

**AMENDED AND RESTATED
BYLAWS
OF
GRAN MUTUAL WATER COMPANY**

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ARTICLE I. PLAN OF OWNERSHIP

Name

Section 1.01. The name of the corporation is GRAN MUTUAL WATER COMPANY (“Company”).

Principal Office

Section 1.02. The Board of Directors has the authority to fix the principal office of the Company at such location as it shall determine within the County of Butte, California.

Stockholders

Section 1.03. The owner or owners of each lot or parcel within the boundaries of the real property in Butte County, California described in the Articles of Incorporation for the corporation are the stockholder(s) of this corporation, holding one share for each lot or parcel owned. One share of stock is appurtenant to such lot or parcel into which the real property described in the Articles of Incorporation has been divided, subject to the limits set forth in the Articles of Incorporation, and may be transferred without further action on the part of the shareholder to the successor owner of fee title of the beneficial interest to such lot or parcel in the event such title to such lot or parcel is changed. Ownership of a share may not be transferred separately from the ownership of the lot or parcel to which it is appurtenant. For

purposes hereof, "ownership" of a lot or parcel shall mean the ownership of the present beneficial interest in such lot or parcel. Transfer shall be made on the records of the Company upon presentation of satisfactory evidence of change of ownership of the lot or parcel to which a share is appurtenant. All unpaid assessments and charges shall be paid at the time ownership of a lot or parcel is transferred. If for any reason, transfer is made without payment of assessments and charges, the successor owner of the lot or parcel shall be responsible for payment of such charges, and water service to the appurtenant lot or parcel may be terminated if payment is not made. No fractional shares shall be issued.

ARTICLE II. MEETINGS OF STOCKHOLDERS

Place of Meetings

Section 2.01. All meetings of the Stockholders shall be held at a place designated by the Board. No meeting of the Stockholders shall, unless unusual conditions exist, be held outside of Butte County, California.

Annual Meetings

Section 2.02. An annual meeting of the Stockholders shall be held on the during the first quarter of each calendar year at such date, time and place as the Board shall determine.

Special Meetings

Section 2.03. Special meetings of the Stockholders may be called for any lawful purpose by a majority of a quorum of the Board, the President of the Company, or by a written request signed by Stockholders representing at least 5% of the total voting power of the Company. The special meeting shall be held not less than 20 or more than 60 days after adoption of the resolution or receipt of the request. Only that business stated in the notice of meeting given pursuant to Section 2.04 of these Bylaws shall be transacted at a special meeting.

Notice of Meetings

Section 2.04. The Secretary of the Company shall give written notice of any Stockholders' meeting to each Stockholder of record. Except as provided below, the notice shall be given at least 10 but not more than 90 days before the meeting, by first class mail or by personal delivery. If a special meeting is called by Stockholders pursuant to Section 2.03 of these Bylaws, the notice shall be given within 20 days after receipt of the request for the meeting. If that 20-day requirement is not satisfied, the Stockholders who called the meeting may give the notice. Any notice of meeting shall be addressed to the Stockholder at the address appearing on the books of the Company, or the address supplied by the Stockholder

to the Company for this purpose. If there is no such address, notice shall be given at the principal office of the Company or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. The notice shall state the place, date, and time of the meeting. The notice shall also specify those matters the Board intends to present for action by the Stockholders. In the case of a special meeting, the only matters that may be voted on are those matters that were mentioned in the notice of meeting. In the case of an annual meeting, any proper matter may be presented at the meeting for action. If Directors are to be elected at the meeting, the notice shall include the names of all those who are nominees at the time the notice is given.

Waiver of Notice or Consent of Absentees

Section 2.05. The transactions of any meeting of Stockholders, however called and noticed, shall be valid as though taken at a duly called, noticed, and held meeting, if: (1) a quorum is present either in person or by proxy; and (2) either before or after the meeting, each of the Stockholders not present in person or by proxy signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the Minutes of the meeting. Any such waiver, consent, or approval shall be filed with the corporate records or made a part of the Minutes of the Meeting.

Voting Rights

Section 2.06. Each Stockholder shall be entitled to one vote. When there is more than one record owner of a lot or parcel ("co-owners"), all of the co-owners shall be co-owners of the share of stock appurtenant to such lot or parcel, but only one of them shall be entitled to cast the single vote attributable to the lot or parcel. The co-owners shall decide among themselves, by majority vote, how that share's vote is to be cast. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the share on a particular matter if a majority of the co-owners present in person or by proxy cannot agree on a vote.

Record Date

Section 2.07. The Board shall fix, in advance, a record date or dates for the purpose of determining the Stockholders entitled to notice of and to vote at any meeting of Stockholders. The record date for notice of a meeting shall not be more than 90 nor less than 10 days before the date of the meeting. The record date for voting shall not be more than 60 days before the date of the meeting or before the date on which the first written ballot is mailed or solicited. The Board may also fix, in advance, a record date for the purpose of determining the Stockholders entitled to exercise any rights in connection with any other action. Any such date shall not be more than 60 days prior to the action.

Quorum

Section 2.08. At any meeting, the presence either in person or by proxy of Stockholders representing a majority of the total voting power of the Company shall constitute a quorum for any action. The Stockholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Stockholders to leave less than a quorum, if the action taken, other than adjournment, is approved by at least a majority of Stockholders required to constitute a quorum. If a quorum is not present at any time at a duly called meeting, a majority of those Stockholders present in person or by proxy may adjourn the meeting to a time not less than five days nor more than 30 days from the meeting date, but no other business may be transacted. An adjourned meeting may be held without written notice, provided that notice is given by announcement at the original meeting. If no such announcement is made, or if the selected date is changed after adjournment, notice of the time and place shall be given to Stockholders in the manner provided in Section 2.04 of these Bylaws. The quorum for the adjourned meeting shall be one third of the voting power.

Proxies

Section 2.09. At all meetings of Stockholders, each Stockholder may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Company. Each proxy shall identify the person or persons who are to act as proxyholder and shall afford the maker a choice between approval and disapproval of each matter or group of matters to be acted upon, except that it shall not be mandatory that a candidate for election to the Board be named in the proxy. The proxy shall provide that where the maker specifies a choice, the vote shall be cast in accordance with that choice. Every proxy shall be revocable and shall automatically cease upon conveyance of the lot or parcel to which the share represented by said proxy is appurtenant, or upon receipt of written notice by the Secretary of the maker's death or judicially declared incapacity. No proxy shall be valid after the expiration of 11 months from its date of execution, unless otherwise provided in the proxy. However, the maximum term of any proxy shall be three years from its date of execution. The maker of a proxy may revoke it by delivering a written revocation to the Company, by executing a subsequent proxy and presenting it to the meeting, or by attending any meeting and voting in person.

Any revocable proxy covering any of the following matters that require a vote of the Stockholders is not valid as to those matters unless it sets forth the general nature of the matter to be voted upon:

- (a) Removing a director without cause, pursuant to Section 3.05(b) of these Bylaws;
- (b) Filling director vacancies pursuant to Section 3.06 of these Bylaws;

(c) Entering into or approving a contract or transaction between the Company and one or more of the Directors, or between the Company and any entity in which one or more of the Directors has a material financial interest, when the material facts of the contract or transaction are fully disclosed;

(d) Amending the Articles or Bylaws to repeal, restrict, create, or expand proxy rights;

(e) Amending the Articles after approval by the Board, in accordance with §902 of the California Corporations Code;

(f) Disposing of all or substantially all of the assets of the Company;

(g) Approving merger terms;

(h) Adopting an amendment to a merger agreement that changes any of the principal terms previously approved by the Stockholders;

(i) Electing to dissolve the Company, by approval of a majority of all Stockholders or by approval of both the Board and Stockholders pursuant to Section 1900 of the California Corporations Code.

Action Taken Without a Meeting

Section 2.10. Any action that may be taken at a meeting of the Stockholders, except for the election of Directors, may be taken without a meeting provided the following ballot requirements are satisfied:

(a) The Corporation shall distribute a written ballot to every Member entitled to vote on the matter. The ballot shall be solicited in the same manner as provided in Section 2.04 of these Bylaws for the giving of notice of meetings of Stockholders;

(b) The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, provide a reasonable time within which to return the ballot, indicate the number of responses needed to meet the quorum requirement, and state the percentage of approvals necessary to pass the measure submitted;

(c) The proposed action shall be considered approved if:

(1) The number of votes cast by ballot within the specified time period 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 ballot.

(d) No written ballot shall be revoked.

Approval by Stockholders Required by Statute

Section 2.11. Any approval by the Stockholders of the following proposals, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the approved proposal was stated in the notice of meeting or any waiver of notice of meeting:

(a) Removing a director without cause pursuant to Section 3.05(b) of these Bylaws;

(b) Filling vacancies on the Board pursuant to Section 3.06 of these Bylaws;

(c) Entering into or approving a contract or transaction between the Company and one or more of the Directors, or between the Company and any entity in which one or more of the Directors has a material financial interest, when the material facts of the contract or transaction are fully disclosed;

(d) Amending the Articles after approval by the Board;

(e) Electing to dissolve the Company, by approval of a majority of all Stockholders or by approval of both the Board and Stockholders.

ARTICLE III. BOARD OF DIRECTORS

Number; Qualification

Section 3.01. The affairs of this Company shall be managed and its duties and obligations performed by an elected Board of Directors, consisting of not less than 4 or more than 7 persons. The Board shall determine from time to time the exact number of directors. Until the Board acts, the number of directors shall be 5. Each director shall be a Stockholder of the Company provided that if a Stockholder is a trust, a trustee of the trust may serve as director. If a Stockholder is another form of legal entity, an owner of the entity may serve as director. However, if the Stockholder, or if the trust or other entity providing the nominee with his or her qualification for office, is not current in the payment of assessments and charges made by the Company at the commencement of his or her term of office, such person shall not be qualified to take office as director. If, during his or her term of office, such person, or the trust or other entity on which his or her qualification is based, shall cease to be a Stockholder or shall become more than 30 days delinquent in the payment of assessments and charges due the Company, such person shall no longer be qualified to serve

as director and there shall be a vacancy in office.

Nomination

Section 3.02. Nominations for election to the Board of Directors may be made by any of the following:

(a) The Board of Directors;

(b) A written nomination signed within 11 months preceding the annual meeting by a Stockholder. The nomination shall identify the nominee, contain that person's written consent to serve as a Director, and be delivered to the Secretary of the Company at least 10 days prior to the annual meeting;

(c) Any Stockholder who is present in person, or by the proxy of any Stockholder who is present by proxy, at the annual meeting of Stockholders at which the Director is to be elected.

Election

Section 3.03. At each annual meeting of the Stockholders, the Stockholders shall fill, by election, all positions on the Board of Directors. However, if an annual meeting is not held or does not include an election, the election may be held at a special meeting of Stockholders called for that purpose. Voting for Directors shall be by secret written ballot. At an election the Stockholders or their proxies may cast, in respect to each vacancy, one vote for each share of stock held by the Stockholder. Each Stockholder entitled to vote on the election may cumulate his or her votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the Stockholder is entitled or distribute the Stockholder's votes on the same principle among as many candidates as the Stockholder thinks fit. No Stockholder shall be entitled to cumulate votes for a candidate or candidates unless the candidate's name or candidates' names have been placed in nomination prior to voting and a Stockholder has given notice at the meeting prior to the voting of the Stockholder's intention to cumulate votes. If any one Stockholder has given this notice, all Stockholders may cumulate their votes for candidates in nomination. The persons receiving the highest number of votes shall be elected.

Term

Section 3.04. Each Director shall hold office until the election of his or her successor or until the Director's death, resignation or removal. The term of office of any Director elected or appointed to fill a vacancy created by any event other than the expiration of the predecessor Director's term shall be the balance of the unserved term of the predecessor. Any

person serving as a Director may be re-elected, and there shall be no limitation on the number of terms a Director may serve.

Removal

Section 3.05. Directors may be removed as follows:

(a) The Board may declare vacant the office of a Director on the occurrence of any of the following events:

- (1) The Director is declared of unsound mind by a final order of court;
- (2) The Director is convicted of a felony.

(b) One or more Directors may be removed prior to the expiration of their terms, without cause, at an annual or special meeting of the Stockholders. Any removal without cause shall be approved by a majority of the total voting power of the Company. Notwithstanding the foregoing, unless the entire Board is removed from office by the vote of the Stockholders, an individual Director shall not be removed prior to the expiration of his or her term of office if the number of votes cast against the removal, or not consenting in writing to the removal, would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast (or, if the action is taken by written ballot, all memberships entitled to vote were voted) and the entire number of Directors authorized at the time of the Director's most recent election were then being elected. If a Director is removed at a meeting, a new Director may be elected at the same meeting.

Vacancies

Section 3.06. Any vacancy on the Board caused by the death, removal by the Board or resignation of a Director shall be filled by the remaining Directors. The successor shall serve for the unexpired term of his or her predecessor. The Board shall not fill a vacancy on the Board created by the removal of a Director by the Stockholders, but such vacancy may be filled with the vote or written assent of a majority of the Stockholders.

Compensation

Section 3.07. Directors may receive reasonable compensation for their services and reimbursement for their actual out of pocket expenses incurred by the Director in the performance of his or her duties as shall be determined by the Board.

Powers and Duties

Section 3.08. The Board's powers and duties shall include, but shall not be limited to, the following:

(a) Management and control of the Company's water system and the distribution of water to its Stockholders. They may make rules and regulations consistent with the laws of the State of California and the Articles of Incorporation and these Bylaws for the guidance of the officers and the management of the affairs of the Company;

(b) Contracting for casualty, liability, and other insurance on behalf of the Company;

(c) Contracting for goods and services for the facilities, and interests of the Company;

(d) Electing the officers of the Company;

(e) Appointing a superintendent of the water system who shall have charge of the distribution of water and maintenance and construction of the system, all subject to the control of the Board, and such other duties as the Board shall prescribe. The Board shall fix the compensation of such superintendent and he or she shall serve at the pleasure of the Board;

(f) Determining, levying and collecting from the Stockholders charges and assessments for the maintenance, administration, construction and requirements of the Company, all in accordance with the laws of the State of California and these bylaws;

(g) causing to be kept a complete record of its meetings and acts and of the proceedings of the Stockholders and presenting a full statement at the regular annual meeting of the Stockholders of the condition of the Company;

(h) causing to be distributed to the Stockholders a fiscal year end financial statement of the Company within 120 days after the end of the Company's fiscal year.

ARTICLE IV. MEETINGS OF DIRECTORS

Regular Meetings

Section 4.01. Regular meetings of the Board of Directors shall be held at such times and places within Butte County as shall be fixed by resolution of the Board. Notice of the time and place of the meeting shall be communicated in person, telephonically, by mail or electronically to the Directors not less than three days before the meeting; provided, however, that notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting or who is in attendance at the meeting without objection to

notice.

Special Meetings

Section 4.02. Special meetings of the Board shall be held when called by written notice signed by the President of the Company or by any two Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting must be given personally, by mail, telephonically or by electronic communication to each Director not less than three days before the date fixed for the meeting; provided, however, that notice need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting or who is in attendance at the meeting without objection to notice.

Quorum

Section 4.03. A majority of the Board shall constitute a quorum, and, if a quorum is present, the decision of a majority of the Directors present shall be the act of the Board.

Adjournment

Section 4.04. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of the adjournment shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

Action Taken Without a Meeting

Section 4.05. The Board may take actions without a meeting if all of the Directors consent in writing to the action to be taken.

ARTICLE V. OFFICERS

Enumeration of Officers

Section 5.01. The officers of this Company shall be a President, a Vice-President, a Secretary, and a Chief Financial Officer. The Board may appoint additional officers pursuant to Article X of these Bylaws. Any number of offices may be held by the same person.

Appointment and Term

Section 5.02. The officers of this Company, except those officers appointed in accordance with Article X of this Article, shall be elected annually by the Board. Any

vacancies shall be filled by the Board at any time, not necessarily on an annual basis, that it deems proper. Each officer shall hold his or her office at the pleasure of the Board.

Compensation

Section 5.03. Officers may receive reasonable compensation for their services and reimbursement for their actual out of pocket expenses incurred by the officer in the performance of his or her duties as shall be determined by the Board. An officer shall not receive any compensation for any service he or she may render to the Company; provided, however, that any officer may be reimbursed for actual out of pocket expenses incurred by the officer in the performance of his or her duties.

ARTICLE VI. PRESIDENT

Duties

Section 6.01. The President shall:

- (a) Preside over all meetings of the Stockholders and of the Board;
- (b) Sign as President all deeds, contracts, and other written instruments that have been approved by the Board, unless the Board, by duly adopted resolution, authorizes the signature of a lesser officer;
- (c) Call meetings of the Board whenever he or she deems it necessary;
- (d) Have, subject to the advice and control of the Board, general supervision, direction, and control of the affairs of the Company.

ARTICLE VII. VICE-PRESIDENT

Duties

Section 7.01. The Vice-President shall:

- (a) Act in the place and in the stead of the President in the event of his or her absence, inability, or refusal to act; and
- (b) Exercise and discharge any other duties required of him or her by the Board.

ARTICLE VIII. SECRETARY

Duties

Section 8.01. The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Stockholders;
- (b) Keep current records showing the names and addresses of all Stockholders; and
- (c) Sign as Secretary all deeds, contracts, and other written instruments that have been approved by the Board, if the instruments require a second Company signature and the Board has not passed a resolution authorizing another officer to sign in the place and stead of the Secretary.

ARTICLE IX. CHIEF FINANCIAL OFFICER

Duties

Section 9.01. The Chief Financial Officer shall:

- (a) Be responsible for and supervise the maintenance of books and records to account for Company funds and other Company assets;
- (b) Disburse and withdraw Company funds in the manner specified by the Board; and
- (c) Cause the preparation and distribution of the financial statements for the Company.

ARTICLE X. SUBORDINATE OFFICERS

Appointment

Section 10.01. The Board may appoint, at any time, any subordinate officers that the Company may require.

Duties

Section 10.02. The Board shall prescribe the term of office, authority, and duties of subordinate officers. These duties may include the right to act in the place and stead of any officer other than the President.

ARTICLE XI. BOOKS AND RECORDS

Required Books and Records

Section 11.01. The Company shall maintain at its principal office:

- (a) Copies of its articles and bylaws as last amended;
- (b) Adequate and correct books and records of account;
- (c) Written minutes of the proceedings of its Stockholders, of its Board, and of committees of its Board; and
- (d) A Stockholder register containing the following information about each Stockholder: name, mailing address, and telephone number.

Inspection Rights

Section 11.02. The above books and records shall be made available for inspection as follows:

- (a) Any Stockholder shall have the right to inspect the governing instruments at the principal office of the Company, at any reasonable time during office hours;
- (b) Any Stockholder shall have the right to inspect the books and records described in Section 11.01(a)-(d) and to copy them at any reasonable time and for a purpose reasonably related to his or her interest as a Stockholder. This right is subject to the power of the Board to set reasonable times for inspection, notice requirements, and fees to cover the cost of making copies of the documents requested by a Stockholder;
- (c) Every Director shall have the absolute right to inspect all books, records, and documents of the Company and the physical properties owned or controlled by the Company at any reasonable time. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XII. NONLIABILITY AND INDEMNIFICATION

Definition of Agent

Section 12.01. For purposes of this Article, "Agent" means any present or former Director or officer or any other employee or agent of the Company.

Nonliability

Section 12.02. Except as provided by law, no right, power, or responsibility conferred on the Board by the governing instruments shall be construed as a duty, obligation, or disability charged upon any agent. No agent shall be liable to any party (other than the Company or a party claiming in the name of the Company) for injuries or damage resulting from the agent's acts or omissions within what the agent reasonably believed to be the scope of his or her Company duties ("Official Acts"), except to the extent that the injuries or damage result from the agent's wilful or malicious misconduct. No agent shall be liable to the Company (or to any party claiming in the name of the Company) for injuries or damage resulting from the agent's Official Acts, except to the extent that the injuries or damage result from the agent's negligence or willful or malicious misconduct.

Indemnification

Section 12.03. The Company shall pay all expenses actually and reasonably incurred by, and satisfy any judgment or fine levied against, any agent as a result of any action or threatened action against the agent to impose liability on the agent for his or her Official Acts, provided that:

(a) The Board determines that the agent acted in good faith and in a manner the agent reasonably believed to be in the best interests of the Company;

(b) In the case of a criminal proceeding, the Board determines that the agent had no reasonable cause to believe his or her conduct was unlawful; and

(c) Such payment is otherwise permitted by applicable provisions of the California Corporations Code. In the case of an action or threatened action by or in the right of the Company, the Board determines that the agent acted with the care (including reasonable inquiry) that an ordinarily prudent person in a like position would use under similar circumstances.

Approval by Board

Section 12.04. Any determination of the Board required under this Article must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make such determination, the determination may be made by the vote or written consent of a majority of a quorum of the Stockholders, provided that the agent to be indemnified shall not be entitled to vote.

Payments

Section 12.05. Payments made pursuant to this Article shall include amounts paid and expenses incurred in settling the action or threatened action. This Article shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

Insurance

Section 12.06. The Company may purchase and maintain insurance on behalf of its agents to the extent and under the circumstances provided in the Declaration.

ARTICLE XIII. DISTRIBUTION OF WATER

Stockholders to Receive Water

Section 13.01. Subject to availability and payment of charges and assessments determined by the Board of Directors, each Stockholder shall receive from the water distribution system operated by the Company reasonable amounts of water for domestic use.

Termination of Water Service

Section 13.02. If a Stockholder shall fail to pay assessments and charges for water service when due, the Stockholder shall be subject to such delinquency charges, shut off charges, and termination of water service to the lot or parcel to which the share held by the Stockholder is appurtenant under such conditions as the Board of Directors shall determine. The Board of Directors shall not impose delinquency charges, shut off charges and termination of water service without affording the Stockholder notice, a right to cure, and a fair opportunity to be heard. If water service shall be terminated, it shall not thereafter be restored to the lot or parcel to which the share held by the Stockholder is appurtenant until payment in full of all assessments, including assessments which may have been levied while water service was terminated, and charges for water service in full, together with interest at the legal rate on all amounts past due and a reconnection charge determined by the Board.

ARTICLE XIV. AMENDMENTS

Amendment of Bylaws

Section 14.01. These Bylaws may be amended by the vote or written consent of a majority of the votes of the Stockholders.

CERTIFICATE OF SECRETARY

OF

**GRAN MUTUAL WATER COMPANY,
a California Corporation**

I hereby certify that I am the duly elected and acting Secretary of the above corporation and that the foregoing Bylaws, comprising 18 pages, constitute the Bylaws of the corporation as duly adopted by vote of its Stockholders on January 26, 2011.

Dated: 3/17/2011

W. Beckett
William Beckett, Secretary