

# Blue Lake Springs Mutual Water Company Bylaws

## Table of Contents

Article 1.	Company Objects and Purposes .....	1
Article 2.	Name, Principal Office and Website .....	1
Section 1.	Name .....	1
Section 2.	Principal Office .....	2
Section 3.	Website .....	2
Article 3.	Directors .....	2
Section 1.	Number .....	2
Section 2.	Qualifications .....	2
Section 3.	Powers .....	2
Section 4.	Election and Term of Office .....	3
Section 5.	Meetings .....	3
Section 6.	Compensation .....	4
Section 7.	Quorum .....	4
Section 8.	Vacancies .....	4
Section 9.	Training .....	5
Article 4.	Officers .....	5
Section 1.	Election .....	5
Section 2.	President .....	6
Section 3.	Vice President .....	6
Section 4.	Secretary .....	6
Section 5.	Treasurer .....	7
Article 5.	Records and Reports .....	7

Section 1.	Record Date and Closing of Shareholder Books.....	7
Section 2.	Annual Report.....	7
Section 3.	Inspection of Certain Shareholder Records.....	7
Section 4.	Records Inspection by Eligible Persons.....	8
Article 6.	Shareholders .....	8
Section 1.	Securities .....	8
Section 2.	Number of Votes.....	8
Section 3.	Shares Appurtenant to Lots .....	9
Section 4.	Transfer of Shares with Real Property .....	9
Section 5.	Delinquency .....	9
Article 7.	Meetings of Shareholders .....	10
Section 1.	Annual Meeting.....	10
Section 2.	Special Meetings.....	10
Section 3.	Rules of Order .....	10
Section 4.	Quorum.....	10
Section 5.	Voting.....	10
Article 8.	Bylaws .....	11
Section 1.	Bylaws.....	11
Section 2.	Changes in Law .....	11
Article 9.	Dissolution .....	11
Article 10.	Severability.....	11

# **Blue Lake Springs Mutual Water Company Bylaws**

## **Article 1. Company Objects and Purposes**

The objects and purposes of the Blue Lake Springs Mutual Water Company, a corporation organized under the California General Corporation Law, hereinafter referred to as the “Company”, shall be to develop, distribute, supply and deliver water at cost for domestic use to the property situated in Calaveras County, California, described as follows:

Units 1 through 5 and 7 through 13, which includes facilities owned by the Blue Lake Springs Homeowners’ Association, as shown on the maps of Blue Lake Springs as recorded in the Calaveras County Recorder’s Office, hereinafter referred to as Blue Lake Springs.

The Company shall be authorized to do whatever may be deemed necessary, conducive, incidental or advisable to accomplish and promote said objects or purposes, including, but not limited to:

- a) Constructing, leasing, maintaining and operating water system facilities at Blue Lake Springs;
- b) Acquiring, owning, leasing, or developing water, rights or water bearing lands;
- c) Paying all taxes, utilities, charges, assessments and other levies upon property owned or managed by the Company;
- d) Making and collecting charges and assessments by which to further the foregoing objects and purposes;
- e) and to any other act or thing in any way connected with the foregoing objects and purposes of the Company.

The Company shall operate as a mutual water company as provided in Corporations Code section 14300.

(Reference: Corp. Code, § 14300.)

## **Article 2. Name, Principal Office and Website**

### **Section 1. Name**

The name of the Company is and shall be “Blue Lake Springs Mutual Water Company.”

**Section 2. Principal Office**

The principal office of the Company shall be located within the town of Arnold, in the County of Calaveras, in the State of California.

**Section 3. Website**

The website of the Company referred to in these bylaws shall be located at <https://www.blsmwc.com>.

**Article 3. Directors**

**Section 1. Number**

The authorized number of Directors of the Company shall be seven.

**Section 2. Qualifications**

Directors must be shareholders in good standing in the Company.

**Section 3. Powers**

All corporate powers, subject to limitation of the Articles and to the provisions of law requiring action to be authorized or approved by the shareholders, shall be exercised by or under the authority of, and the business affairs of this Company shall be controlled by its Board of Directors; and, subject to the same limitations, the Board shall also have power:

- a) To appoint and remove all officers, prescribe their duties, fix their compensation, and require from them security for faithful performance of service, if deemed necessary;
- b) To make rules and regulations not inconsistent with the Articles of Incorporation and the Preamble of these Bylaws, for the guidance of the officers and management of the affairs of the Company;
- c) To make rules and regulations for the appointment and terms of the officers or members of any subcommittees of the Board of Directors which might be appointed by them;
- d) To hire Watermaster(s) and management employees necessary to operate the system and to conduct the affairs of the Company under the direction of the Board of Directors;
- e) To indemnify and hold harmless the Directors and officers of the Water Company from any claim, lawsuit, or civil judgment arising out of or in the course and scope of their official duties;

- f) Adopt and use a corporate seal consisting of a circle setting forth on its circumference the name of the Company and showing the State of Incorporation;
- g) Authorize the issuance of certificates for shares upon such terms as may be lawful and in such form as it shall prescribe, but which will state all matters required by law and which shall be signed and authenticated as required by law;
- h) Adopt an annual budget on or before the start of each fiscal year of the Company; and
- i) Contract with a certified public accountant or public accountant to conduct an annual review of the financial records and reports of the Company.

(Reference: Corp. Code, § 14306.)

#### **Section 4. Election and Term of Office**

Directors shall be elected at each annual meeting of regular shareholders or at any special meeting of the shareholders held in lieu of the annual meeting. All Directors shall hold office until their respective successors are elected, except in the case of the resignation, death, disability or removal of a Director.

The term of office of a Director shall be three years and the expiration of terms shall be on a staggered basis so that not more than three Directors will be elected in any one year.

The Board of Directors shall appoint an Elections Chair who shall not less than 75 days prior to the annual meeting, or special meeting in lieu of the annual meeting, notify all of the shareholders of his appointment and invite candidates to submit their names and qualifications as Directors.

The Elections Chair shall publish and distribute by mail the names of the candidates who the Elections Chair has received to each shareholder no less than 30 days nor more than 60 days prior to the meeting at which the election is to be held. Written ballots and proxies shall be mailed at this time. Returned ballots and proxies must be received the Elections Chair by mail or hand delivery before the annual meeting, or any special meeting in lieu of the annual meeting, is called to order.

At the annual meeting, or at any special meeting in lieu of the annual meeting, the election of Directors shall be announced. Each shareholder shall be entitled to one vote for each share owned. Voting shall not be cumulative. The nominees receiving the highest number of votes by ballot shall be elected to fill the vacancies in office for the ensuing three-year term.

#### **Section 5. Meetings**

A schedule of regular meetings shall be posted at the Company's principal office and on the Company's website.

Special meetings of the Board may be called at any time by the president, or if he be absent or be unable to or refuse to act, by any vice-president or by any two Directors, upon due notice in writing given to each Director in the manner prescribed by law. Such meetings may be held at the principal office of the Company or at any place which shall be designated from time to time by resolution of the Board or by written consent of all members of the Board.

Regular and special meetings of the Board shall be conducted in compliance with the Mutual Water Company Open Meeting Act.

(Reference: Corp. Code, § 14305.)

### **Section 6. Compensation**

Each member of the Board of Directors shall be entitled to receive \$\_\_\_per day for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board by request of the Board. Service rendered as a member of the Board may include attending Board-appointed committee meetings, the Company's annual meeting, Board-required training, and other meetings concerning Company business as directed by the Board.

### **Section 7. Quorum**

A majority of the authorized number of Directors shall be necessary to constitute a quorum of the Board of Directors for the transaction of business. No business shall be transacted, or motion or resolution passed except by an affirmative vote of a majority of the Directors voting on the matter.

### **Section 8. Vacancies**

A vacancy on the Board of Directors exists in case of the happening of any of the following events:

- a) The death, resignation or removal of any Director;
- b) The authorized number of Directors is increased; or
- c) At any annual, regular or special meeting of shareholders at which any Director is elected the shareholders fail to elect the full authorized number of Directors to be voted at that meeting.

A reduction of authorized number of Directors does not remove any Director prior to the expiration of his term of office.

The Board of Directors may declare vacant the office of a Director if any of the following cases exist:

- a) If he is declared of unsound mind by an order of the Court, or finally convicted of a felony;

- b) If within thirty days after notice of his election he does not accept the office either in writing or by attending a meeting of the Board of Directors, and fulfill such other requirements or qualifications as these Bylaws specify;
- c) If any Director fails to carry out his assigned tasks as indicated by the entire Board, the Board may consider him for dismissal;
- d) If any Director fails to attend three consecutive meetings, said Director shall be considered for dismissal by the Board of Directors;
- e) The entire Board of Directors, or any individual Director, may be removed from office by a vote of members holding a majority of the outstanding shares entitled to vote at an election of Directors, subject to the limitations contained in section 303 of the Corporations Code.

Any vacancy occurring on the Board of Directors may be filled by vote of a majority of the remaining Directors, though they are less than a quorum of the Board, or by a sole remaining Director. A Director so chosen must be a shareholder in the Company and shall serve out the unexpired term of his predecessor at which time he may stand for election for another full term.

The shareholders may elect a Director at any time to fill any vacancy not filled by the Directors subject to the above rules of tenure. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the shareholders may elect a successor to take office when the resignation becomes effective.

(Reference: Corp. Code, §§ 303, 305.)

## **Section 9. Training**

Each Director shall comply with any training requirements associated with the office and imposed by law, including, but not limited to, the requirements imposed on directors of a public water system. The Company shall pay for or reimburse the cost of meeting these training requirements.

(Reference: Corp. Code, § 14301.2; Health and Safety Code, § 14301.2.)

## **Article 4. Officers**

### **Section 1. Election**

The officers of this Company shall be president, a vice-president, a secretary and a treasurer, or a secretary-treasurer, who shall be chosen by the Board of Directors. Any two or more officers excepting that of president and secretary, may be held by the same person. In addition, the Board of Directors, at their discretion, may appoint one or more additional vice-presidents, one or more assistant secretaries, and one or more assistant treasurers, and such other officers as the business of the Company might require. Each of said officers shall serve without compensation until he shall resign, or be removed or become disqualified, or until his successor shall be elected.

## **Section 2. President**

Subject to such powers, if any, as may be delegated by the Board of Directors to any committee, or general manager, the president shall be chief executive officer, and, subject to the control of the Board of Directors, shall have general supervision and direction of the business and affairs of the Company, unless the Board of Directors shall choose to appoint a general manager and shall delegate such general supervision and direction of the business to the general manager. The president shall:

- a) Preside at all meetings of the Board of Directors and at all meetings of the shareholders;
- b) Call all meetings of the Board of Directors;
- c) Employ and discharge, subject to the approval of the Board, unless such power be delegated to a general manager, such agents and employees as the business of the Company shall from time to time require, and prescribe their duties, terms of employment and compensation;
- d) Exercise such other powers and performs such other duties as may be prescribed by the Board of Directors.

## **Section 3. Vice President**

In the absence or incapacity of the president, the vice-president shall perform the duties of the president, and shall also perform such other duties as may be prescribed for him by the Board of Directors.

## **Section 4. Secretary**

The secretary shall:

- a) Keep a book of minutes at the principal office of the Company or such other place as the Board of Directors shall order of all meetings of the Directors and shareholders in the form and manner required by law;
- b) Keep at the principal office of the Company a share register or a duplicate share register showing the details required by law, and also all other books of the Company, excepting books of account;
- c) Keep at the principal office, open to inspection by shareholders at all reasonable times, the original or a certified copy of the Bylaws of the Company as amended or otherwise altered to date;
- d) Keep the corporate seal and affix it to all papers and documents required;
- e) Attend to the giving and service of all notices of the Company required by law or these Bylaws to be given; and,



- f) Attend to such correspondence as may be assigned to him and perform all other duties incidental to his office or prescribed by the Board of Directors or by the law.

## **Section 5. Treasurer**

The treasurer shall:

- a) Keep and maintain, open to inspection by any shareholder at all reasonable times, adequate and correct accounts of the properties and business transactions of the Company, which shall include all matters required by law;
- b) Have the care and custody of the funds and valuables of the Company and deposit same in the name of, and to the credit of, the Company with such depositories as the Board of Directors may designate;
- c) Disburse the funds of the Company as he may be ordered by the Board, taking proper vouchers for such disbursements;
- d) Render to the president and to the Board of Directors, whenever they may require it, an account of all his transactions as treasurer, and a financial statement in form satisfactory to them, showing the condition of the Company;
- e) Have such other powers and perform such other duties as may be prescribed by the Board of Directors.

## **Article 5. Records and Reports**

### **Section 1. Record Date and Closing of Shareholder Books**

The record date for establishing shareholder's identities shall be ten days prior to the date of any meeting of the shareholders. Only shareholders of record with the Company on that date are entitled to notice of and to vote at the meeting, or to have or exercise any other rights of a shareholder for the occasion. Between the record date and the meeting date, the books of the Company may be closed by the Board of Directors against transfer of shares.

### **Section 2. Annual Report**

The Board of Directors shall distribute an annual report to the shareholders not later than 120 days after the close of the calendar year and it shall contain the matters set forth in section 1501 of the Corporations Code.

### **Section 3. Inspection of Certain Shareholder Records**

The shareholder register or duplicate shareholder's register, the books of account, and the minutes of meetings of shareholders, the Board of Directors, and any executive or appointive committee must be opened for inspection at the request of any shareholder or

the holder of a voting trust certificate, at any reasonable time, and must be exhibited at any shareholder's meeting. The inspection may be made by the shareholder in person, or by his attorney or agent, and the right of inspection includes the right to make extracts from the records.

#### **Section 4. Records Inspection by Eligible Persons**

The Company shall make the following records promptly available upon written request to an eligible person upon payment of fees covering costs of duplication:

- a) Agendas and minutes of board meetings conducted on or after January 1, 2014.
- b) A copy of an annual budget adopted pursuant to Article 3, Section 3.
- c) A copy of an accounting report prepared pursuant to Article 3, Section 3.
- d) A copy of any records reporting the results of a water quality test.
- e) A copy of the annual report required by section 3 of this Article.

Any request for records under this section shall be limited to the three calendar years preceding the written request for the records.

For the purposes of this section, "eligible person" means a person who is any of the following:

- a) A shareholder.
- b) A person who is an occupant, pursuant to a lease or a rental agreement, of commercial space or a dwelling unit to which the Company sells, distributes, supplies, or delivers drinking water.
- c) An elected official of a city or county who represents people who receive drinking water directly from the Company on a retail basis.

(Reference: Corp. Code, § 14307.)

### **Article 6. Shareholders**

#### **Section 1. Securities**

The smallest security that may be issued by the Company is one share. No fractional securities will be issued.

#### **Section 2. Number of Votes**

Each shareholder shall be entitled to one vote for each share held. A lot held as community property shall qualify the owners thereof for only one share in the Company,

which share may be held in the name of either spouse as manager of the community. In the event of multiple owners of a single lot, only one designated person among such owners shall be a shareholder of the Company.

### **Section 3. Shares Appurtenant to Lots**

Shareholders in the Company shall be limited to owners of not less than one (1) lot at Blue Lake Springs, Units 1 through 5 and 7 through 13. Shares are appurtenant to the lots owned and cannot be sold separately, nor can shares be combined or the number of shares reduced should adjacent parcels be consolidated.

### **Section 4. Transfer of Shares with Real Property**

Whenever the owner of a lot to which a Company share is appurtenant transfers that lot to another, or whenever title to the lot passes by execution sale, or by foreclosure or probate proceedings, the Company's Secretary will, upon receipt and review of a deed of the land duly recorded, or the necessary court order duly recorded, issue to the new owner named in the conveyance a new share. The Secretary will also enter the name of the new owner upon the books of the Company as the owner of the share and cancel on the books the share of the former owner.

The payment of any delinquent rate, charge or assessment arising from, or related to, water service provided by the Company shall be a condition precedent to the transfer of any share referred to above.

(Reference: Corp. Code, §§ 14302-14303.)

### **Section 5. Delinquency**

If a shareholder has not timely paid any rate, charge, or assessment arising from, or related to, water service provided by the Company to the shareholder's property, then the Company may take one or more of the following actions:

- a) Company staff may discontinue water service to the shareholder's property in compliance with the Water Shutoff Protection Act (Health and Safety Code, §§ 116900 to 116926);
- b) The Company's Secretary may refuse to issue a share to the new owner of the shareholder's property as described in section 4 above; or
- c) After providing at least 20 days' written notice to the shareholder, the Board of Directors may authorize the recording of a notice of lien against that shareholder's property to secure the collection of the rates, charges, and assessments owed to the mutual water company by the shareholder.

(Reference: Corp. Code, §§ 14302-14304; Health and Safety Code, §§ 116900-116926.)

## **Article 7. Meetings of Shareholders**

### **Section 1. Annual Meeting**

The annual meeting of shareholders shall be held on the first Saturday in the month of June, unless a different date is set by the Board of Directors.

At the annual meeting, Directors shall be elected, reports of the officers of the Company shall be considered, and any other business may be transacted that is within the powers of the shareholders.

An annual report of the activities of the annual meeting and the business conducted therein shall be published on the Company's website not later than 60 days following the meeting.

### **Section 2. Special Meetings**

Special meetings of shareholders for any purpose or purposes whatsoever may be called at any time by the president, or by the Board of Directors, or by any one or more shareholders holding not less than 10 percent (10%) of the voting power of the Company. Such meetings may be held at the principal office of the Company or at any place within the State designated by written consent of the shareholders entitled to vote thereat, or by the Board of Directors pursuant to authority granted by the Board in and by these Bylaws. The purpose of such special meetings shall be stated in the announcement of intent to call meetings.

### **Section 3. Rules of Order**

All business at any meeting of shareholders shall be conducted in accordance with Robert's Rules of Order, revised.

### **Section 4. Quorum**

The presence in person or by proxy of 20% of all shareholders in good standing of the Company, shall constitute a quorum for the transaction of business at any meeting of the shareholders.

(Reference: Corp. Code, § 602.)

### **Section 5. Voting**

The vote of shareholders at any shareholder's meeting may be by voice or by ballot; provided, however, that all elections for Directors shall be by written ballot.

Voting by incompetents, minors, decedents, corporations or partnerships are governed by sections 702 to 703 of the Corporations Code.

The Board of Directors shall designate a member of the Board of Directors or a Company employee to be responsible for verification of voting eligibility of all shareholders, at the annual meeting or any special meeting of shareholders. The designee shall also be responsible for voting procedures as indicated by the Board of Directors.

## **Article 8. Bylaws**

### **Section 1. Bylaws**

The shareholders may amend or repeal any portion of these bylaws.

The Board of Directors may amend or repeal any portion of these bylaws by resolution, unless the shareholders in amending, repealing, or adopting a bylaw expressly provide that the board of directors may not amend, repeal, or reinstate that bylaw. The text and brief summary of any change that is proposed to be adopted must be posted on the Company's website for at least 30 days prior to any Board of Directors vote to approve the proposed change.

### **Section 2. Changes in Law**

Wherever any section in these Bylaws refers to a former section of the law, or conflicts with the requirements of the General Corporation Law of the State of California, the provisions, and section numbers of the current law shall supersede and be in effect as if fully incorporated and set forth herein.

## **Article 9. Dissolution**

In the event of the dissolution of the Company, each shareholder shall receive his prorated portion of the Company property and assets after all of the Company's debts have been paid or provided for.

## **Article 10. Severability**

If any part of these Bylaws, or the application thereof to any person or circumstances is held unenforceable, the remainder of the Bylaws and the application of such part to other persons and circumstances shall not be affected thereby.

## **Record of Amendments**

- a) Bylaws generally. Amended June 27, 2020
- b) Bylaws quorum. Amended September 17, 2022