

MELODY OAKS MUTUAL IRRIGATION COMPANY, INC.

BY-LAWS

ARTICLE I IDENTIFICATION

Section 1.01 Name: The name of the corporation is Melody Oaks Mutual Irrigation Company, hereinafter referred to as "MOMIC".

Section 1.02 Principle Office: The principal office of MOMIC shall be in Nevada County, California, at such specific location therein as may be, from time to time, designated by the Board of Directors of MOMIC

Section 1.03 Fiscal Year: The fiscal year of MOMIC shall be from January 1, to December 31.

ARTICLE II DEFINITIONS

Definitions: Unless the context otherwise specifies or requires, the terms defined in this paragraph shall for all purposes of these By-laws, have the following meaning:

Section 2.01: "Service Area" shall mean all real property that can be served by MOMIC.

Section 2.02: "NID" Nevada Irrigation District, source of water purchased by MOMIC.

Section 2.03: "MOMIC" shall mean the Melody Oaks Mutual Irrigation Company, a California non-profit corporation, or its successor.

Section 2.04: "Rules" shall mean the regulations from time to time in effect, pursuant to the provisions of the By-laws of MOMIC.

Section 2.05: "Board" shall mean the Board of Directors of MOMIC.

Section 2.06: "By-laws" shall mean the By-laws of MOMIC, as such by-laws may from time to time be amended.

Section 2.07: "County" shall mean Nevada County, State of California.

Section 2.08: "Excavation" shall mean any disturbance of the surface of the land.

Section 2.09: "Member" shall mean any person or legal entity who holds fee simple title to a parcel that has entitlement in the service area.

Section 2.10: "Parcel" shall mean and refer to any parcel of land as designated by a County parcel number.

Section 2.11: "Pipeline" shall mean the untreated water delivery system constructed by MOMIC from the NID ditch to each delivery area.

Section 2.12: "Miner's inch" shall mean a unit of water measure used by NID and MOMIC and specified in the State of California Water Code 24 (11.22 gallons per minute or 16,157 gallons per day)

Section 2.13: "Delivery area" shall mean the point at which MOMIC pipeline ends with a connecting valve and the member's pipeline starts.

Section 2.14: "Orifice" shall mean a device placed in a pipeline to restrict flow to a certain number of miner's inches.

Section 2.15: "Easement" shall mean a recorded legal right to install a water pipeline with the right to repair and maintain the same, over, across, or under a legally described property.

Section 2.16: "Water", "Irrigation water" and "Agricultural water" shall mean non-potable water provided for purposes approved by the Nevada Irrigation District.

ARTICLE III PURPOSES AND POWERS

Section 3.01 Purpose: The purposes for which MOMIC is formed are:

- A. Specifically to purchase untreated water from NID and to distribute said untreated water to the members, for agricultural, non-potable use, and fire protection
- B. Generally to construct and maintain said pipeline.
- C. MOMIC shall be responsible for delivering the correct quantity of water, controlled by means of an orifice (see Article II, Section 2.14 above) placed inside the service box to the delivery area. MOMIC will provide a connecting valve outside the service box for Member to use to receive the water. Member shall be responsible

for the distribution of water on their parcel.

Section 3.02 Powers: MOMIC shall do whatever is necessary, conducive, incidental or advisable to accomplish and promote its objectives and purposes, except the carrying on of a business or trade for profit, and in connection therewith shall have, but not be limited to, the following powers:

- A. To exercise all of the powers and privileges and to perform all of the duties and obligations of MOMIC arising from any covenants, conditions, easements and restrictions applicable to MOMIC.
- B. To obtain the approval of the involved property owners for use of easements and common areas to convey the pipeline, with the right to install, repair and maintain the same.
- C. To obtain approval of the pipeline plans.
- D. To fix, levy, collect and enforce payment by any lawful means all charges or assessments pursuant to the terms of the By-laws; to pay all expenses in connection therewith and all office and other expenses incidental to the conduct of the business of MOMIC, including all licenses, taxes, water fees or governmental charges levied or imposed against MOMIC.
- E. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, or convey easements, real or personal property in connection with the affairs of MOMIC.
- F. To inspect, maintain, rebuild, repair, beautify and otherwise care for all pipelines and easements and for that purpose the right to enter in and upon any easement within the service area.
- G. To appoint for the Board's term such committees as may be necessary to, or convenient for, the discharge of any of its obligations or powers.
- H. To levy assessments upon its members, and if not paid within thirty (30) days of billing date, reallocate water to other members.
- I. To expend its monies for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out all or any of these powers in furtherance of its purposes and objectives, such as, but not limited to:
 - 1. Contract and pay for maintenance, NID water, materials, supplies and services related to pipeline or facilities owned, or operated, by it, and to employ personnel reasonably necessary for the administration of its affairs, including legal counsel and accounting.
 - 2. Contract and pay premiums for casualty, liability and other insurance, including indemnity and other bonds.
- J. To do all other acts necessary or expedient for the administration of its affairs and the attainment of its purposes.

ARTICLE IV MEMBERSHIP

Section 4.01 Membership:

- A. Each member will pay a prorated share of the construction cost for the MOMIC pipeline and each such member shall be entitled to ONE vote for each parcel served.
- B. Each new member will pay an entitlement fee per parcel, to be determined by the Board of Directors, and each such member shall be entitled to ONE vote for each parcel served.
- C. On an annual basis, when requested by MOMIC, members desiring service will order and pay for water by the miner's inch.
- D. Each member shall be responsible for controlling water, once it is delivered to the delivery area.
- E. Memberships in MOMIC are transferable only upon the conveyance of the parcel giving rise to such membership and any other attempted transfer, or assignment of such membership shall be null and void at the outset.
- F. Members agree to sign and record any easement as required by MOMIC to further the purpose of MOMIC.
- G. Members agree to pay all MOMIC assessments within thirty (30) days, or MOMIC may, at its option, terminate service.
- H. MOMIC will not be responsible for the availability of water from NID.
- I. MOMIC does not guarantee water availability to members due to system capacity limits.
- J. Members are considered to be in good standing when each and all of the responsibilities defined in these By-laws are met, including but not limited to payment of all fees and assessments.

- K. Any Member using water for purposes other than those approved by NID shall not be in good standing.
- L. Any Member who willfully tampers with and/or damages MOMIC property shall not be in good standing.
- M. Any Member who is not in good standing shall be ineligible to receive water.

ARTICLE V MEETINGS OF MEMBERS

Section 5.01 Location of Meetings: Meetings of MOMIC shall be held in the County of Nevada, State of California, at a designated location which lies within a radius of not greater than ten (10) miles from the service area.

Section 5.02 Annual Meeting: The annual meeting of MOMIC for the election of Directors whose terms have expired and for the transaction of such other business as may properly come before the meeting, shall be held at such hour and on such day during the month of October of each year, as shall be determined by the Board.

Section 5.03 Notice: Written notice of each annual meeting shall be given to each member who is entitled to vote, either by personal delivery, by mail, or by other means of written communication, addressed to such member at the record address appearing on the books of MOMIC. All such notices shall be sent to each member entitled thereto not less than 15 days and not more than 60 days before each annual meeting, and shall specify the place, date and hour of such meeting.

Section 5.04 Special Meeting: Special meetings of MOMIC members shall be called promptly by the Board upon:

- A. The vote for such meeting is by a majority of the Board.
- B. Receipt of a written request therefore signed by members representing not less than 25% of the total voting power of MOMIC.

Section 5.05 Quorum: The quorum required to conduct business at any membership meeting shall be constituted by the number of Board members required by the By-laws to establish a quorum.

Section 5.06 Voting:

- A. Except as provided by law, only members in good standing are entitled to vote at such meetings.
- B. Each Member shall be entitled to ONE vote for each entitled parcel served. When more than one person holds an interest in any parcel, the vote for such parcel shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one parcel membership.
- C. At Membership meetings all decisions shall be made by a simple majority vote of those members present and in good standing, unless otherwise specified in these By-laws.
- D. Election or removal of Board of Directors shall be conducted by written ballot. Votes shall be counted and announced within ten days of the election. Notification shall be posted on the MOMIC website and sent via email to all Members. In the event of a tie vote in the election of directors, the election shall be decided by lot.
- E. Voting on other matters will be conducted by any appropriate means, such as, but not limited to, written ballot, voice vote, show of hands, etc.

Section 5.07 Conduct of Meetings

Membership meetings shall be presided over by the President, or, in her/his absence, the Vice President, or in the absence of both of these Officers, by a chairperson selected by the Board members present at a Board meeting or by the majority of members at a Membership meeting.

ARTICLE VI BOARD OF DIRECTORS

Section 6.01 Powers: Subject to any limitations of Articles of Incorporation, of these By-laws, and of the Nonprofit Mutual Benefit Corporation Law of California, and subject to the duties of the Directors as prescribed by these By laws, all corporate powers of MOMIC shall be exercised by or under the authority of, and the business and affairs of MOMIC shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

- A. To select and remove all officers, agents and employees of MOMIC and prescribe such powers and duties for them as are consistent with all applicable laws, with the Articles of Incorporation and these By-laws.
- B. To conduct, manage and control the affairs and business of MOMIC or any of its facilities and to make such rules and regulations, therefore, as are consistent with all applicable laws, with the Articles of Incorporation and these By-laws.
- C. To change the principal office for the transaction of business of MOMIC from one location to another with Nevada County; to designate the place for the holding of any members' meeting or meetings; and to adopt and use a corporate seal.
- D. To take such steps as may be necessary to implement any of the powers of MOMIC as provided in these By-laws, including the right of the Board of Directors to suspend the voting rights and water flow to a parcel, for any act by a member determined to have been an infraction of the Articles of Incorporation and By-laws or contracts of MOMIC. In such a situation, and at the request of the member, the Board will meet within two (2) calendar weeks of the request, to give the member an opportunity to defend her/his position with regard to the suspension of voting rights and/or water flow to a parcel.
- E. To appoint committees and to delegate thereto any of the powers and authority of the Board in the management of the business and affairs of MOMIC. Any such committee shall contain at least one Director.

Section 6.02 Qualifications for Directors:

- A. Directors shall be members in good standing of MOMIC.
- B Except by Board approval, MOMIC Directors will not hold concurrent administrative functions with other committees or groups servicing the same service area as does MOMIC.

Section 6.03 Number of Directors and Officers:

- A. The Board of Directors shall be comprised of not less than five (5) and not more than nine (9) Directors. The Directors shall, after the annual membership meeting and at the first meeting of the Board of Directors, elect from among themselves the officers of the organization, and select such committees and other appointments as they deem fit. The officers shall be a President, a Vice President, a Secretary, and a Treasurer.

Section 6.04 Election and Term of Office:

1. Director and Officers shall serve for a two (2) year term.
2. At each annual meeting of members, Director positions for which the two year term is expired shall be elected by the members. However, if for any reason, such annual meeting is not held, or the Directors are not elected thereafter, the Directors shall be elected at any special meeting of members held for that purpose.

Section 6.05 Removal and Resignation

- A. Any Director may be removed, either with or without cause. The removal must be by a two-thirds vote of either the Board of Directors or the membership at a duly called meeting at which a quorum is established as defined elsewhere in these By-laws.
- B. Any Director asked to leave for cause must be given an opportunity to defend her/his Board position prior to the vote.
- C. Any Director may resign at any time by giving written notice to the Board or to the President. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.06 Vacancies

- A. A vacancy of any Director position shall be filled as soon as possible.
- B. At its discretion, the Board may make an interim appointment in order to fill a vacancy until the next general meeting of the membership at which an election is scheduled.
- C. The members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors. If the Board accepts the resignation of a Director tendered to take effect at a future time, the members shall have the power to elect a successor, pursuant to the provisions hereof, to take office when the resignation is to become effective.

Section 6.07 Regular and Special Meetings of the Board of Directors

- A. As soon as possible following each annual meeting of the members of MOMIC, the Board shall hold a regular meeting for the purposes of organization, election of officers and the transaction of other business. The Board shall hold such other regular meetings during the year at such intervals as the Board determines is necessary for the business to be transacted, generally every three months.
- B. All regular meetings of the Board shall be held at a designated location and time within a ten mile radius of the service area.
- C. At its discretion, the Board may convene for special meetings for the purpose of conducting the business of MOMIC.
 - 1. Special meetings of the Board of Directors may be called by the President or by any two Directors, and such meetings shall be held at the place designated by the person or persons calling the meeting, and in the absence of such designations, at the principal office of the corporation.
 - 2. Special meetings of the Board shall be held upon four (4) days' notice by first-class mail, or forty-eight (48) hours notice delivered personally, by electronic message, or by telephone. Such notices shall be addressed to each Director at their postal address, email or telephone number of record.
- D. The Board may move into closed session for the purpose of discussing matters it deems sensitive and confidential for legal reasons, or for the personal needs of MOMIC members.
 - 1. Minutes of closed session meetings shall be maintained in a separate file available for review by the Board and legal counsel only.

2. No decisions may be made during closed session. The Board must return to open session, as described elsewhere in these By-laws, to vote on any motion, or make any decision.

Section 6.08 Quorum of the Board of Directors

- A. A simple majority of the seated Directors constitutes a quorum. Except as otherwise provided in these By-laws or by law, no business shall be considered by the Board at any meeting at which a quorum, as defined, is not present, and the only motion which the Chair shall entertain at such a meeting is a motion to adjourn.
- B. After establishment of an initial quorum, the Directors present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of Directors from the meeting, provided that any action thereafter taken must be approved by at least a simple majority of the required quorum for such a meeting, or such greater percentage as may be required by law, or the Articles of Incorporation or By-laws of this association.

Section 6.09 Notification of Meetings of the Board of Directors

- A. Members will be given written notice of the time and place of regular meetings, upon request.
- B. Dates, times and location of regular meetings will be posted on the MOMIC website
- C. Notification requirements for special meetings shall be met by posting on the MOMIC website.

Section 6.10 Attendance of Members at Meetings of the Board of Directors

- A. Regular meetings of the Board shall be open to all members of MOMIC.
- B. Closed session meetings shall be open only to the Board, its legal counsel, and members directly involved in the subject of discussion.

Section 6.11 Duties of the President The President, who shall be chosen from the Board, shall be the chief executive officer of MOMIC, and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of MOMIC. The President shall preside at all meetings of the members and the Board. The President shall be an ex-officio member of all the standing committees, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties as may be prescribed by the Board or these By-laws.

Section 6.12 Duties of the Vice President

- A. The Vice President shall serve as the President in case of absence of the President.
- B. The Vice President shall perform additional tasks as designated by the Board of Directors

Section 6.13 Duties of the Secretary

- A. The Secretary shall act as Secretary of all Board of Directors meetings and of all membership meetings and in her/his absence, the presiding officer shall appoint another member as Secretary for that meeting. The minutes shall include all motions and actions taken at meetings. Such minutes shall be reviewed and approved at the following Board or Membership meeting.
- B. The Secretary shall keep a full and up-to-date membership register, showing the names of the members and their addresses, the description of the parcel upon which such membership is based, and the number of miner's inches ordered that year.
- C. The Secretary shall maintain records of all correspondence, contracts and other legal documents of MOMIC, and shall have such other powers and perform such other duties as may be prescribed by the Board, the President or these By-laws.
- D. The Secretary shall give notice of all the meetings of the members and of the Board.

Section 6.14 Duties of the Treasurer

- A. The Treasurer shall keep and maintain adequate and correct accounts of the financial transaction of MOMIC, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any Director.
- B. The Treasurer will take and process all member orders with NID, paying in one sum or as required by NID, having collected from the members as specified elsewhere in these By-laws.
- C. The Treasurer shall deposit all monies and other valuables in the name of and to the credit of MOMIC with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of MOMIC as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all transactions as Treasurer, and of the financial condition of MOMIC, and shall have such other powers and perform such other duties as may be prescribed by the Board, the President or these By-laws.
- D. A financial report shall be given at each meeting of the Board of Directors. An annual report shall be presented at the General Membership meeting. The Treasurer shall prepare the annual assessment and bills for each parcel. The Treasurer shall keep a running record of the payment status of each parcel. The Treasurer shall be responsible for the preparation of all required tax returns.

Section 6.15 Duties of the System Manager and Assistant System Manager

- A. To be determined by the Board of Directors.
- B. When the persons doing this work are not elected Directors, the Board shall designate an elected Director to serve as supervisor of the system management work.
- C. The supervising Director shall report to the Board at each meeting.

ARTICLE VII ASSESSMENTS

Section 7.01 General MOMIC shall have the power to levy assessments as herein set forth. All assessments shall be paid on a basis to be determined by the Board. MOMIC shall have an operating fund, into which MOMIC shall deposit all monies received from all sources. MOMIC shall make all disbursements in performing the functions of MOMIC from this fund.

- A. An Annual Member Fee assessment shall be made for all administrative expenses. The Annual Member Fee, which will be distributed equally to all members, and is payable whether or not seasonal water is purchased.
- B. A yearly assessment will be made for water usage based upon anticipated costs for operating the system to deliver irrigation water to Members. Members who do not purchase irrigation water in any specific season will not be assessed these fees.
- C. Each new member will pay an entitlement fee to be determined by the Board of Directors.
- D. New members may be assessed fees associated with pipeline connection
- E. New members may be assessed fees associated with pipe line connection.
- F. Water assessment must be paid by the member no later than 30 days after notification by MOMIC.
 - 1. The Board of Directors may deny service to any Member who is not in good standing, whether or not water is ordered.
- G. Member grants to MOMIC the right to file a lien and enforce collection on members' real property for unpaid fees, assessments, legal and collection costs.

Section 7.02 Financial Need Requests

- A. Requests from members for special financial consideration will be heard by the Board in closed session.
- B. Short term payment plans may be approved by the Board of Directors.

ARTICLE VIII MISCELLANEOUS

Section 8.01 Deposit of Funds

- A. All monies collected by MOMIC shall be maintained in an FDIC account.
- B. At the discretion of the Board, some funds may be maintained in an interest bearing account.

Section 8.02 Inspection of Records

- A. The membership record, the books of account and minutes of the meetings of the members, the Board and its committees, if any, shall be open to inspection and copying by any member, or their designated representative at the office of MOMIC, for a purpose reasonably related to the member's interest.
- B. The Board shall establish reasonable rules with respect to:

1. The required notices to be given by the member seeking inspection to the custodian of records;
2. The time and days when, and the location where such an inspection may be made; and
3. The costs for reproduction of copies of any documents requested by a member.

- C. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of MOMIC and the physical properties owned or controlled by MOMIC.

Section 8.03 Budgets and Financial Statements

- A. Prior to the annual membership meeting, financial statements for MOMIC shall be prepared and made available to all Members at the meeting.
- B. Interim financial statements shall be prepared and presented at each regularly scheduled meeting of the Board of Directors.

Section 8.04 Inspection of By-laws MOMIC shall keep in its principal office for the transaction of business the original or a copy of the By-laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

Section 8.05 Availability and Quality of Water MOMIC does not warrant the quality nor availability of water purchased from NID.

Section 8.06 Arbitration of Disputes Unresolved disputes between a member or members and MOMIC will be decided by a neutral binding arbitration in accordance with the rules of the American Arbitration Association, and not by court action except as provided by California law for judicial review of arbitration proceedings. Notwithstanding, MOMIC may file property liens against parcels with unpaid fees and assessments as defined elsewhere in these By-laws.

Section 8.07 Liability of Directors and Officers

- A. No Director or Officer shall be personally liable for any decision, error or omission providing that the Director or Officer acted in good faith.
- B. The Directors shall not be personally liable for any debts, liabilities or other obligations of MOMIC.

Section 8.09 Dissolution

- A. Dissolution of MOMIC will require a three fourths (3/4) vote of the membership at an Annual or Special Membership Meeting at which a quorum is established.
- B. In the event of the dissolution of MOMIC, each member in good standing shall receive a prorated portion of MOMIC's property and assets after all of its debts and liabilities have been paid or provided for.