

**(transcribed from PDF)**

**BY-LAWS**  
**OF**  
**BAILEY MUTUAL WATER COMPANY**  
**(As Amended in 2024)**

**ARTICLE I.**

**Principal Office**

The principal office of this Company shall be located at ~~Swenson House, 33505 Bailey Meadow Road,~~ **33553 Cold Springs Trail**, Palomar Mountain, San Diego County, California, 92060.

**ARTICLE II.**

**Shareholders Meetings**

**Section 1. Place of Meeting.**

All Shareholders meetings shall be held at such place in San Diego County as the Board of Directors may designate. The place of meeting shall be designated in all notices of Shareholders meetings.

**Section 2. Annual Meeting.**

The annual meeting of Shareholders shall be held on the first Monday in September of each year.

**Section 3. Special Meetings.**

A special meeting of Shareholders may be called at any time by the President, or by the Board of Directors, and must be so called upon written petition signed by two or more Shareholders representing ten percent, of the outstanding stock. Such petition must state the general purpose of the meeting.

**Section 4. Notice of Meetings.**

Written notice of each Shareholders meeting, whether annual or special, shall be given to each Shareholder entitled to notice, not less than ten (10) days for an annual meeting, and not less than five (5) days for a special meeting before the day set for the meeting by sending a copy of the notice through the mail, postage paid, to each Shareholder's address appearing on the books of the Company, or supplied by Shareholder

to the Company for the purpose of notice, and if there be no address appearing in the books or so

supplied, then addressed and mailed to Palomar Mountain, California.

**Section 5. Form of Notice, Statement of Purpose.**

Notice of any Shareholders meeting shall state the place, the day and the hour of meeting. Notice of a special meeting shall state in addition the general purpose or purposes of the meeting.

**Section 6. Shareholders Entitled to Notice.**

All notices of any Shareholders meeting shall be mailed on the same day and only those who appear from the stock records of the Company to be Shareholders at 5 o'clock P.M., on the day immediately preceding the day of mailing shall be entitled to notice.

**Section 7. Record of Notice.**

An entry in the minutes of any Shareholders meeting that due notice thereof was given to all Shareholders entitled to notice shall be conclusive evidence that due notice of such meeting was given as required by law and these By-Laws.

**Section 8. Adjourned Meetings and Notice.**

Any Shareholders meeting, whether or not a quorum is present, may adjourn from time to time by vote of a majority of the shares represented in person or by proxy. If adjournment be taken for 30 days or more, notice of the adjourned meeting shall be given in the same manner as of the original meeting.

**Section 9. Quorum.**

A majority of all stock entitled to vote, present in person or by proxy, shall constitute a quorum for the transaction of any business. Shareholders present at a duly called meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum.

**Section 10. Voting.**

At any meeting of Shareholders, each Shareholder shall have the right to vote in person or by proxy, the number of shares standing in his name of the stock records of the Company on the day before the first date set for such meeting. Such vote may be given viva voce or by ballot as the meeting may decide.

~~At any election for Directors, each Shareholder shall have the right to cumulate his 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 his shares are entitled, or to distribute his votes to which his shares are entitled, or to distribute his votes on the same principle among as many candidates as he shall think fit.~~

“ A shareholder may vote for up to 5 candidates. A voter may not cumulate votes for any candidate. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected.

**Section 11. Proxies.**

Every Shareholder entitled to vote or execute consents shall have the right to do so either in person or by written proxy filed with the Secretary of the Company, provided no such proxy shall be valid after the expiration of eleven months from the date of its execution unless the Shareholder executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed seven years from date of its execution.

**ARTICLE III.**

**Directors**

**Section 1. Number and Qualifications.**

The Board of Directors shall be composed of five Directors each of whom shall be a Shareholder having not less than one share standing in his name of the Company's stock records.

**Section 2. Election and Term.**

The Directors shall be elected at each annual Shareholders meeting and shall hold office for one year and until their successors are elected and qualified. If no annual meeting be held, or if no Directors are elected thereat, the election may be held at any special Shareholders meeting held for the purpose.

**Section 3. Vacancies.**

If at any time the remaining Directors have failed to fill a vacancy in the board, the Shareholders may do so. Any Director elected to fill a vacancy shall serve for the unexpired term and until his successor is elected and qualified.

**Section 4. Meetings of Board of Directors.**

(a) Immediately after each election of a Board of Directors the board shall hold a regular meeting and organize by the election of officers. Any other business may be transacted by such meeting.

(b) There shall be a regular meeting of The Board of Directors at 11:00 AM on the first Monday in September (Labor Day), prior to the 1:00 PM regular Shareholders' meeting. This meeting shall be held at ~~the Swenson House~~ or whatever ~~other~~ venue is deemed appropriate by general consensus of The Board. Other meetings shall be scheduled as deemed necessary by The Board as the need arises.

(c) A special meeting of the board of ~~the~~ Directors may be called at any time by the President or by two Directors.

**Section 5. Notice of Directors' Meeting.**

No notice shall be required of regular meetings of the Board of Directors. Notice of special meetings shall be given not less than two days before the time set for the meeting. Such notice shall state the time, place and purpose of the meeting and may be given personally, by mail, by telegraph or telephone, or by appropriate electronic communication device. One or more Directors may be notified in either way.

**Section 6. Waiver of Notice.**

The transactions of any meeting of the Board of Directors, however, called and wherever held, shall be as valid as though had a meeting regularly noticed and held, if a quorum be present. Whenever possible, Board members absent from a meeting with a copy of the Minutes for their review and approval. Response by Board members absent to notice of Board action or resolution via electronic e-mail notice shall be deemed appropriate and binding.

**Section 7. Quorum of Board of Directors.**

A majority of the Board of Directors shall constitute a quorum for the transaction of business.

Directors shall not receive any compensation or expenses for their services as Directors. Nothing herein contained, however, shall be construed to preclude any Director from being employed at a regular salary, or for such other compensation as the Directors may prescribe, as an officer, agent, employee or otherwise, and for such services the Director shall receive compensation at the same rate as other employees receive for similar work.

**ARTICLE IV.**

**Powers and Duties of Directors.**

**Section 1. General Powers.**

Subject to the provisions of the law of California, and the Articles of Incorporation and By-Laws of the Company, all the powers and functions of this Company

are vested in and shall be exercised by the Board of Directors.

## **Section 2. Particular Powers and Duties.**

Without limitations as to their general powers and duties, the Board of Directors are charged with the following powers and duties:

- (a) To conduct, manage and control the property, business and affairs of the Company.
- (b) To maintain and operate a water distribution system for the purpose of supplying, distributing and delivering water to its Shareholders.
- (c) To make and enforce such rules and regulations regarding the conduct of the business of the Company, and especially regarding the delivery and service of, and the use of water by Shareholders as in the judgment of the board may be just and proper in order to provide and supply each Shareholder an adequate supply of wholesome water. In case of a shortage, the board may prorate the water on an equitable basis and/or limit its use.
- (d) To borrow money and to incur indebtedness for the purposes of the corporation, to hypothecate the property and assets of the Company as security therefore, and to execute notes, bonds, debentures, deeds of trust, mortgages, pledges and other instruments and agreements.
- (e) To levy and collect charges for water and services to Shareholders, and assessments on the stock of the company. **To record liens on Shareholder real property and stock of the Company, or use any other course of legal action to recover charges for water service and assessments owed to the Company. Lien recording authority is specifically authorized in California Corporation Code, Division 3, Part 7, Section §14304 and CA AB 240 which specifically authorizes a mutual water company to record a lien against the real property of a shareholder who is delinquent in payment of any rate, charge or assessment related to water service provided to that shareholder's property. (Approved and added by the board, July 18, 2024)**

## ARTICLE V

### Officers

#### **Section. Officers Designated.**

The officers of this Company shall be President, Vice-President, Secretary, Treasurer, and **Member-at-Large**, all of whom shall be members of the Board of Directors. The same person may be both Secretary and Treasurer. The Board may also appoint an assistant Secretary or Secretary-Treasurer or Operations Manager who need not be a director. **An ~~Vice-President~~/Operations Manager shall be authorized to make decisions concerning the operation of the system, expenditure of funds for materials and labor as needed to keep the system operational in an emergency, and any other operational considerations as may arise.**

**Each member of The Board of Directors shall be authorized to designate an Executive Assistant for themselves, to assist with such tasks as deemed appropriate, and be present at Board meetings in a non-voting capacity. If a Director is unable to attend a duly called Board meeting, he may designate his assistant to attend in his stead; the other regular Board members present shall determine if Assistants may vote in their sponsor Officers' stead, to conduct pressing Corporation business, on a case-by-case basis.**

#### **Section 2. Election and Term of Office.**

Officers shall be elected by the Board of Directors and serve until the close of the next annual meeting or the election and qualification of their successors; but any such officer may be removed by a vote of two-thirds of the Board of Directors.

#### **Section 3. President.**

The President shall be the chief executive officer of the Company, and subject to the control and direction of the Board of Directors, shall have the general supervision and control of the business, officers and employees of the Company. They shall sign all certificates of stock and perform such duties as are imposed upon him by law, or these By-Laws, or by the Board of Directors.

#### **Section 4. Vice-President**

The Vice-President shall **per**form the duties of President when the President is absent or unable to act, and such other duties as the Board of Directors may direct.

#### **Section 5. Secretary.**

The Secretary shall keep the minutes of all Shareholders' and

Directors' meetings. The Secretary shall keep the stock books and records of the Company which shall show the names and addresses of all Shareholders, the number of shares held by each, the description of the land to which the stock represented by each certificate if appurtenant, and such other information as may be proper or may be required by the Board of Directors. The Secretary shall give notice of all meetings for which notice is required. The Secretary shall issue and transfer stock on all proper occasions. The Secretary shall be the keeper of the seal and of the corporation records. The Secretary shall perform generally the duties required by law, these By-Laws or by Board of Directors.

**Section 6. Treasurer.**

The Treasurer shall keep and maintain, or cause to be kept and maintained, proper and correct accounts of the property and business transactions of the Company. The Treasurer shall be the keeper of the money and valuable paper of the company. The Treasurer shall in general, perform the duties of a treasurer of a corporation and all duties imposed by law, by these By-Laws and by the Board of Directors.

**Section 7. Deposit and Withdrawal of Funds.**

The Board of Directors may provide for the deposit of the money and funds of the company in a bank or banks, and shall provide for the withdrawal of such money or funds by checks ~~signed by at least two persons.~~

**Section 8. Assistants.**

Assistant officers shall perform such duties as the Board of Directors or their superior officers may direct.

**Section 9. Fidelity Bonds.**

The Board of Directors may require any officer or employee to give a fidelity bond in such sum, as they deem proper. The cost of such bonds shall be a company charge.

**Section 10. Signing Documents.**

The President or Vice-President and the Secretary or/and Assistant Secretary are hereby designated as the proper officers to execute deeds, contracts and other instruments in the name and on behalf of the Company; but the Board of Directors may at any time authorize any other person or persons to so execute such documents.

**ARTICLE VI**

**Principal Business**

**Section 1. Business and Location.**

The principal business of the Company shall be to supply water to

its Shareholders only, on a non-profit basis.

**Section 2. Service Area.**

The area within which this Company undertakes to supply water to its Shareholders is situated within the Southeast Quarter of the Northeast Quarter of Section 9, Township 10 South, Range 1 East, S.B.B.&M., in San Diego County, California and is bounded as follows:

Beginning at the Southeast corner of said Southeast Quarter of the Northeast Quarter of said Section 9; thence South 88° 30' West along the Southerly line of said Quarter section 1040 feet to a point marked B on Assessor's Map No.12; thence North 88° West 81 feet; thence North 87° West 67 feet; thence North 86° West 73 feet; thence North 80° West 86 feet to the Southwesterly corner of Assessor's Map No.12; thence North 13° East 77 feet; thence North 7° East 61 feet; thence North 4° East 59 feet; thence North 3° East 55 feet; thence North 5° East 42 feet; thence North 1° East 91 feet; thence North 5° West 121 feet; thence North 4° West 86 feet; thence North 3° West 86.75 feet; thence North 2° West 57 feet; thence North 4° West 47 feet to a point marked C on Assessor's Map No.12; thence North 79° East 52 feet; thence North 76° 30' East 102 feet; thence North 70° East 50 feet; thence North 89° East 50 feet; thence North 78° East 46 feet; thence South 67° East 61 feet; thence North 78° 30' East 40 feet; thence North 81° East 57 feet; thence North 89° East 86 feet; thence South 63° East 68 feet; thence South 27° West 32 feet; thence South 61° East 184 feet to a point marked L on Assessor's Map No.12; thence East 620 feet to an intersection with the Easterly line of Section 9, thence South along said Easterly line of Section 9 ±687 feet to the point of beginning.

**ARTICLE VII.**

**Water Distribution**

**Section 1. Persons Entitled to Water.**

Only Shareholders of this Company owning stock appurtenant to land within the Company's service area shall be entitled to receive water from the Company.

**Section 2. Allotment of Water.**

Each Shareholder for each share of stock appurtenant to a tract of land within the service areas exceeding 600 square feet shall be entitled to receive water for one single family dwelling or cottage on said tract. For additional cottages or larger building, the stock ownership required shall be increased proportionately as determined by the Board of Directors.

**Section 3. Compliance and Payment of Fees and Assessments and Delinquent Account Policies and Procedures**



Each water user must comply with the By-Laws and Regulations and must pay all assessments and water or service charges by October 1 of the fiscal year. Payments received after the October 1<sup>st</sup> deadline will have a 30-day grace period ending November 1<sup>st</sup>. After the grace period ends, Shareholders will incur a \$10 a month late fee for every month the account remains past due.

If the delinquent account is still past due and not brought current by October 1<sup>st</sup> of the following fiscal year, the shareholder will be subject to the Company filing a lien against the parcel and real property to protect its interest and those interest of all the mutual shareholders in an effort to recover monies owed to the Company. In accordance with state governing code and laws, the Company is authorized and has Lien recording authority as laid out in CA Corporation Code Section 14304 and CA AB240, which is referenced in the Bylaws. The recording of such a lien against real property has proven to be an effective way to collect delinquent charges, especially where a shareholder's property will be transferred. At least 20 days' prior written notice regarding the recording of the lien is given to the shareholder. Shareholders who are delinquent in payment of fees and/or assessments for 5 consecutive years shall be deemed to have relinquished their right to usage of Company water. A reinstatement payment of a \$2,000 fee must be received by the Treasurer prior to reinstatement of water service for any delinquent account where rights and service have been relinquished. The Board may engage a contractor to install, upstream of the property service valve of such a shareholder, a lockable valve that the Board may cause to be locked to prevent usage of water, until such time as the shareholder satisfactorily settles the outstanding debt. The lockable valve shall stay in place and remain the property of the Company.

The board has also adopted a Shareholder "Hardship" program which is approved at the discretion of the board. The Shareholder "Hardship" program can be applied for by a Shareholder who claims financial difficulties in meeting their Shareholder financial obligation. A Shareholder who proactively communicates with board and applies for financial "Hardship" and is approved will be set up on a monthly installment plan or other agreement. "Hardship" program Shareholders will have late fees waived and delinquent account consequences waived while in good standing with their installment plan payment agreement or other payment agreement established. The Board may also pursue additional legal redress to recover moneys owed. The

delinquent Shareholder shall be liable for all costs related to valve installation and legal redress, to be added to the delinquent monies owed, to be paid prior to restoration of water service.

*(Approved by the board and added July 18, 2024)*

**Section 4. No Wasting of Water.**

Wasting of water shall not be permitted. Negligence in leaving service valve at cabin or residence in a non-closed condition during periods when the property is unattended, resulting in pipe breakage by freezing or other means, and therefore loss of significant system water, will be regarded as ‘Wastage’. These events will result in a fine of not less than \$100, and possibly more, depending on the severity of the inconvenience to Board Members and other volunteers in detecting and correcting the source of the break, and by the severity of inconvenience or loss of monies or other possessions to other Shareholders. Fine amounts above \$100 will be determined by consensus of Board Members in meeting or other means of consultation. Shareholders guilty of this breach of confidence will additionally be liable for the cost of immediate installation of a locking service valve upstream of their property service valve, which will remain the property of The Corporation, and which will lock out their service until such fines, and any other back payments owed, are received by The Treasurer.

**Section 5.** From the implementation of Section 5 onward, no water service will be granted to a Shareholder for use on an unimproved lot (i.e. a lot that currently shows no single family dwelling or cottage on the County Assessor’s rolls), until a valid building permit has been granted by the County of San Diego, for the construction of a single-family dwelling or cottage on said lot. Water service will be discontinued upon expiration of the permit for non-completion or non-compliance.

**Section 6.** A valid building permit for a single-family dwelling or cottage must be submitted to the Secretary of the Corporation before water service can be established.

**Section 7.** Upon the transfer of a water share attached to an unimproved lot (as defined in Section 5 above) any existing water service will be discontinued until such a time as a valid building permit has been secured, as stated above.

**Section 8.** The Secretary of the Corporation is authorized to provide the owner of an unimproved lot with attached water share, a letter to the effect that water service will be established on said lot given the terms and conditions as stated above.

**ARTICLE VIII.**

**Capital Stock**

**Section 1. Apportionment of Stock.**

Stock of this Company shall be apportioned on the basis of one share, \$100.00 par value, to a tract of land not exceeding 6000 square feet and shall be appurtenant thereto and shall entitle the owner to water for domestic or house use for one single family dwelling or cottage. For additional cottages or larger buildings a proportionately greater amount of stock shall be required ~~at~~ as determined by the Board of Directors.

**Section 2. Issuance of Stock.**

No stock shall be issued until fully paid for, and only to the owner of the land to which it is or is to be appurtenant. No fractional shares shall be issued.

**Section 3. Transfer of Stock.**

No transfer of stock shall be valid against the Company and no new certificate shall be issued because of the transfer of any stock and all charges for water, services or material delivered under or because of such stock have been fully paid. A transferee of any stock against which there is any unpaid assessment or charge shall not be entitled to any of the rights or privileges of a Shareholder.

When stock is transferred, the old certificate shall be properly endorsed, surrendered, marked "cancelled" by the Secretary and attached to the stub from which it originally came, before a new certificate is issued.

**Section 4. Form of Certificate of Stock.**

The Board of Directors shall prescribe the form of the certificate of stock which shall include a description of the land to which the stock is appurtenant.

**ARTICLE IX.**

**Inspection of By-Laws and Records**

**Section 1. By-Laws.**

The Book of By Laws shall be kept ~~at the office~~ with the Corporate business papers and documents at a place convenient to the Secretary or other Officers of the Company, and shall be open to inspection by any Shareholder at all reasonable times with at least three business days' advance notice request. A copy of The By-Laws shall be available to Shareholders at a reasonable charge when requested in writing. 'Reasonable Charge' shall be considered to be \$5.00 in 2019 money valuation.

**Section 2. Records.**

The corporation and business records of the Company shall be open

to inspection upon the written demand of any Shareholder at any reasonable time for a purpose and to an extent reasonably related to his interest as a Shareholder, which purpose shall be set forth in his written demand. Such inspection may be made in person or by an authorized agent or attorney. ~~and shall include the right to make extracts.~~

## **ARTICLE X.**

### **Miscellaneous**

#### **Section 1. Seal.**

This corporation shall have a seal which shall be composed of two concentric circles with the words “Bailey Mutual Water Company” between the circles, and within the inner circle of words, “Incorporated 1950”.

#### **Section 2. Fiscal Year.**

The fiscal year of this Company shall be from July 1<sup>st</sup> to June 30<sup>th</sup> the following year.

#### **Section 3. Annual Report.**

The Board of Directors shall cause an annual report to be made to the Shareholders which shall be distributed to the Shareholders at each annual meeting or sent to them not later than one hundred twenty (120) days after the close of the fiscal year. Such report shall be made from and in accordance with the books in a form sanctioned by sound accounting practice; and shall be certified by the President, Secretary, Treasurer or a public accountant.

#### **Section 4. Lien on Stock.**

The Company shall have a lien on all stock of each and every Shareholder for the full amount of any and all assessments and penalties and charged for water and/or service and for any other sums arising out of the relation of Shareholder and/or water-user, at any time owing to the Company. Such lien may be foreclosed in the manner now or hereafter provided by the laws of California for the foreclosure of a pledge; provided, that it shall not be necessary to have possession at the time of sale of the certificate representing said stock; it shall not be necessary to make any demand for payment; the only notice of the time and place of sale required to be given shall be notice mailed to the Shareholder and the pledgee, if any, at their addresses as they appear on the records of the Company, and, at any such sale the Company may bid and purchase.

## **ARTICLE XI.**

### **Amendments.**

These By-Laws may be amended or repealed or new By-Laws adopted by the vote of Shareholders entitled to exercise a majority of the voting power of the corporation at any annual meeting or any special meeting of Shareholders called for that purpose, or by the written assent of such Shareholders.

These By-Laws may also be amended or repealed or new By-Laws adopted by the vote of three Directors; ~~provided that the number of Directors may be changed only by a By Law adopted by the Shareholders.~~

**CERTIFICATE TO BY-LAWS**

We, the undersigned, certify that the foregoing By-Laws consisting of eleven articles, are the By-Laws of BAILEY MUTUAL WATER COMPANY, as amended to and including \_\_\_\_\_, 2024. ~~July 1, 2019.~~

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Dated: \_\_\_\_\_, \_\_\_\_\_  
President

Dated: \_\_\_\_\_, 2024 \_\_\_\_\_  
Secretary

Dated: \_\_\_\_\_, 2024 \_\_\_\_\_  
Vice-President