

AMENDMENT TO
BYLAWS
OF

SANTA CRUZ MOUNTAINS SUMMIT WEST, INC.
[a California Nonprofit Mutual Benefit Corporation]

August 31, 2006

Secretary of the corporation hereby certifies that a membership voted to amend the Bylaws of the corporation on August 31st, 2006 to replace Section 4.30 with the following:

"Section 4.30--Rights of Membership. The Members of this Corporation shall have the right to vote, as set forth in these Bylaws, on the election of the Directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation, In addition, those Members shall have all rights afforded Members under the California Nonprofit Mutual Benefit Corporation Law. In the event of dissolution of the Corporation, each Member, including former Members, shall receive his/her proportions share of the Corporation's property and assets based upon patronage, insofar as it is practicable, after paying or providing for the payment of all debts of the Corporation."

Nanda Nandkishore
Nanda M. Nandkishore
Secretary,
Santa Cruz Mountain Summit West, Inc.

Aug. 31, 2006.
Date

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
SANTA CRUZ MOUNTAINS SUMMIT WEST, INC.**

November 9, 2000

WHEREAS, the Bylaws of this Corporation permit its Board of Directors to act by unanimous written consent without the necessity of holding a meeting therefore; and

WHEREAS this Corporation has no members at present; and

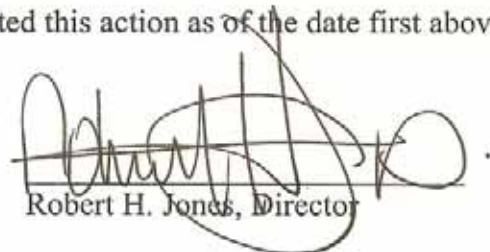
WHEREAS it is desired to amend and restate the Bylaws of this Corporation

NOW THEREFORE, the undersigned being all of the duly elected and acting Directors of Santa Cruz Mountains Summit West, Inc., a California Non-Profit Mutual Benefit Corporation, do hereby adopt the following resolution(s):

RESOLVED, that the form of "Amended and Restated Bylaws for the Regulation, Except as Otherwise Provided by Statute or its Articles of Incorporation of Santa Cruz Mountains Summit West, Inc." as the same are attached hereto as Exhibit A, be and the same are hereby approved and adopted as the Bylaws of this Corporation.

IN WITNESS WHEREOF, we have executed this action as of the date first above written.


Albert P. McBride, Director


Robert H. Jones, Director


Leslie R. Seltzer, Director


Therese J. Kollerer, Director


Allen B. Tucker, Director


John T. Parker, Director

(vacant)

AMENDED AND RESTATED
BYLAWS FOR THE REGULATION, EXCEPT AS
OTHERWISE PROVIDED BY STATUTE OR ITS
ARTICLES OF INCORPORATION,
OF

SANTA CRUZ MOUNTAINS SUMMIT WEST, INC.
[a California Nonprofit Mutual Benefit Corporation]

ARTICLE I
OFFICES

Section 1.01—Principal Executive Office. The principal office for the Corporation is hereby fixed and located c/o Les Seltzer, 28237 Pierce Road, Los Gatos, CA 95033. The Board of Directors is hereby granted full power and authority to change said principal executive office from one location to another in said county.

Section 1.02—Branch Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II
PURPOSES

(A) Generally, the purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the California Non-Profit Mutual Benefit Corporation Law.

(B) Within such general purposes, the specific purpose of this Corporation is to engage in the business of selling, distributing, supplying or delivering water for domestic use only to the owner of its shares, at actual cost plus necessary expenses, which shares shall be appurtenant to the lands described in Membership shares or Membership certificates issued to such owners.

(C) Additionally, this Corporation may sell water as permitted under the provisions of California Corporations Code Section 14300.

ARTICLE III
CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction and definitions on the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding

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EXHIBIT A TO DIRECTORS' ACTION OF NOV. 9, 2000

sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE IV MEMBERS

Section 4.01—Class of Membership. This Corporation shall have one (1) class of Members.

Section 4.02—Qualifications. The Membership shall be limited to the owners of certain real property lying within the boundaries of the Corporation (its "service area") who have either (a) accepted a Membership Certificate as tendered by the Corporation upon its initial capitalization, or (b) executed a Membership Agreement in such form as the Board of Directors shall from time to time approve and who have paid such Membership fee and connection fee as the Board may from time to time establish.

Section 4.03—Rights of Membership. The Members of this Corporation shall have the right to vote, as set forth in these Bylaws, on the election of the Directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation. In addition, those Members shall have all rights afforded Members under the California Nonprofit Mutual Benefit Corporation Law. If the Corporation is dissolved, those Members shall receive a pro-rata distribution of all assets, exclusive of those held in charitable trust, remaining after payment or provision for payment of the obligations and debts of the Corporation and provision for any other payment required under applicable law.

Section 4.04—Member's Dues, Fees and Assessments. Each Member must pay, within the time and on the conditions set by the Board, the dues, fees and assessments in amounts to be fixed from time to time by the Board. The dues, fees and assessments shall be equal for all Members.

Section 4.05—Members in Good Standing. Members will have paid the required dues, fees and assessments in accordance with these Bylaws and who are not suspended shall be Members in good standing.

Section 4.06—No Fractional Memberships. The Corporation shall not issue fractional Membership Certificates.

Section 4.07—Persons Who Do Not Accept Membership Certificates or Execute Membership Agreements. Persons residing within the Corporation's service area who were included within the boundaries of Santa Cruz County Service Area 54 and who at the date of the incorporation of this Corporation were receiving water from the Mountain Charlie Water Works Water System, who decline to accept a Membership Certificate on

the occasion of the initial capitalization of this Corporation, or who thereafter decline to execute this Corporation's then form of Membership Agreement, shall be entitled to continue to purchase water from the Corporation subject to compliance with Corporation's rules regarding payment therefor, but shall otherwise enjoy no rights as a Member of Corporation.

ARTICLE V
TERMINATION OF MEMBERSHIP

Section 5.01—Termination of Membership. A Membership shall terminate on occurrence of any of the following events:

- (a) Resignation of the Member;
- (b) The sale or other transfer of the land owned by the Member to which such Member's right to receive water is appurtenant;
- (c) The Member's failure to pay dues, fees or assessments imposed by Santa Cruz County Service Area 54, if applicable;
- (d) Member's failure to pay, within such period as the Board may allow, this Corporation's dues, fees and assessments; or
- (e) Any event that renders the Member ineligible for Membership, or failure to satisfy Member's qualifications.

ARTICLE VI
TRANSFER OF MEMBERSHIP

All Memberships of this Corporation shall run with the land owned by the Members to which their rights to receive water from the Corporation is appurtenant. A Membership may be transferred to a prospective Member meeting the qualifications set forth in Section 4.02 of these Bylaws only as part of the transfer of the real property to which his right to receive water is appurtenant; and that no Member may transfer a Membership or any right arising from it for value without the transfer of the real property. The Board may by resolution impose transfer fees or other conditions on the transferring party as it deems fit, provided that those fees and conditions are the same for similarly treated Members.

ARTICLE VII
MEETINGS OF MEMBERS

Section 7.01—Place of Meeting. All meetings of Members shall be held at the principal office of the Corporation, or at such other place as the Board may designate within or without the State of California, specified in the notice calling the meeting, or at such place designated in written consents given before or after such meeting by all of the Members entitled to vote thereat and not present at the meeting.

Section 7.02—Annual Meeting. The annual meeting of the Members after the year 2000 shall be held at 5:00 p.m. on the first (1st) day of March, if not a legal holiday, and if a legal holiday, on the next business day following. In the event the Annual Meeting of Members shall not be held on the date above specified, the Board of Directors shall cause a meeting in lieu thereof to be held as soon thereafter as convenient. At the meeting, Directors shall be elected and other proper business may be transacted, subject to Sections 7.04 to 7.06 of these Bylaws.

Section 7.03—Special Meetings. The Board or the Chairman of the Board, if any, or the President or five percent (5%) or more of the Members, may call a Special Meeting of the Members for any lawful purpose at any time. A Special Meeting called by any person entitled to call a meeting (other than the Board) shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the Chairman of the Board, if any, or the President or any Vice President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the Members entitled to vote under Section 7.06 of these Bylaws, stating that a meeting will be held at a specified time and date fixed by the Board; provided, however, that the meeting date shall be at least ten (10) days, but no more than ninety (90) days, after receipt of the request. If the notice is not given within twenty (20) days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this section shall be construed as limiting, fixing or affecting the time at which a meeting of Members may be held when the meeting is called by the Board. No business other than the business that was set forth in the notice of the meeting, may be transacted at the Special Meeting.

Section 7.04—Notice. Whenever Members are required or permitted to take any action at a meeting, written notice of the meeting shall be given to each Member entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such Member at his address appearing on the books of the Corporation or given by him to the Corporation for the purpose of notice. If a Member gives no address, notice shall be deemed to have been given to him if sent by mail or other means of written communication addressed to the place where the principal executive office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which the principal executive office of the Corporation is located.

All such notices shall be given to each Member entitled thereto not less than ten (10) days nor more than ninety (90) days before an annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of mailing of any such notice in accordance with the foregoing provisions, executed by the secretary, assistant secretary or any transfer agent of the Corporation shall be prima facie evidence of the giving of the notice.

Such notices shall specify:

- (a) the place, the date, and the hour of such meeting;
- (b) those matters which the Board, at the time of the mailing of the notice, intends to present for action by the Members;
- (c) if Directors are to be elected, the names of nominees intended at the time of the notice to be presented by management for election;
- (d) approval by the Members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if notice or written waiver of notice states the general nature of the proposal or proposals:
 - (1) removing a Director without cause;
 - (2) filling vacancies on the Board;
 - (3) amending the Articles of Incorporation;
 - (4) electing to windup and dissolve the Corporation;
 - (5) approving a contract or transaction between the Corporation and one (1) or more Directors, or between the Corporation and any entity in which a Director has a material financial interest; or
 - (6) approving a plan of distribution of assets, other than money, not in accordance with the liquidation rights of any class or classes as specified in the Articles or Bylaws, when the Corporation is in the process of winding up.

Section 7.05—Quorum. Thirty-five percent (35%) of the voting power shall constitute a quorum for the transaction of business at any meeting of Members. Subject to Section 7.06 of these Bylaws, the Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough Members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 7.06—Voting. Subject to the California Nonprofit Mutual Benefit Corporation Law, the Members of this Corporation in good standing on the record date as determined under Section 9.01 of these Bylaws shall be entitled to vote at any meeting of Members. Voting may be by voice or by ballot, except that any election of Directors must be by ballot if demanded before the voting begins by any Member at the meeting. Each Member entitled to vote may cast one (1) vote for each Santa Cruz County Assessor's Parcel within the Corporation's Service Area owned by such Member on each matter submitted to a vote of the Members. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be deemed the act of the Members unless the vote of a greater number, or a voting by classes, is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles of Incorporation. The transactions of any meeting of Members, however called or noticed and whenever held, shall be as valid as though taken at a meeting duly held after standard call and notice, if (1) a quorum is present either in person or by proxy; and (2) either before or after the meeting, each Member entitled to vote, not present in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent or approval need not specify whether the business to be transacted or the purpose of the meeting except that, if action is taken or proposed to be taken for approval of any matter specified in Section 7.04 of these Bylaws, the waiver of notice, consent or approval shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the Corporate records or made a part of the minutes of the meeting. A Member's attendance at a meeting shall also constitute a waiver of notice of and presence at the meeting unless the Member objects at the beginning of the meeting to be transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

ARTICLE VIII ACTIONS WITHOUT MEETING

Section 8.01—Action by Unanimous Written Consent. Any action required or committed to be taken by the Members may be taken without a meeting, if all Members consent in writing to the action. The written consent or consents shall be filed with the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the Members.

Section 8.02—Action by Written Ballot. Any action that Members may take at any meeting or meetings may also be taken without a meeting by complying with Section 8.03 of these Bylaws.

Section 8.03—Solicitation of Written Ballots. This Corporation shall distribute one (1) written ballot to each Member entitled to vote on the matter. The ballots shall be mailed or delivered in the manner required by Section 7.04 of these Bylaws. All

solicitation of votes by written ballot shall (a) state the number of responses needed to meet the quorum requirement; (b) state, with respect to ballots other than for election of Directors, the percentage of approvals necessary to pass the measure or measures; and (c) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (a) set forth the proposed action; (b) give the Members an opportunity to specify approval or disapproval of each proposal, and (c) provide a reasonable time in which to return the ballot to the Corporation. If the Corporation has one hundred (100) or more Members, any written ballot distributed to ten (10) or more Members shall provide that, subject to reasonable specified conditions, if the person solicited specifies a choice in any such matter, the vote shall be cast according to that specification. In any election of Directors, a written ballot that a Member marks "withhold," or otherwise marks in a manner indicating that authority to vote is withheld, shall not be voted either for or against the election of a Director.

Section 8.04—Number of Votes and Approvals Required. Approval by written ballot shall be valid only when (1) the number of votes cast by ballot (including ballots that are marked "withhold" or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot without a meeting.

Section 8.05—Revoking Ballots. A written ballot may not be revoked.

Section 8.06—Filing Ballots. All written ballots shall be filed with the Secretary of the Corporation and maintained in the corporate records for at least two (2) years.

ARTICLE IX RECORD DATE

Section 9.01—Record Date for Notice, Voting, Written Ballots and Other Board Actions. For purposes of establishing the Members entitled to receive notice of any meeting, entitled to vote at any meeting, entitled to vote by written ballot, or entitled to exercise any rights in any lawful action, the Board of Directors may, in advance, fix a record date. The record date is fixed for:

Sending notice of meeting shall be no more than ninety (90) days nor less than ten (10) days before the date of the meeting.

(a) Voting at a meeting shall be no more than sixty (60) days before the date of the meeting.

(b) Voting by written ballot shall be no more than sixty (60) days before the date on which the written ballot is mailed or solicited.

(c) Taking any other action shall be no more than sixty (60) days before that action.

Section 9.02—Record Date for Actions Not Set By Board. If not otherwise fixed by the Board, the record date for determining Members entitled to receive notice of meeting of Members shall be the next business day preceding the date on which notice is given or, if notice is waived, the next business day preceding the day on which the meeting is held. If not otherwise fixed by the Board, the record date for determining Members entitled to vote at the meeting shall be the day on which the meeting is held.

If not otherwise fixed by the Board, the record date for determining Members entitled to vote by written ballot shall be the day on which the first written ballot is mailed or solicited. If not otherwise fixed by the Board, the record date for determining Members entitled to exercise any rights with respect to any other lawful action shall be the date on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of that action, whichever is later. For purposes of Section 7.04 of these Bylaws, a person holding Membership at the close of business at the close of record date shall be a Member of record.

ARTICLE X PROXIES

Section 10.01—Members' Proxy Rights. Each Member entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the Member's name is placed on the proxy by the Member or the Member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise.

Section 10.02—Solicited Proxies. If the Corporation has one hundred (100) or more Members, any form of proxy distributed to ten (10) or more Members shall give the Member an opportunity to specify a choice between approval and disapproval of each matter or group of related matters and, subject to reasonable specified conditions, shall provide that, when the person solicited specifies a choice in any such matter, the vote shall be cast according to that specification. In an election of Directors, any form of proxy that a Member marks "withhold" or otherwise marks in a manner indicating that authority to vote for the election of Directors is withheld, shall not be voted either for or against the election of the Director.

Any revocable proxy covering matters for which a vote of the Members is required shall not be valid unless the proxy sets forth the general nature of the matter to be voted on. Such matters include amendments to the Articles of Incorporation; amendments to the Bylaws changing proxy rights; removal of Directors without cause; filling vacancies on the Board of Directors; the sale, lease, exchange, conveyance, transfer, or other disposition of all or substantially all corporate assets unless the

transaction is in the usual and regular course of the Corporation's activities; the principal terms of a merger or the amendment of a merger agreement; the election to dissolve the Corporation; contracts or transactions between the Corporation and one or more Directors or between the Corporation and an entity in which a Director has material financial interest; or a plan of distribution of assets other than money to Members when the Corporation is in the process of winding up, when the distribution is not in accordance with liquidation rights of any class or classes.

Section 10.03—Revocability of Proxies. No proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless provided otherwise in the proxy, except that the maximum term of a proxy shall be three (3) years after the date of execution. The revocability of a proxy that states on its face that it is revocable shall be governed by Corporations Code Section 7613. A validly executed proxy that does not state that it is revocable shall continue in full force and effect until either:

(a) It is revoked by the Member executing it before the vote is cast under the proxy:

(1) By a writing delivered to the Corporation stating that the proxy is revoked; and

(2) By a subsequent proxy executed by that Member and presented to the meeting; or

(3) As to any meeting, by the Member's personal attendance and voting at the meeting, or

(b) Written notice of the death or incapacity of the maker of the proxy is received by the Corporation before the vote under the proxy is continued.

ARTICLE XI BOARD OF DIRECTORS

Section 11.01—Number of and Qualifications for Directors. The authorized number of Directors of the Corporation shall be seven (7) until changed by amendment of this section of the Bylaws. A Director must be a Member of the Corporation. At an organizational meeting of the Board, following the adoption of these Bylaws, the Board shall divide its members into two (2) groups, with the first group comprised of three (3) Directors and with the second group comprised of four (4) Directors. The first group shall hold office until the next following annual meeting of the Members, and the second group shall hold office until the second following annual meeting of Members. The Directors in each group shall hold office until the specified annual meeting and until their respective successors are elected and qualified.

Section 11.02—General and Specific Powers. Subject to the provisions and limitations of the California Non-Profit Mutual Benefit Corporation law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or the Bylaws regarding actions that require approval of the Members, the Corporation's activities and affairs shall be managed, and all corporate power shall be exercised, by or under the direction of the Board. Without prejudice to the general powers as set forth above, and subject to the same limitations, the Board shall have the power to:

(a) Appoint and remove, at the pleasure of the Board, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the Articles of Incorporation and these Bylaws; fix their compensation; and require from them security for faithful service.

(b) Change the principal office or the principal business office in California from one location to another; cause the Corporation to be qualified to conduct its activities in any other State, territory, dependency, or country; conduct its activities in or outside California; and designate a place in or outside California for holding any meeting of Members.

(c) Borrow money and incur indebtedness on the Corporation's behalf and cause to be executed and delivered for the Corporation's purposes and in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and securities.

Section 11.03—Nominations and Solicitation for Votes. The Chairman of the Board, or if none, the President, shall appoint a committee to nominate qualified candidates for election to the Board at least one hundred (100) days before the date of any election of Directors. The nominating committee shall make its report at least ninety (90) days before the date of election, or at such other time as the Board may set, and the Secretary shall forward to each Member, with a notice of meeting required by these Bylaws, a list of all candidates nominated by the committee. Alternatively, when a meeting is held for the election of Directors, any Member present at the meeting in person or by proxy may place names in nomination. The Board shall formulate procedures that allow a reasonable opportunity for a nominee to communicate to Members the nominee's qualifications and the reasons for the nominee's candidacy, a reasonable opportunity for the nominee to solicit votes, and a reasonable opportunity for all Members to choose among the nominees. If more people have been nominated for Director than can be elected, no corporate funds may be expended to support a nominee without the Board's authorization.

Section 11.04—Election of Directors. Directors shall be elected at the applicable annual meeting of the Members by written ballot to hold office. Except with respect to the first year of office of the first group of Directors, as provided in Section 11.01, each Director shall hold office for a two-year term or until a successor has been elected and qualified. If a vacancy occurs as set forth in Section 11.05, below, the Board of Directors shall fill such vacancy within ninety (90) days of the date of such vacancy. If the

unfulfilled term of office is for less than one (1) year, the appointed Director may run for regular election, and a two-year term, at the end of said partial term. Each Member may cast one vote for each Director to be elected. The nominees receiving the highest number of votes shall be elected to office subject to the California Non-Profit Mutual Benefit Corporation Law.

Section 11.05—Vacancies. A vacancy or vacancies in the Board of Directors shall occur in the event of:

- (a) the death, or resignation of any Director;
- (b) the declaration by Board resolution of a vacancy in the office of a Director who has been declared of unsound mind by a court order, convicted of a felony, or, if the Corporation holds assets in charitable trust, found by a final order or judgment of any court to have breached a duty arising under Corporations Code Section 7238;
- (c) the vote of the Members or, if the Corporation has fewer than fifty (50) Members, the vote of a majority of all Members, to remove any Director;
- (d) an increase in the authorized number of Directors; or
- (e) a failure of the Members, at any meeting of Members at which any Director or Directors are to be elected, to elect a number of Directors required to be elected at that meeting.

Except for vacancy created by the removal of a Director by the Members, vacancies on the Board may be filled by approval of the Board, or if the number of Directors then in office is less than a quorum, by:

- (1) the unanimous written consent of the Directors then in office;
- (2) the affirmative vote of a majority of the Directors then in office at a meeting held according to notice or waivers of notice compliant with Corporations Code Section 7211; or
- (3) a sole remaining Director.

The Members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors. Any reduction of the authorized number of Directors shall not result in any Director being removed before his or her term of office expires.

Section 11.06—Resignation of Directors. Except as provided below, any Director may resign by giving written notice to the Chairman of the Board, if any, or to the President or Secretary of the Corporation. The resignation shall be effective when the

notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the Board may let a successor take office as of the date when the resignation becomes effective.

Section 11.07—Place of Board Meetings. Meetings of the Board shall be held at any place within or outside California that has been designated by resolution of the Board or notice of meeting, or if not so designated, at the principal office of the Corporation.

Section 11.08—Annual and Other Meetings. Immediately after each annual meeting of Members, the Board shall hold a general meeting for purposes of organization, election of officers, and transaction of other business. Notice of this meeting is not required. Other general meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

Section 11.09—Meetings by Telephone or Other Telecommunications Equipment. Any Board meeting may be held by conference telephone, video screen communication, or other communication equipment. Participation at a meeting under this Section shall constitute presence in person at the meeting if all of the following apply:

- (a) Each Director participating in the meeting can communicate concurrently with all other Directors;
- (b) Each Director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation; and
- (c) The Board has adopted and implemented a means of verifying both of the following:
 - (1) The person participating in the meeting is a Director or other person entitled to participate in the Board meeting; and
 - (2) Actions of or votes by the Board are taken or cast only by the Directors and not by any persons who are not Directors.

Section 11.10—Special Meetings. Notice of the time and place of special meetings shall be given to each Director by:

- (a) personal delivery of written notice;
- (b) first class mail, postage prepaid;
- (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, either directly to the Director

or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director;

- (d) facsimile;
- (e) electronic mail or other electronic means.

Such notices shall be given or sent to the Director's address or telephone number as shown on the Corporation's records.

Notice sent by first class mail shall be deposited in the United States mail at least five (5) days before the time set for the meeting. Notice given by personal delivery, telephone or electronic mail shall be delivered, telephoned or sent respectively at least forty-eight (48) hours before the time set for the meeting.

The notice shall state the time of the meeting and the place, if the place is other than the Corporation's principal office. The notice need not specify the purpose of the meeting.

Section 11.11—Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present, shall be an act of the Board, subject to the more stringent provisions of the California Non-Profit Mutual Benefit Corporation Law, including, without limitation, the provisions on:

- (a) Approval of contracts or transactions between the Corporation and one or more Directors or between this Corporation and any entity in which a Director has a material financial interest;
- (b) Creation of and appointments to committees of the Board; and
- (c) Indemnification of Directors.

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

Section 11.12—Waiver of Notice. Notice of a meeting need not be given to any Director who either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the Corporate records or made a part of the minutes of the meeting. Notice of meeting need not be given to any Director who attends the meeting and, who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.

Section 11.13—Adjournment and Notice of Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 11.14—Action Without Meeting. Any action or resolution required or permitted to be taken or adopted by the Board of Directors may be taken or adopted without a meeting, if all members of the Board individually or collectively consent thereto in writing. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as any other validly approved Board action.

Section 11.15—Fees and Compensation. Directors shall receive no stated salary for their services as Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefore

Section 11.16—Creation and Powers of Committees. The Board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two or more Directors and no one who is not a Director, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by a majority vote of the authorized number of the Directors then in office. The Board may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may:

- (a) Take any final action on any matter that, under the California Non-Profit Mutual Benefit Corporation Law also requires approval of the Members or approval of a majority of all Members;
- (b) Fill vacancies on the Board or any committee of the Board;
- (c) Fix compensation of the Directors for serving on the Board or on any committee;
- (d) Amend or repeal bylaws or adopt new bylaws;
- (e) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (f) Create any other committees of the Board or appoint the members of the committees of the Board; or

(g) Expend Corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected.

Section 11.17—Repair and Replacement Fund. Annually, the Board shall establish a rate structure which will result in the accumulation and maintenance of a fund for repair and replacement of the Corporation's water supply, distribution and fire protection system (where applicable) (the "Repair and Replacement Fund"). The rate charged shall bear a reasonable relationship to the cost of furnishing water. Unimproved lots (to the extent the owners thereof are Corporation Members) shall bear a proportionate share of the cost of repair and replacement of the water supply, distribution and fire protection system (where applicable), as well as a proportionate share of the cost of maintaining the Repair and Replacement Fund.

ARTICLE XII OFFICERS AND COMMITTEES

Section 12.01 - Officers. The officers of the Corporation shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, one or more additional Vice-Presidents, one or more Assistant Secretaries, and such other officers as may be appointed in accordance with the provisions of Section 11.02. Any number of offices may be held by the same person.

Section 12.02 - Election. The officers of the Corporation shall be chosen annually by the Board of Directors, and each shall hold his office until resignation, removal or disqualification, or until his successor shall be elected and qualified.

Section 12.03 - Subordinate Officers, Etc. 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 are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 12.04 - Removal and Resignation. Without prejudice to the rights of any officer under an employment contract, the Board may remove any officer with or without cause. Any officer who was not chosen by the Board may be removed by any other officer on whom the Board confers the power of removal. Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

Section 12.05 - Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed by the Bylaws for regular appointment to such office.

Section 12.06 - Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and Members and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws.

Section 12.07 - Duties of the President. The President shall be the chief executive officer of the Corporation and shall perform all the duties commonly incident to the office, unless such duties or powers are limited by the Board of Directors. The President shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President shall preside at all meetings of the Members and at all meetings of the Board of Directors, subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer.

Section 12.08 - Duties of Vice Presidents. The Vice-Presidents, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President, or whenever the office of the President is vacant. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

Section 12.09 - Duties of the Secretary. The Secretary shall attend meetings of the Members and of the Board of Directors and shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and at such other place as the Board of Directors may order, a book of minutes of all actions taken at such meetings. The Secretary shall give notices of meetings of Members and Directors as required by the terms of these Bylaws. The Secretary shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary, and each Assistant Secretary shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent, a Membership register, or a duplicate Membership register, showing the names of the Members and their addresses, the number of 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.

Section 12.10 - Duties of the Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus, including earned surplus, paid-in surplus and surplus arising

from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any director.

The Chief Financial Officer shall deposit all moneys 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. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer, 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 the Bylaws.

Section 12.11—Salaries of System Operators. Compensation paid to persons operating or employed by the Corporation, shall be approved by Board resolution; provided that where such compensation is to be paid to Corporation officers or directors, the same shall be first approved by the Members.

ARTICLE XIII
EXECUTION OF CORPORATE INSTRUMENTS,
RATIFICATION OF CONTRACTS AND VOTING
OF STOCKS OWNED BY THE CORPORATION

Section 13.01 - Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation. Unless otherwise specifically determined by the Board of Directors:

(a) formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation, and other corporate instruments or documents requiring the corporate seal, Membership certificates issued by the Corporation, and certificates of shares of stock owned by the Corporation, shall be executed, signed and endorsed by the President or any Vice-President and by the Secretary or Treasurer;

(b) checks drawn on banks or other depositories or funds to the credit of the Corporation, or in special accounts of the corporation, shall be signed by such person or persons as the Board of Directors shall authorize so to do;

(c) dividend warrants, drafts, insurance policies, and all other instruments and documents requiring the corporate seal, shall be executed or signed in the manner directed by the Board of Directors.

Section 13.02 - Voting of Stocks Owned by Corporation. All stock of other corporations owned or held by the Corporation for itself, or for other parties in any capacity shall be voted, and all proxies with respect thereto shall be executed by the person authorized so to do by resolution of the Board of Directors or in the absence of such authorization by the President or any of the Vice-Presidents.

ARTICLE XIV INSPECTION RIGHTS

Section 14.01 - Corporate Records. This Corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Written minutes of the proceedings of its Members, Board, and committees of the Board; and
- (c) A record of each Member's name, address, Assessor's Parcel Number, and Membership.

Section 14.02 - Annual Report. The Board shall cause an annual report to be prepared within one hundred five (105) days after the end of the Corporation's fiscal year. That report shall contain the following information in appropriate detail:

- (a) A balance sheet as of the end of the fiscal year, an income statement, and statement of changes in financial position for the fiscal year, accompanied by an independent accountant's report, or if none, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the Corporation's books and records; and
- (b) A statement of the place where the names and addresses of current Members are located.

This Corporation shall annually notify each Member of the Member's right to receive a copy of the financial report under this section. Except as provided in the next paragraph of this Bylaw, on written request by a Member, the Board shall cause the most recent annual report to be sent to the requesting Member. This Section shall not apply if the Corporation receives less than \$10,000.00 in gross revenues or receipts during its fiscal year.

Section 14.03 - Annual Statement of Certain Transactions and Indemnification. As part of the annual report to all Members, or as a separate document if no annual report is issued, the Corporation shall annually prepare and mail or deliver to its Members, and furnish to its Directors a statement of any transaction or indemnification of the following kinds within one hundred five (105) days after the end of the Corporation's fiscal year:

(a) Unless approved by Members under Corporations Code §7233(a), any transaction:

(1) which the Corporation, its parent, or its subsidiary was a party;

(2) which involved more than \$50,000.00 or was one of a number of such transactions with the same person, involving, in the aggregate, more than \$50,000.00; and

(3) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a material financial interest):

(i) any director or officer of the Corporation, its parent, or its subsidiary;

(ii) any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

(b) The statement shall include a brief description of the transaction, the names of the interested person involved, their relationship to the Corporation, the nature of their interest in the transaction, and when practicable, the amount of that interest, except that, a partnership in which such person is a partner, only the partnership interest need be stated.

(c) A brief description of the amounts and circumstances of any loans, guarantees, indemnifications, or advances aggregating more than \$10,000.00 paid during the fiscal year to any officer or Director of the Corporation, unless a loan, guaranty, indemnification or advance has already been approved by the Members under Corporation Code §5034, or the loan or guaranty is not subject to Corporations Code §7235(a).

Section 14.04 - Membership Records. Unless the Corporation provides a reasonable alternative as provided below, any Member may do either or both of the following for a purpose reasonably related to the Member's interest as a Member:

(a) Inspect and copy the records containing current Members' names, addresses and voting rights during usual business hours on five (5) days prior written demand on the Corporation, which must state the purpose for which the inspection rights are requested; or

(b) Obtain from the Secretary of the Corporation, on written demand and tender of a reasonable charge, a list of names, addresses and voting rights of current Members who are entitled to vote for Directors as of the most recent record date for which that list has been compiled, or as of the date, after the date of the demand,

specified by the Member. The demand shall state the purpose for which the list is requested. The Secretary shall make this list available to the Member on or before the later of ten (10) days after demand is received or the date specified in the demand as the date as of which the list is to be compiled. The Corporation may, within ten (10) business days after receiving a demand under this Section, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the Membership list. Any rejection of this offer must be in writing and must state the reason(s) the proposed alternative does not meet the proper purpose of the demand.

If the Corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a persons' interest as a Member, or if it provides a reasonable alternative under this Section, it may deny the Member access to the Membership list.

Any inspection and copying under this Section may be made in person or by the Member's agent or attorney. The right of inspection includes the right to copy and make extracts. This right of inspection extends to the records of any subsidiary of the corporation.

Section 14.05 - Accounting Records and Minutes. On written demand on the Corporation, any Member may inspect, copy and make extracts of the accounting books and records and the minutes and proceedings of the Members, the Board of Directors, and committees of the Board at any reasonable time for a purpose reasonably related to the Member's interest as a Member, and such inspection and copying may be made in person or by the Member's agent or attorney. This right of inspection extends to the records of any subsidiary of the Corporation.

Section 14.06 - Maintenance and Inspection of Articles and Bylaws. This Corporation shall keep at its principal office the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 14.07 - Directors' Right to Inspect. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

ARTICLE XV INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 15.01 - Indemnification. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, officers, employees and other persons described in Corporations Code §7237(a), including persons formerly occupying any

such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section, including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section.

"Expenses", as used in this Bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board by any person seeking indemnification under Corporations Code §§7237(b) or 7237(c), the Board shall promptly decide under Corporations Code §7237(e) whether the applicable standard of conduct set forth in Corporations Code §§7237(b) or 7237(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification, because the number of Directors who were parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of Members. At that meeting, the Members shall determine under Corporations Code §7237(e) whether the applicable standard of conduct has been met, and, if so, the Members present at the meeting in person or by proxy shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Section 15.01 of these Bylaws, in defending any proceeding covered by this Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be paid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses.

Section 15.02 - Insurance. This Corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, Director, employee or agent in such capacity arising from the officer's, Director's, employee's or agent's status as such.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

(1) That I am the duly elected and acting Secretary of Santa Cruz Mountains Summit West, Inc., a California nonprofit mutual benefit corporation; and

(2) That the foregoing Amended and Restated Bylaws, comprising 22 pages, constitute

the Bylaws of said Corporation as duly adopted by the Board of Directors on the 9th day of November, 2000.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 4th day of ~~June~~ July 2001.


ROBERT H. JONES, Secretary

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