elect from the membership of the corporation the following standing committees:

(a) Executive; (b) Auditing; and (c) Nominating.

Section 2. The Executive Committee consisting of three or more members shall be charged with assisting the Board of Directors on all matters involving the policies and purposes of the corporation. Its action shall be reviewable by the stockholders' meeting and voting for that purpose.

Section 3. The Auditing Committee consisting of three members shall be charged with preparing a financial report on the business of the corporation for the year preceding the annual meeting and deliver same to the Board of Directors in time for the annual report.

Section 4. The Nominating Committee consisting of three or more members shall prepare and submit to the stockholders a list of the names of the person or persons nominated for each elective office. The nominating list of names shall be in writing and

mailed to each stockholder at least ten days before the date of the annual meeting.

Section 5. The stockholders may appoint any special committee.

Section 6. The President shall be a member of the Executive Committee.

Section 7. Each standing committee may be required by the stockholders to make a report on its activities at any meeting.

Section 8. The duties of each special committee shall be as charged by the stockholders.

Article 10

SOURCES OF INCOME

Section 1. The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

Section 2. In the event the stockholders of the corporation should decide that the stated income is insufficient they may initiate and prosecute other sources of income.

Article 11

AMENDMENTS

Section 1. The stockholders may elect to amend any portion of the Articles of Incorporation and by-laws in accordance with law.

Section 2. The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 3. Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of AVERYDALE MUTUAL WATER COMPANY, a California corporation; and that the foregoing By-Laws, comprising eleven pages, constitute the original By-Laws of said corporation as duly adopted at the first meeting of the board of directors thereof, duly held on the 13 day of August, 1948.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 13 day of August, 1948.

Sam J. J. J. J. J.
Secretary

BY-LAWS
OF
AVERYDALE MUTUAL WATER COMPANY, LANCASTER, CALIF.

Article I

Stockholders Meetings and Elections

Section 1 The annual meeting shall be held on the first Thursday in February of each year at the principal office of the corporation at 7:30 P.M., or at such other times and places as may be designated by the stockholders.

Section 2 Special meetings may be called by the President, or by the Vice President, and shall be called upon written application of 10% of the stockholders.

Section 3 The secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4 A majority of the stockholders voting in person, or by authorized agent, at any meeting shall constitute a quorum to do business.

Section 5 The secretary of the Board Of Directors shall transcribe the proceedings of all meetings, and shall preserve such transcripts as records of the corporation.

Article 2

BOARD OF DIRECTORS

Section 1 The Board Of Directors shall be elected at the first annual meeting of the stockholders held in February 1949, and thereafter the Board Of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board Of Directors shall be for a period of two years unless such member should die, become disqualified or be removed from office. Any member may be re-elected for any number of terms.

Section 2 Any director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without counsel, and may have witnesses in his behalf according to law.

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Section 7 The Board Of Directors shall elect the officers of the corporation.

Section 8 The Board Of Directors shall be charged with managing the affairs of the corporation, keeping accounts, and other records necessary for the prosecution of business, making of annual and other periodical reports, setting up funds for various functions of the corporation, making rules and regulations governing distribution of water, establishing uniform rates of water charges and meter installations, establishing the point at which water shall be delivered to the user, making rules and regulations for the operation of the systems, and on the withholding of water pending payment of delinquent assessments, stock payments, or toll charges.

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ASSESSMENTS

Section 1 The stockholders may instruct the Board Of Directors to levy and collect assessments against the stocks, wheather or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock, and shall charge the Board Of Directors to prepare and submit a report to the stockholders stating the ammount and the purposes of such proposed assessments.

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SERVICE AREA

Section 1 The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles Of Incorporation.

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Section 3 The stockholders may enlarge the service area to include lands adjoining thereto; and shall enlarge the service area upon the written application of any owner of land adjoining thereto who has entered into a written agreement with the Board Of Directors of the corporation regarding the manner and method of inclusion.

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Section 8 The authority to make, repeal and amend the By-Laws is reserved solely to the stockholders of the corporation

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MEMBERSHIP

Section 1 Only citizens of the United States Of America may become stockholders and members of the corporation, and all persons becoming stockholders and members shall agree to up-hold and observe all the provisions of the articles and By-Laws and shall indicate their agreement by executing their signature upon the stock certificate.

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COMMITTEES

Section 1 The stockholders shall elect from the membership of the corporation, the following standing committees: (a) Executive; (b) Auditing; and (c) Nominating.

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Article 10

SOURCES OF INCOME

Section 1 The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

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Article II AMENDMENTS

Section 1 The stockholders may elect to amend any portion of the Articles Of Incorporation and By-Laws in accordance with law.

Section 2 The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 3 Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

Averydale Mutual Water Co.

3507 East Avenue H-4
LANCASTER, CALIFORNIA 93534
946-2256

LANCASTER GARDENS DEVELOPMENT
LANCASTER, CALIFORNIA 93534

BY-LAWS

Revised on Nov 22, 1980

ARTICLE I

STOCKHOLDERS MEETINGS AND ELECTIONS

Section 1 The annual meeting shall be held on the first Thursday in February of each year at the principal office of the corporation at 7:30 P. M. or at such other times and places as may be designated by the Board of Directors.

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Section 3 The secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4 Twenty five percent of the stockholders voting in person or by authorized agent shall constitute a quorum to do business.

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ARTICLE 2

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Section 1 The Board of Directors shall be elected at the first annual meeting of the stockholders held in February 1949, and thereafter the Board of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board of Directors shall be for a period of two years unless such member should die, become disqualified, or be removed from office. Any member may be re-elected for any number of terms.

Section 2 Any Director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without council, and may have witnesses in his behalf according to law.

Section 3 Vacancies in the Board of Directors may be filled by a majority of the remaining directors, and each director so elected shall hold office untill his or her successor is elected at the next annual meeting of shareholders to fill out term of said vacancy.

Section 4 The stockholders may require surety bonds for the faithful performance of duty by any director, employee or appointee.

ARTICLE 4

ASSESSMENTS

Section 1 The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, wheather or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock, and shall charge the Board of Directors to prepare and submit a report to the stockholders stating the amount and the purposes of such proposed assessments.

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Section 4 The stockholders may instruct the Board of Directors to order the for- feiture of any stock for non payment of water charges, stock payments, tolls, or assessments and may declare the stock severed from the land to which the same was previously made appurtant; and may instruct the Board of Directors to formulate rules and regulations governing the sale of such fortified stock. Any stock so fortified or severed shall be surrendered to the corporation upon call. The Board of Directors may extend the time and sale of any delinquent stock provided such extension shall not exceed thirty days in time.

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SERVICE AREA

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ARTICLE 6

VOTING

Section 1 Each stockholder in the corporation shall have one vote for each share of stock certified in his or her name, wheather or not fully paid, upon all issues involving the business of the corporation, being voted upon at any regular or special meeting.

Section 3 A valid stock certificate paid in full or a valid stock certificate being paid for on the installment basis, and not in arrears, shall constitute prima facia evidence of membership except where such stock certificate has been forfeited and severed.

ARTICLE 9

COMMITTEES

Section 1 The stockholders shall elect from the membership of the corporation, the following standing committees; (a) Executive; (b) Auditing; and (c) Nominating.

Section 2 The executive committee consisting of three or more members, shall be charged with assisting the Board of Directors on all matters involving policies and purposes of the corporation. It's action shall be reviewable by the stockholders meeting and voting for that purpose.

Section 3 The Auditing committee consisting of three members shall be charged with preparing a financial report on the business of the corporation for the year preceeding the annual meeting and deliver same to the Board of Directors in time for the annual report.

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Section 5 The stockholders may appoint any special committee.

Section 6 The President shall be a member of the Executive committee.

Section 7 Each standing committee may be required by the stockholders to make a report on it's activities at any meeting.

Section 8 The duties of each special committee shall be as charged by the stockholders.

ARTICLE IO

SOURCES OF INCOME

Section I The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

Section 2 In the event the stockholders of the corporation should decide that the stated income is insufficient, they may initiate and prosecute other sources of income.

ARTICLE II AMENDMENTS

Section I The stockholders may elect to amend any portion of the Articles of Incorporation and By-Laws in accordance with law.

Section 2 The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 3 Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

BY-LAWS

of

AVERYDALE MUTUAL WATER COMPANY

Article I

STOCKHOLDERS MEETINGS AND ELECTION

Section 1. The annual meeting shall be held on the first Thursday in February of each year at the principal office of the Corporation at 7:30 o'clock P. M., or at such other times and places as may be designated by the stockholders.

Section 2. Special meetings may be called by the President, or by the Vice-President in absence of the President, and shall be called upon written application of 10% of the stockholders.

Section 3. The Secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4. A majority of the stockholders voting in person, or by authorized agent, at any meeting shall constitute a quorum to do business.

Section 5. The Secretary of the Board of Directors shall transcribe the proceedings of all meetings, and shall preserve such transcripts as records of the corporation.

Article 2

BOARD OF DIRECTORS

Section 1. The Board of Directors shall be elected at the first annual meeting of the stockholders held in February 1949; and thereafter the Board of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board of Directors shall be for a period of two years unless such member should die, become disqualified or be removed from office. Any member may be re-elected for any number of terms.

Section 2. Any director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without counsel, and may have witnesses in his behalf according to law.

Section 3. When any vacancy occurs in the Board of Directors, a special meeting shall be called to elect a director to fill the vacancy, who shall immediately take office after election.

Section 4. The stockholders may require surety bonds for the faithful performance of duty by any director, employee or appointee.

Section 5. The Board of Directors shall meet at 7:30 P. M. on the third Tuesday of each month at the principal place of business of the corporation, unless the stockholders should vote to change the time and date; and shall meet at all other times when the business of the corporation should require.

Any stockholder may attend any such meeting as an observer.

Section 6. A majority of the authorized members of the Board of Directors shall constitute a quorum to do business.

Section 7. The Board of Directors shall elect the officers of the corporation.

Section 8. The Board of Directors shall be charged with managing the affairs of the corporation, keeping accounts, and other records necessary for the prosecution of business, making of annual and other periodical reports, setting up funds for various functions of the corporation, making rules and regulations governing distribution of water, establishing uniform rates of water charges and meter installations, establishing the point at which water shall be delivered to the user, making rules and regulations for the operation of the systems, and on the withholding of water pending payment of delinquent assessments, stock payments, or toll charges.

Section 9. The Board of Directors may make and enter into contracts and agreements, incur obligations, and approve expenditures.

Section 10. The Board of Directors may employ all persons or agents necessary for the operation of the water system, and shall have the authority to establish the rate of compensation for each employee, prescribing their duties and authority.

Section 11. The Board of Directors shall have the authority to employ or discharge any persons for the economical operation of the water system, and may discharge any such person for reasons of fraud, malpractice, misrepresentation, or incompetency.

Section 12. The Board of Directors shall prepare and submit to the stockholders at the annual meeting a complete and concise report, including a detailed financial report in writing, for the year preceding the annual meeting; and may prepare such report in a manner suitable for distribution by mail to all stockholders.

Article 3

OFFICERS AND THEIR DUTIES

Section 1. There shall be a President, a Vice-President, and a Secretary-Treasurer. The Secretary-Treasurer need not be a director.

Section 2. The President and Vice-President shall be members of the Board of Directors.

Section 3. The President shall preside over all annual or special meetings of the corporation and shall sign all certificates of stock, contracts, and other corporate instruments, vouchers and warrants, and shall have the general supervision of the affairs of the corporation.

Section 4. The Vice-President shall be charged with duties of the President, when the President is absent or when the President shall delegate one or more of his duties to the Vice-President.

Section 5. The Secretary-Treasurer shall be charged with the duties pertaining to such office and with the certification of stock certificates.

Article 4

ASSESSMENTS

Section 1. The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, whether or not fully paid, of each and every stockholder for all of the purposes of the corporation; not to exceed 50% of the value of the stock, and shall charge the Board of Directors to prepare and submit a report to the stockholders stating the amount and the purposes of such proposed assessments.

Section 2. The Board of Directors shall be charged with limiting all assessments to those matters concerning the operation, maintenance, replacement, repairs, expansion and ex-

tension of the water system, the payment of interest and principal on all indebtedness, the retirement of bonds, and the business of the corporation. The Board of Directors shall formulate rules and regulations governing the manner of levying and collecting assessments.

Section 3. Whenever the Board of Directors shall be instructed to levy and collect assessments, the Secretary shall notify each stockholder by a written notice stating the nature and purpose of the levy made, giving the amount of each individual assessment, the place and time of payment, and the penalties for non-payment. Such notice shall be served personally or by registered mail, and attested by a publication in two issues of a newspaper of local distribution.

Section 4. The stockholders may instruct the Board of Directors to order the forfeiture of any stock for non-payment of water charges, stock payments, tolls, or assessments, and may declare the stock severed from the land to which the same was previously made appurtenant; and may instruct the Board of Directors to formulate rules and regulations governing the sale of such forfeited stock. Any stock so forfeited or severed shall be surrendered to the Corporation upon call. The Board of Directors may extend the time of sale of any delinquent stock provided such extension shall not exceed thirty days in time.

Article 5

SERVICE AREA

Section 1. The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles of Incorporation.

Section 2. Only those persons having land within the service area may become stockholders in the corporation upon the purchase of the required stock.

Section 3. The stockholders may enlarge the service area to include lands adjoining thereto; and shall enlarge the service area upon the written application of any owner of land adjoining thereto who has entered into a written agreement with the Board of Directors of the corporation regarding the manner and method of inclusion.

Article 6

VOTING

Section 1. Each stockholder in the corporation shall have one vote for each share of stock certified in his name, whether or not fully paid, upon all issues involving the business of the corporation, being voted upon at any regular or special meeting.

Section 2. A majority vote of the stockholders at any annual or special meeting shall be the decision of the stockholders, and binding on the stockholders and on the corporation, upon any matter concerning the business of the corporation, ex-

cept where specified otherwise herein.

Article V

POWERS OF STOCKHOLDERS

Section 1. The stockholders may remove all or any member of the board of directors from office for any reason involving the economical and efficient operation of the business of the corporation; and may enlarge or decrease the number of directors, provided there are not less than three directors at any time.

Section 2. The stockholders may instruct the Board of Directors to borrow or arrange loans of money, issue and sell bonds not to exceed the total value of the capital stock for the operation, maintenance and expansion of the water system, hypothecate property of the corporation to secure a mortgage, deed of trust, or other equitable procedure to secure the performance of an obligation.

Section 3. The stockholders may instruct the Board of Directors to sell, or contract to sell, any portion of the real or physical property of the corporation not necessary for the operation, maintenance, or expansion of the water system.

Section 4. The stockholders may instruct the Board of Directors to purchase, acquire, or take control of any other water system, company, or association, water rights, rights-of-way, real or physical property, or works necessary for the construction, maintenance, repairs, replacement, expansion,

and operation of the water system of the corporation.

Section 5. The stockholders may instruct the Board of Directors to expend monies for the operation of the business of the Corporation; provided that any expenditure of \$500.00 or more shall first be approved by the stockholders.

Section 6. The stockholders, by a two-thirds vote, may consolidate with another corporation, company, or water system; provided the stockholders or owners of such corporation, company, or water system become members of this corporation; may convey the assets of the corporation, and may voluntarily dissolve the corporation.

Section 7. The stockholders may establish a rate of compensation for each member of the Board of Directors or for any appointee of the corporation.

Section 8. The authority to make, repeal and amend the By-Laws is reserved solely to the stockholders of the corporation.

Article 3

MEMBERSHIP

Section 1. Only citizens of the United States of America may become stockholders and members of the corporation, and all persons becoming stockholders and members shall agree to uphold and observe all the provisions of the Articles and By-Laws and shall indicate their agreement by executing their signature upon the stock certificate.

Article 2. Only that person whose name is subscribed to the stock certificate shall be a member of the corporation.

Section 3. A valid stock certificate paid in full or a valid stock certificate partly paid for on the installment basis, and not in arrears, shall constitute prima facie evidence of membership except where such stock certificate has been forfeited and severed.

Article 3

CHAPTER I

Section 1. The stockholders shall elect from the membership of the corporation the following standing committees:

(a) Executive; (b) Auditing; and (c) Nominating.

Section 2. The Executive Committee consisting of three or more members shall be charged with assisting the Board of Directors on all matters involving the policies and purposes of the corporation. Its action shall be reviewable by the stockholders' meeting and voting for that purpose.

Section 3. The Auditing Committee consisting of three members shall be charged with preparing a financial report on the business of the corporation for the year preceding the annual meeting and deliver same to the Board of Directors in time for the annual report.

Section 4. The Nominating Committee consisting of three or more members shall prepare and submit to the stockholders a list of the names of the persons or persons nominated for each elective office. The nominating list of names shall be in writing and

mailed to each stockholder at least ten days before the date of the annual meeting.

Section 5. The stockholders may appoint any special committee.

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Article 10

SOURCES OF INCOME

Section 1. The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

Section 2. In the event the stockholders of the corporation should decide that the stated income is insufficient they may initiate and prosecute other sources of income.

Article 11

AMENDMENTS

Section 1. The stockholders may elect to amend any portion of the Articles of Incorporation and by-laws in accordance with law.

Section 2. The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 8. Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of AVERYDALE MUTUAL WATER COMPANY, a California corporation; and that the foregoing By-Laws, comprising eleven pages, constitute the original By-Laws of said corporation as duly adopted at the first meeting of the board of directors thereof, duly held on the 13 day of August, 1948.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 13 day of August, 1948.

Gene J. McQuicker
Secretary

BY-LAWS

OF

AVERYDALE MUTUAL WATER COMPANY, LANCASTER, CALIF.

Article I

Stockholders Meetings and Elections

Section 1 The annual meeting shall be held on the first Thursday in February of each year at the principal office of the corporation at 7:30 P.M., or at such other times and places as may be designated by the stockholders.

Section 2 Special meetings may be called by the President, or by the Vice President, and shall be called upon written application of 10% of the stockholders.

Section 3 The secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

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BOARD OF DIRECTORS

Section 1 The Board Of Directors shall be elected at the first annual meeting of the stockholders held in February 1949, and thereafter the Board Of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board Of Directors shall be for a period of two years unless such member should die, become disqualified or be removed from office. Any member may be re-elected for any number of terms.

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Section 7 The Board Of Directors shall elect the officers of the corporation.

Section 8 The Board Of Directors shall be charged with managing the affairs of the corporation, keeping accounts, and other records necessary for the prosecution of business, making of annual and other periodical reports, setting up funds for various functions of the corporation, making rules and regulations governing distribution of water, establishing uniform rates of water charges and meter installations, establishing the point at which water shall be delivered to the user, making rules and regulations for the operation of the systems, and on the withholding of water pending payment of delinquent assessments, stock payments, or toll charges.

Section 9 The Board Of Directors may make and enter into contracts and agreements, incur obligations, and approve expenditures.

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OFFICERS AND THEIR DUTIES

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ASSESSMENTS

Section 1 The stockholders may instruct the Board Of Directors to levy and collect assessments against the stocks, wheather or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock, and shall charge the Board Of Directors to prepare and submit a report to the stockholders stating the ammount and the purposes of such proposed assessments.

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SERVICE AREA

Section 1 The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles Of Incorporation.

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MEMBERSHIP

Section 1 Only citizens of the United States Of America may become stockholders and members of the corporation, and all persons becoming stockholders and members shall agree to up-hold and observe all the provisions of the articles and By-Laws and shall indicate their agreement by executing their signature upon the stock certificate.

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COMMITTEES

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Averydale Mutual Water Co.

3507 East Avenue H-4
LANCASTER, CALIFORNIA 93534
946-2256

LANCASTER GARDENS DEVELOPMENT
LANCASTER, CALIFORNIA 93534

BY-LAWS

Revised on Nov 22, 1980

ARTICLE I

STOCKHOLDERS MEETINGS AND ELECTIONS

Section 1 The annual meeting shall be held on the first Thursday in February of each year at the principal office of the corporation at 7:30 P. M. or at such other times and places as may be designated by the Board of Directors.

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Section 3 The secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4 Twenty five percent of the stockholders voting in person or by authorized agent shall constitute a quorum to do business.

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ARTICLE 2

BOARD OF DIRECTORS

Section 1 The Board of Directors shall be elected at the first annual meeting of the stockholders held in February 1949, and thereafter the Board of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board of Directors shall be for a period of two years unless such member should die, become disqualified, or be removed from office. Any member may be re-elected for any number of terms.

Section 2 Any Director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without council, and may have witnesses in his behalf according to law.

Section 3 Vacancies in the Board of Directors may be filled by a majority of the remaining directors, and each director so elected shall hold office until his or her successor is elected at the next annual meeting of shareholders to fill out term of said vacancy.

Section 4 The stockholders may require surety bonds for the faithful performance of duty by any director, employee or appointee.

Section 5 The Board of Directors shall meet at 7:30 P.M. on the third Tuesday of each month at the principal place of business of the corporation, unless the Board of Directors should vote to change the time and date; and shall meet at all other times when the business of the corporation should require. Any stockholder may attend such meeting as an observer.

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ARTICLE 3

OFFICERS AND THEIR DUTIES

Section 1 There shall be a President, a Vice-President, and a Secretary-Treasurer. The Secretary-Treasurer need not be a director.

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ASSESSMENTS

Section 1 The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, whether or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock, and shall charge the Board of Directors to prepare and submit a report to the stockholders stating the amount and the purposes of such proposed assessments.

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ARTICLE 5

SERVICE AREA

Section 1 The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles of Incorporation.

Section 2 Only those persons having land within the service area may become stockholders in the corporation upon the purchase of required stock.

Section 3 The stockholders may enlarge the service area to include lands adjoining thereto, and shall enlarge the service area upon the written application of any owner of land adjoining thereto who has entered into a written agreement with the Board of Directors of the corporation regarding the manner and method of inclusion.

ARTICLE 6

VOTING

Section 1 Each stockholder in the corporation shall have one vote for each share of stock certified in his or her name, whether or not fully paid, upon all issues involving the business of the corporation, being voted upon at any regular or special meeting.

Section 2 A majority vote of the stockholders at any annual or special meeting shall be the decision of the stockholders, and binding on the stockholders and on the corporation, upon any matter concerning the business of the corporation, except where specified otherwise herein.

ARTICLE 7

POWERS OF STOCKHOLDERS

Section 1 The stockholders may remove all or any member of the Board of Directors from office for any reason involving the economical and efficient operation of the business of the corporation; and may enlarge or decrease the number of directors, provided there are not less than three directors at any time.

Section 2 The stockholders may instruct the Board of Directors to borrow or arrange loans of money, issue and sell bonds not to exceed the total value of the capital stock for the operation, maintenance and expansion of the water system, hypothecate property of the corporation to secure a mortgage, deed of trust, or other equitable procedure to secure the performance of an obligation.

Section 3 The stockholders may instruct the Board of Directors to sell, or contract to sell, any portion of the real or physical property of the corporation not necessary for the operation, maintenance, or expansion of the water system.

Section 4 The stockholders may instruct the Board of Directors to purchase, acquire, or take control of any other water system, company, or association, water rights, rights of way, real or physical property, or works necessary for the construction, maintenance, repairs, replacement, expansion, and operation of the water system of the corporation.

Section 5 The stockholders may instruct the Board of Directors to expend monies for the operation of the business of the corporation; provided that any expenditure of \$4000.00 or more shall first be approved by the stockholders except emergency repairs to the system.

Section 6 The stockholders, by a two thirds vote, may consolidate with another corporation, company, or water system become members of this corporation; may convey the assets of the corporation, and may voluntarily dissolve the corporation.

Section 7 The stockholders may establish a rate of compensation for each member of the Board of Directors or for any appointee of the committee of the corporation.

Section 8 The authority to make, repeal and amend the By-Laws is reserved solely to the stockholders of the corporation.

ARTICLE 8

MEMBERSHIP

Section 1 All persons becoming stockholders and members shall agree to uphold and observe all the provisions of the articles and By-Laws and shall indicate their agreement by executing their signature upon the stock certificate.

Section 2 Only that person whose name is subscribed to the stock certificate shall be a member of the corporation.

Section 3 A valid stock certificate paid in full or a valid stock certificate being paid for on the installment basis, and not in arrears, shall constitute prima facie evidence of membership except where such stock certificate has been forfeited and severed.

ARTICLE 9

COMMITTEES

Section 1 The stockholders shall elect from the membership of the corporation, the following standing committees; (a) Executive; (b) Auditing; and (c) Nominating.

Section 2 The executive committee consisting of three or more members, shall be charged with assisting the Board of Directors on all matters involving policies and purposes of the corporation. It's action shall be reviewable by the stockholders meeting and voting for that purpose.

Section 3 The Auditing committee consisting of three members shall be charged with preparing a financial report on the business of the corporation for the year preceeding the annual meeting and deliver same to the Board of Directors in time for the annual report.

Section 4 The Nominating committee consisting of three or more members, shall prepare and submit to the stockholders, a list of the names of the person or persons nominated for each elective office. The nminating list of the names shall be in writing and mailed to each stockholder at least ten days before the date of the annual meeting.

Section 5 The stockholders may appoint any special committee.

Section 6 The President shall be a member of the Executive committee.

Section 7 Each standing committee may be required by the stockholders to make a report on it's activities at any meeting.

Section 8 The duties of each special committee shall be as charged by the stockholders.

ARTICLE 10

SOURCES OF INCOME

Section 1 The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

Section 2 In the event the stockholders of the corporation should decide that the stated income is insufficient, they may initiate and prosecute other sources of income.

ARTICLE II AMENDMENTS

Section 1 The stockholders may elect to amend any portion of the Articles of Incorporation and By-Laws in accordance with law.

Section 2 The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 3 Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

Averydale Mutual Water Co.

3507 East Avenue H-4
LANCASTER, CALIFORNIA 93534
946-2256

LANCASTER GARDENS DEVELOPMENT
LANCASTER, CALIFORNIA 93534

BY-LAWS

Revised on Nov 22, 1980

ARTICLE I

STOCKHOLDERS MEETINGS AND ELECTIONS

Section 1 The annual meeting shall be held on the first Thursday in February of each year at the principal office of the corporation at 7:30 P. M. or at such other times and places as may be designated by the Board of Directors.

Section 2 Special meetings may be called by the President, or by the Vice-President, and shall be called upon written application of 10% of the stockholders.

Section 3 The secretary shall send a written notification by mail to each stockholder ten days in advance of the date of each annual or special meeting, giving the date and time of such meeting and stating its purpose.

Section 4 Twenty five percent of the stockholders voting in person or by authorized agent shall constitute a quorum to do business.

Section 5 The secretary of the Board of Directors shall transcribe the proceedings of all meetings, and shall preserve such transcripts as records of the corporation.

ARTICLE 2

BOARD OF DIRECTORS

Section 1 The Board of Directors shall be elected at the first annual meeting of the stockholders held in February 1949, and thereafter the Board of Directors shall be elected at any annual or special meeting held to fill an expired term of office or a vacancy therein. The term of office of each member of the Board of Directors shall be for a period of two years unless such member should die, become disqualified, or be removed from office. Any member may be re-elected for any number of terms.

Section 2 Any Director accused of malpractice, fraud, misrepresentation or incompetency may be removed from office after a hearing has been held before a meeting of the membership when such officer has been found guilty as charged, upon a vote of the membership. The accused may appear in person, with or without council, and may have witnesses in his behalf according to law.

Section 3 Vacancies in the Board of Directors may be filled by a majority of the remaining directors, and each director so elected shall hold office until his or her successor is elected at the next annual meeting of shareholders to fill out term of said vacancy.

Section 4 The stockholders may require surety bonds for the faithful performance of duty by any director, employee or appointee.

ARTICLE 4

ASSESSMENTS

Section 1 The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, wheather or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock, and shall charge the Board of Directors to prepare and submit a report to the stockholders stating the ammount and the purposes of such proposed assessments.

Section 2 The Board of Directors shall be charged with limiting all assessments to those matters concerning the operation, maintenance, replacement, repairs, expansion and extention of the water system, the payment of interest and principal on all indebtedness, the retirement of bonds, and the business of the corporation. The Board of Directors shall formulate rules and regulations governing the manner of levying and collecting assessments.

Section 3 Whenever the Board of Directors shall be instructed to levy and collect assessments, the Secretary shall notify each stockholder by a written notice stating the nature and purpose of the levy made, giving the amount of each individual assessment, the place and time of payment, and the penalties for non-payment. Such notice shall be served personally or by registered mail, and attested by a publication in two issues of a newspaper of local distribution.

Section 4 The stockholders may instruct the Board of Directors to order the forfeiture of any stock for non payment of water charges, stock payments, tolls, or assessments and may declare the stock severed from the land to which the same was previously made appurtant; and may instruct the Board of Directors to formulate rules and regulations governing the sale of such fortified stock. Any stock so fortified or severed shall be surrendered to the corporation upon call. The Board of Directors may extend the time and sale of any delinquent stock provided such extension shall not exceed thirty days in time.

ARTICLE 5

SERVICE AREA

Section 1 The corporation will supply and serve water according to the rules and regulations of the corporation, upon application, to the land described in the Articles of Incorporation.

Section 2 Only those persons having land within the service area may become stockholders in the corporation upon the purchase of required stock.

Section 3 The stockholders may enlarge the service area to include lands adjoining thereto, and shall enlarge the service area upon the written application of any owner of land adjoining thereto who has entered into a written agreement with the Board of Directors of the corporation regarding the manner and method of inclusion.

ARTICLE 6

VOTING

Section 1 Each stockholder in the corporation shall have one vote for each share of stock certified in his or her name, wheather or not fully paid, upon all issues involving the business of the corporation, being voted upon at any regular or special meeting.

Section 3 A valid stock certificate paid in full or a valid stock certificate being paid for on the installment basis, and not in arrears, shall constitute prima facie evidence of membership except where such stock certificate has been forfeited and severed.

ARTICLE 9

COMMITTEES

Section 1 The stockholders shall elect from the membership of the corporation, the following standing committees; (a) Executive; (b) Auditing; and (c) Nominating.

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Section 3 The Auditing committee consisting of three members shall be charged with preparing a financial report on the business of the corporation for the year preceeding the annual meeting and deliver same to the Board of Directors in time for the annual report.

Section 4 The Nominating committee consisting of thres or more members, shall prepare and submit to the stockholders, a list of the names of the person or persons nominated for each elective office. The nminating list of the names shall be in writing and mailed to each stockholder at least ten days before the date of the annual meeting.

Section 5 The stockholders may appoint any special committee.

Section 6 The President shall be a member of the Executive committee.

Section 7 Each standing committee may be required by the stockholders to make a report on it's activities at any meeting.

Section 8 The duties of each special committee shall be as charged by the stockholders.

ARTICLE IO

SOURCES OF INCOME

Section I The income necessary for the operation of the business of the corporation shall be derived from water charges, tolls, and assessments.

Section 2 In the event the stockholders of the corporation should decide that the stated income is insufficient, they may initiate and prosecute other sources of income.

ARTICLE II AMENDMENTS

Section I The stockholders may elect to amend any portion of the Articles of Incorporation and By-Laws in accordance with law.

Section 2 The stockholders may elect to increase or decrease the amount of the capital stock in accordance with law.

Section 3 Any proposed amendment to the Articles or By-Laws shall be submitted to the membership by mail at least ten days in advance of the date of any regular or special meeting in which such proposed amendments are to be voted upon. The notice shall include a copy of such proposed amendment.

The following is a list of proposed amendments for the by-laws of the Averydale Mutual Water Company that all stockholders will be asked to vote on. These changes have all been reviewed by your Board Of Directors and with legal council. The Board Of Directors all feel that these changes in our by-laws should be adopted in order to be able to operate a more efficient water company and still stay within legal bounds of our by-laws.

A yes vote on the proposed amendments will be to adopt the proposed amendment in each proposed change. A vote of no will keep that issue as it is. Each proposed change will be voted on individually. They are as follows:

OK Proposal A PASSED

Section I of Article I reads, "The annual meeting shall be held on the first Thursday in February of each year at the principal office of the Corporation at 7:30 P.M. or at such other times and places as may be designated by the stockholders." The proposed change is to replace the word stockholders with Board Of Directors.

One of the reasons for this proposed change is our office is not large enough to have a stockholders meeting. We can not be guaranteed the same place at all times for our meetings due to circumstances beyond our control. Stockholders meetings costs the water company an average of three hundred dollars to put it all together. Our present wording on this subject legally forces us to call a stockholders meeting just to get their approval to change the place of our annual meeting. Our Board Of Directors can select a meeting place and save our company the extra expense. Another reason for the proposed change is our inability to be ready for the annual meeting by the first Thursday in February. Our annual financial statement is prepared for us by a certified public accountant as well as an income tax return. There is no way that a financial statement can be prepared in time for a meeting held in early February.

NO Proposal B SCRAPED 20%

Section 4 of Article I reads, "A majority of the stockholders voting in person, or by authorized agent shall constitute a quorum to do business." The proposed change is to insert the word "present" between the words stockholders and voting.

The reason for this proposed change is to be legally able to conduct business in the event our attendance at our stockholders meetings should be less than half of our shareholders.

OK Proposal C PASSED

Section 5 of Article 2 reads, "The Board Of Directors shall meet at 7:30 P.M. on the third Tuesday of each month at the principal place of business of the corporation unless the stockholders should vote to change the time and date and shall meet at all other times when the business of the corporation should require. Any stockholder may attend any such meeting as an observer."

The proposed change is to replace the word stockholders with "Board Of Directors." The reason for this proposed change is the fact that our members of the Board Of Directors all work different work shifts on their jobs, including swing shift and graveyard shift including Saturdays and some Sundays. These work shifts are subject to change from time to time and the board of directors have their meetings at such a time as to when all of them can attend. Again here is a situation where with our by-laws written as they are, legally a stockholders meeting must be called, again costing you money, just to approve a change in time for a Board Of Directors meeting.

Proposal D REJECTED

Section I of Article 4 reads, "The stockholders may instruct the Board of Directors to levy and collect assessments against the stocks, whether or not fully paid, of each and every stockholder for all of the purposes of the corporation, not to exceed 50% of the value of the stock and shall charge the Board Of Directors to prepare and submit a report to the stockholders stating the amount and the purpose of such proposed assessments."

The proposed change is to eliminate the words " not to exceed 50% of the value of the stock"

OK

The reason for this proposed change is that the way it now reads, a stockholder can not be assessed more than \$25.00 at any time. This is due to the fact that each water share is valued at \$50.00. In the event of say a well collapse or a major disaster that would damage our water system to the point at which we would have to assess the water stocks for immediate repairs, under the present wording of our by-laws, \$25.00 would be the maximum amount that could be assessed to each share. When our by-laws were written back in 1948, the present wording of this article was sufficient, however with our current rate of inflation we feel it must be changed to protect the interests of our water company.

Proposal E SCRATCHED

X

Section 2 of Article 6 reads, " A majority vote of the stockholders at any annual or special meeting shall be the decision of the stockholders, and binding on the stockholders and on the corporation, upon any matter concerning the business of the corporation, except where specified otherwise herein."

The proposed change is to insert the word "present" after the word stockholders in the first line.

Reason for this proposed change is the same as the reason for proposal "B".

Proposal F PASSED

OK

Section 5 of Article 7 reads, "The stockholders may instruct the board of directors to expend monies for the operation of the business of the corporation, provided that any expenditure of \$500.00 or more shall first be approved by the stockholders." The proposed changes are first of all to change the figure of \$500.00 to \$4000.00, and secondly to add the words " except emergency repairs to the system."

The reasons for these proposed changes are basicly related to one word, inflation. Our power bill alone we expect to be well over \$3000.00 in the summer months of this year. This means that the way the by-laws are now written, we must call a stockholders meeting every time a power bill is due. The other reason for the change in this section is that we feel, when dealing with a water system, that there are times when repairs must be made immediatly. It takes a minimum of two weeks to legally call a stockholders meeting. I'm sure you can see the problem that would arrise if we had to wait two weeks to get an authorization to repair a bad leak in our system.

Proposal G PASSED

OK

Section I of Article 8 reads, "Only citizens of the United States of America may become stockholders and members of the corporation, and all persons becoming stockholders and members shall agree to uphold and observe all the provisions of the Articles and by-laws and shall indicate their agreement by executing their signature upon the stock certificate."

The proposed change is to eliminate the following: " Only citizens of the United States of America may become stockholders and members of the corporation and ". Reason for proposed change is that it could create a problem in the future in that if an alien should acquire property in our water district, we should not deny this person from obtaining water from us as long as this person is willing to meet their share of obligations to our water company.

Proposal H *Rejected*

Section I of Article 9 reads, " The stockholders shall elect from the membership of the corporation the following standing committees. An executive committee, an auditing committee, and a nominating committee."

OK The proposed change would be to change the word " shall" to the word "May" which would leave it up to the stockholders whether or not they want these committees. The way it is now worded, we legally must have these committees. In the past, our stockholders have not been in favor of these committees. The Board Of Directors has been the executive committee, our auditing has been done by a professional certified public accountant, and nominations have always came from the floor at our annual meetings. The last time a committee was brought up, it was voted down by our stockholders by a vote of 32 for and 134 against.

This concludes the list of proposed changes to our by-laws that you will be asked to vote on at our up-coming annual meeting. I am mailing them out to you prior to the meeting so that you will have time to review each proposal before voting on them. Again i would like to mention that a yes vote will ammend the section of the by-laws that have been proposed. A no vote will not change the by-laws. Your Board Of Directors are recommending a yes vote on all proposed ammendments.

Once these proposals to our by-laws are voted upon, i will be making copies of the complete by-laws, one of which will be sent to the Secretary Of State in Sacramento, California to be kept on record. Other copies will be made so that they will be available to any of our stockholders upon request.

Sincerely

Mary Barletta
Sec / Treas