

40 ACRES HOME OWNERS WATER ASSOCIATION
ARTICLES OF ASSOCIATION, BY LAWS AND RULES

We, the property owners in the area known as "Wrights 40 Acres" in Round Valley, County of Inyo, California, do hereby associate ourselves under the name of "40 Acres Homeowners' Water Association" and in consideration of the benefits to be derived from said association mutually agreed to and adopt the following articles of association, By Laws and Rules.

Purpose 1. To establish an agency that will insure the continuation of the group's water rights that are secured through filing the statement of water rights with the State of California.

Purpose 2. The Association shall in its associate capacity protect the joint and several rights of the members there of in and to the use of the water to be provided from Pine Creek in Inyo County and shall provide for the delivery of said waters for the use of the members of this Association from the main north Pine Creek channel to lateral canals and ditches in the manner and to the extent hereinafter provided.

Purpose 3. To equitably apportion between and among the members the said waters. Consistant with historical flow rates and usage. The diversion at the South West Corner will be established and maintained to provide a 50% split of the main ditch (creek fork).

Purpose 4. To levy assessments to each member as necessary to carry out the purposes of the Association.

Purpose 5. To determine the eligibility to membership in the Association and to adopt the rules for continuation of membership.

Purpose 6. To adopt by laws and rules to govern the affairs of the Association, to elect officers and prescribe their duties and terms of office.

Article 1. Membership

Membership will be automatically granted any person owning property within the area known as 40 Acres July 1, 2003 with full voting rights upon payment of annual dues to the Association.

- (A) Membership will initially be \$40 per member and will be payable upon the formation of the Association and will be charged all new property owners at the time they become qualified for membership
- (B) The amount of annual dues will thereafter be determined by the Board of Trustees of the Association but will never exceed \$40 per year unless so voted by a majority of the membership of the Association.
- (C) One member shall receive one vote regardless of the amount of property or numbers of property owned. A property owner may designate a tenant or other person to be his representative.

Article 2. Authority

- (A) The authority and power of this Association shall be vested (except as otherwise provided herein) in a Board of nine (9) trustees, who shall be members of this Association or duly appointed and designated representatives of this Association, a majority of whom shall constitute a quorum for the transaction of all business.
- (B) The Trustees shall be elected by a ballot at a general meeting called specifically to sign and adopt these Articles of Association By Laws and Rules and thereafter at a designated annual meeting date.
 - 1. The annual meeting date will be established at this time.
 - 2. At the initial meeting, four Trustees will be elected to a term to last until the first annual meeting date and five to serve until the second annual meeting.
 - 3. Thereafter elections will be at annual meetings and terms shall be for two years.
 - 4. The term of office of each Trustee shall begin immediately following his election.
 - 5. Election of Trustees shall be by ballot and each member of the Association shall have the right to cast one vote. (Joint owners shall be entitled to one membership.)
- (C) Vacancies on the Board of Trustees shall be filled by special election to be held after fifteen days notice being given, by mailing to each member of the Association, a notice of the time, place and purpose of said meeting.

Article 3. Powers of Trustees

- (A) The Trustees may call special meetings of the Association when they deem it necessary and they shall call a meeting at any time on the written request of ten members of the Association or on the written request of two members of the Board of Trustees.

- (B) They may employ, appoint and remove at pleasure any officer, agent or employee of the Association; prescribe their duties, fix their compensation and require from them security for faithful service, should the same be deemed necessary and proper.
- (C) They shall appoint all committees not otherwise provided for herein; shall have full charge, management and control of the business and affairs of the Association with power to enter into contracts for and on behalf and in the name of the Association, and to receive and pay out money as provided herein; and have any and every power necessary to carry out the true intent and purposes of this Association for the benefit of the membership thereof, individually and collectively.

Article 4. Officers of the Association

- (A) Officers of this Association shall consist of a President, Vice-president, Secretary and Treasurer, to be elected by the Board of Trustees from among their number, at the first regular meeting of said Board after the general election of said Trustees.
- (B) If at any time an officer shall be absent or unable to act, the Board may appoint another Board member in his/her place and stead, in whom (for the time being) shall be vested with all the duties, powers and functions of the office.
- (C) Water Master to be elected by the Trustees.

Article 5. Duties of Officers

(A) President

1. The President shall serve without compensation and shall preside over all meetings of the members and Trustees and shall have the casting vote.
2. He/she shall sign as President, all contracts and other instruments of writing which have been first approved by the Board of Trustees, and draw all warrants on the Treasurer for the payment of money.
3. He/she shall call the Trustees together whenever he/she shall deem it necessary by giving each member thereof one day personal notice, or by depositing in the post office properly stamped and addressed, a notice of said meeting to each Trustee at least three days before the date set for said meeting.

(B) Vice President will serve as President when the President is unable to perform the duties of office.

(C) Secretary.

1. The Secretary shall keep a correct record of the proceedings of the Board of

Trustees and of the meetings of the members. He/she shall shall keep proper books and records of the Association, collect and maintain the roll of all members and property owners

2. It shall be his/her duty to preserve all records, maps, agreements, and data placed in his/her charge by the Association and render a statement of the affairs of the Association at any regular meeting of the members or at any meeting of the Board of Trustees.
3. He/she shall serve all notices required to be served in the management of this Association, as provided in the By Laws and Rules.

(D) Treasurer

1. The Treasurer shall maintain all financial records of the Association.
2. The Treasurer shall be responsible for maintenance of all bank accounts and check books for the Association.
3. The Treasurer will be responsible to prepare checks and drafts at the direction of the board or the president.
4. The Treasurer will notify the members for the payment of dues and assesments and maintain records of payments.

Article 6. Meetings

- (A) The annual meeting of the members of the Association shall be called during the month of January of each year in Round Valley, Bishop, California and shall be called by the Secretary, mailing a notice thereof to each member at least 15 days before said meeting.
- (B) Special meetings of the members of the Association shall be called by the President when authorized by the Trustees or upon the written request of 10 members. Said special meeting shall be called by the Secretary under direction of the President, mailing to each member of the Association a notice thereof at least 5 days before the time of said meeting.

Article 7. Quorum

- (A) No meeting of the members of the Association shall be competent to transact business unless at least ten (10) members are present, except to adjourn from day to day or until such time as deemed proper.

Article 8. Division and Use of Water

- (A) The amount of water provided will furnish an equitable flow to each affected property.

1. Conduits (ditches, culverts) will carry an equitable and adequate flow amount for each downstream serviced property, plus some amount to cause a return flow to a collection system.

(C) Any member may divert a part or all of above flow within and upon his property, however, only allotted amounts may be utilized on said property and an amount equal to all downstream requirements passed on.

1. Any group of contiguous member properties may choose to re-route any or all of flow on to and across their properties in a system of privately owned conduits in routes of their choosing.

(a) This option is encouraged however, at termination of said systems there must be a return of water equal to all downstream requirements.

2. No diversion/re-routing will be made that will deprive any member property of an allotment amount of water plus a substantial amount of flow passed said property.

3. In instances where conduits are on common boundaries and serve mutually joined properties, diversion will not exceed 50% of the total flow except as herein provided.

4. Any situation concerning the delivery and diversion of water adjudicated not provided for herein, or any special circumstance not foreseen, or any desired deviation shall be by mutual agreement of any and all members in any way affected and/or by the Committee on Water Arbitration. In all cases the decision of the Arbitration Board will be final.

5. Upon adoption and signing of these by laws and rules by the members of this Association, a Committee of at least 3 and not more than 5 individuals, to be known as "The Commission on Water Arbitration," shall be appointed by the Board of Trustees to serve a term of one year. Vacancies on said committee shall be filled by appointment of the Board of Trustees.

(a) It shall be the duty of said committee to determine that each member-property is allowed a fair and equitable portion of waters provided based upon historic uses and customs and to arbitrate if member disputes arise over distribution.

6. Each member shall keep his waterway free and clear of debris (sand, silt, rocks, grass, weeds, and trash) so that water may move for the beneficial use of members below.

(a) Each member gives permission for the Water Master or a Board approved designee to access the property for the purpose of cleaning and maintaining the ditch in the event of an emergency. Excessive maintenance by the Water Master may result in a fee being levied to the property owner.

Article 9. Diversion of Water Source to Distribution Conduits

- (A) The trustees of this Association are empowered and authorized to employ one or more persons as needed to divert waters from the main canals for the use of the members of this Association and to divide the same between the members as nearly as may be in the proportions to assure fair and equitable distribution to said members.
- (B) Members shall make diversions only from conduits crossing or adjacent to their own property. Any flow control in distribution conduits, source water diversion or headgate or divider box control shall be only by those designated by and authorized to do so by the Board of Trustees.

Article 10. Arbitration

- (A) If at any time, any question or dispute arises between any members of this Association as to their respective rights to use of said water, under the By Laws and Rules herein, such question or dispute shall be submitted to the Committee on Water and Arbitration for the purpose of deciding and adjusting the same, and the decision of said Committee shall be final and binding upon the respective parties.
- (B) The Association shall not be or become responsible for the cost or expenses of any litigation over the rights of use of any waters.

Article 11. Assessments

- (A) An annual assessment will be made and payment required to maintain membership. The amount of the annual assessment will be determined by the Board of Trustees but within the parameters of these rules.
Assessments will include participation in at least one work day per year with the property owner/member providing a worker or financial consideration in lieu of said worker for the purpose of improvement and maintainence of the water system.
- (B) Every effort will be made by the Board of Trustees to keep the operating cost and the assessments as small as possible. This will include use of volunteer labor, utilization of agencies and groups, which provide free labor, and acceptance of grants and/or donations.
- (C) If for any reason the initial annual assessment fails to meet the needs and expenses of the Association, additional assessments may be made, except that it may not exceed the \$40.00 annual maximum heretofore described, unless approved by the majority of all members of the Association.
- (D) The Treasurer shall notify by mail each member of the Association the amount of

assessment and the sum shall be due within 30 days of the date of notice. Non-payment will void voting membership and a lien sought against the member's real property in 40 Acres.

1. Membership and services will be reinstated on payment of delinquencies any any liens will be withdrawn and cancelled.

2. Liens may not be charged to existing property owners with out their consent. When the property is transferred then the new owner will be subject to the rules of the associaton.

Article 12. Rules for Conducting Meetings

(A) All meetings of the membership shall be conducted according to Roberts Rules of Order except as the same may be in conflict with the special rules set forth in these By Laws and Rules.

Article 13. Amendment of By Laws and Rules

(A) These By Laws and Rules may be amended only at a regular or special meeting of the Association by a 2/3 (two-thirds) majority vote of the membership present.