

RECORDING REQUESTED BY
TICOR TITLE INSURANCE COMPANY
OF CALIFORNIA

RECORDING REQUESTED BY:

SINSHEIMER, SCHIEBELHUT & BAGGETT

AND WHEN RECORDED RETURN TO:

WARREN A. SINSHEIMER
SINSHEIMER, SCHIEBELHUT & BAGGETT
Post Office Box 31
San Luis Obispo, CA 93406

DOC. NO. 35063
OFFICIAL RECORDS
SAN LUIS OBISPO CA

JUL 29 1983
FRANCIS M. COONEY
County Clerk-Recorder
TIME 8:00 AM

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BYLAWS OF
SAN MIGUELITO MUTUAL WATER COMPANY,
A CALIFORNIA CORPORATION

ARTICLE I

NAME

The name of this corporation is and shall be the San Miguelito Mutual Water Company and for convenience shall be referred to herein as the "Company" or the "Corporation".

ARTICLE II

PRINCIPAL OFFICE

The principal office for the transaction of the business of the Corporation is fixed and located at Marre Ranch, San Luis Bay Estates, Inc., Administrative Building, Avila Beach, California 93424. The Board of Directors may change the principal office from one location to another in this county. Any change in this location shall be noted by the secretary in these Bylaws opposite this section or this section may be amended to state the new location.

ARTICLE III

OBJECTS AND PURPOSES

Section 1. SCOPE OF BYLAWS.

These Bylaws are adopted for the regulation of the property rights, powers, privileges, duties and obligations of the shareholders, the Board of Directors, and the officers of Company. Insofar as they are not inconsistent with the Articles

of Incorporation or applicable statutes of the State of California, now existing or hereafter adopted or enacted, these Bylaws shall be conclusive of all matters hereinafter contained.

Section 2. POLICY OF THE COMPANY.

It is the policy of this Company to acquire and hold water and water rights and to construct and maintain waterworks and distribution facilities for the purpose of furnishing and distributing water for domestic and irrigation purposes to its shareholders at cost; including the use of the waterworks and distribution facilities for the purpose of conserving, treating and reclaiming water and providing sewage treatment to its shareholders at cost. Water shall be sold, distributed, supplied or delivered only to owners of shares of the Company.

The Company, may, in the discretion of the Board of Directors, engage in and conduct such other activities as may be lawful for a mutual water company operating in compliance with existing federal and state laws and regulations applicable to mutual water companies.

Section 3. SERVICE AREA.

As used herein, the "Service Area" means all of those lands situated in the County of San Luis Obispo, State of California, as shown in the sketch map appended to these Bylaws as Exhibit "A", and as more particularly set out in Exhibit "B" appended hereto. In the event of any discrepancy or conflict between Exhibits "A" and "B", Exhibit "B" shall control.

ARTICLE IV

SHAREHOLDERS AND OWNERSHIP RIGHTS

Section 1. RIGHT TO RECEIVE WATER.

No water shall be supplied or delivered to any person or organization who is not a shareholder of the Corporation, except as otherwise required by applicable laws or regulations; Water shall be delivered at a fair price consistent with Article VI, Section 2 of these bylaws. Such water may be used only within the Service Area.

The ownership of stock in the Corporation shall not confer any right to have any pipeline, water conduit or other facility enlarged or extended without the approval of the Board of Directors, and the Board of Directors shall have at all times the exclusive determination of the necessity and expediency of

constructing, enlarging and extending the water and sewage system of the Corporation and all of its pipelines and conduits.

Section 2. SHAREHOLDERS.

Shareholders of the Company shall be limited to the owner or owners of each lot or parcel of real property within the Service Area.

For the purposes of these Bylaws, a "lot or parcel" shall be defined as only those lots or parcels which have been assigned a separate assessors parcel number by the County of San Luis Obispo, State of California.

For the purposes of these Bylaws, "owner" or "owners" shall refer to those persons who are the fee simple owners of any lot or parcel, and those persons who have a leasehold interest in any lot or parcel with a term in excess of thirty-five (35) years, including options. The purchaser of any lot or parcel of land under an installment land contract, but not under an executory purchase contract, shall also be deemed to be an owner for the purpose of these Bylaws.

Section 3. QUALIFICATIONS FOR OWNERSHIP.

Any natural person or persons, partnership, association, corporation or other type of organization which is the owner of a lot or parcel of land situated within the Service Area shall be eligible to be a shareholder of the Company.

Section 4. STOCK APPURTENANT TO LAND.

Stock in the Company is appurtenant to the land. Every owner of a lot or parcel of real property within the Service Area of the Company shall be entitled to purchase a total of one share for each: (1) separate residential unit (including each (a) apartment unit which is properly zoned as an apartment unit and which is in fact used as such, (b) living unit of a community, condominium or other cooperative type of multiple living facility, which unit is occupied by, or designed to be occupied by, a separate house, and (c) separate "commercial unit" located on the lot or parcel owned, (provided that each commercial unit, other than one leased by the owner of the entire lot or parcel, must be leased by a distinct party for a distinct commercial enterprise for such unit to constitute a "commercial unit" as such term is used in these Bylaws.) In no event shall a shareholder be entitled to purchase shares in a number either more or less than the total of all residential units, hotel and motel rooms, and separate commercial units located on the owner's lot or parcel.

Fractional shares shall not be issued.

In the event that any shareholder transfers any lot or parcel of land to which his shares are appurtenant, such transfer shall also act as a transfer of the shares appurtenant to that particular lot or parcel to its new owner, subject to the terms and conditions contained in Section 6, below.

Section 5. INITIAL ALLOCATION OF SHARES.

The Directors of the Corporation shall from time to time authorize the issuance of shares consistent with the allocation set forth in Section 4 above. Until a different determination is made by the Board, the allocation set forth herein shall be used.

The Service Area shall be divided into seven (7) parcels, and shares shall be eligible for purchase according to the following schedule:

<u>PARCEL NUMBER</u>	<u>NUMBER OF SHARES</u>
1	50
2	144
3	506
4	6
5	164
6	200
7	4

The parcels are shown on Exhibit "A", with their legal descriptions contained in Exhibits "B-1" through "B-7".

Section 6. TRANSFER OF STOCK.

Shares of stock in the Company are not transferable except as part of the conveyance of the lot or parcel of real property for which such shares are issued and appurtenant.

All transfers of such shares shall be subject to a transfer fee of Twenty-five Dollars (\$25.00) per lot or parcel transferred and to the payment of all assessments, charges or tolls owed to the Company by the shareholder whose shares are being transferred.

Section 7. CLASSES OF STOCK.

There shall be one (1) class of stock in the Company, that being common stock.

Section 8. STOCK CERTIFICATES.

Certificates of shares of the Corporation shall be issued to each shareholder in such form as the Board of Directors may select. Each certificate shall contain a legend that the shares are assessable and such further legends as may be required by law or by the California Commissioner of Corporations or any other agency having jurisdiction over such matters. Each stock certificate shall contain a description of the land for which it is issued and shall be appurtenant thereafter to that land.

Section 9. LIENS AGAINST SHARES.

All assessments, charges or tolls shall be a lien against the shares, and such shares may not be transferred by the shareholder while such shares are subject to any such lien. Such shares, while the lien continues, shall be delinquent.

Section 10. DELINQUENT SHARES.

While any share is delinquent, it may be forfeited to the Corporation or it may be sold by the Corporation and transferred without the land to which it is appurtenant and it shall cease to be appurtenant thereto and shall become appurtenant to the land of the purchaser of such share, and the purchaser shall acquire the right to receive water as provided in the Articles of Incorporation or these Bylaws. Notwithstanding the foregoing, no shares shall entitle any person to the delivery of water outside the Service Area of this Corporation as described in Article IX of the Articles of this Corporation.

Any proceedings for collection of assessments against any shares shall be carried out in conformity with Section 423 of the California General Corporation Law. The Directors shall choose whether to proceed by sale of the delinquent shares, forfeiture of delinquent shares or by an action against the delinquent shareholder; and in the event that the Directors elect to pursue their remedy of any action against a shareholder, the Corporation shall be entitled to be awarded reasonable attorney's fees and costs in the action brought to enforce the assessment.

Section 11. VOTING RIGHTS.

Each shareholder shall be entitled to one (1) vote for each share owned on each matter submitted to a vote of the shareholders; but no shares shall be entitled to a vote while delinquent.

Voting may be by voice or ballot, provided that any election of the Directors must be by ballot if demanded by any shareholder before the voting begins. Each shareholder entitled to vote at any election of the Directors shall have the right to accumulate his votes and give one (1) candidate the 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 on the same principle among as many candidates as he desires. The candidates, up to the number of Directors to be elected, receiving the highest number of votes shall be elected.

Each shareholder shall have the right to vote or execute consents either in person or by the one (1) or more agents authorized by a written proxy executed by such shareholder or his duly authorized agent and filed with the secretary of the Company. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

Section 12. DIVIDENDS.

No gains, profits, dividends or interest shall be declared, payable, or paid upon the shares of stock issued by this Company.

Section 13. LOST CERTIFICATES.

Except as provided in this section no new certificate for shares shall be issued in lieu of an old one unless the latter is surrendered and cancelled at the same time. The Board may, however, in case any certificate for shares is alleged to have been lost, stolen or destroyed, authorize the issuance of a new certificate in lieu thereof, and the Corporation may require that the Corporation be given a bond or other adequate security sufficient to indemnify it against any claim that may be made against it (including any expense or liability) on account of the alleged loss, theft or distribution of such certificate on the issuance of such new certificate, in addition to the requirements of Division 8 of the California Commercial Code.

ARTICLE V

MEETINGS OF SHAREHOLDERS

Section 1. PLACE OF MEETING.

The annual shareholders meeting shall be held either at the principal executive office of the Corporation or any other place designated by the Board of Directors, or by the written consent of all the persons entitled to vote at the meeting, given

either before or after the meeting and filed with the Secretary of the Corporation.

Section 2. ANNUAL MEETINGS.

The annual shareholders meeting shall be held on the first Monday of May in each year at 7:30 p.m., or such other time as may be fixed by the Board; however, if this falls on a legal holiday, then the annual shareholders meeting shall be held at the same time and place on the next succeeding full business day. Directors shall be elected, reports of the Corporation's affairs shall be considered, and any other business within the shareholders' powers may be transacted at the annual shareholders meetings. The notice of any meeting at which Directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by management for election.

Section 3. NOTICE OF ANNUAL MEETINGS.

Notice of annual meetings shall be given in writing to each shareholder entitled to receive it, either personally, by first class mail or telegram, charges prepaid, addressed to the shareholder at his address appearing in the Corporation's books or given by him to the Corporation for the purpose of notice or if no such address appears or is given, at the place where the principal office of the Corporation is located. All required notices shall be sent or otherwise given in accordance with this section and not less than ten (10) days nor more than sixty (60) days before the meeting being noticed; shall specify the place, the day, the hour of the meeting and the matters which the Board intends to present for action by the shareholders; and shall state any other matters that may be required by law, the Articles of Incorporation, or these Bylaws.

Section 4. SPECIAL MEETINGS.

Special meetings of shareholders, for any purpose whatsoever, may be called at any time by the president or by the Board of Directors, or by the holders of shares entitled to cast not less than one-third (1/3) of the voting power of the Company at such meeting.

Section 5. NOTICE OF SPECIAL MEETINGS.

Upon request in writing to the president, vice-president or secretary, by any person (other than the Board) entitled to call a special meeting, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. In

all other cases, the notice of a special meeting shall be given not less than ten (10) days nor more than sixty (60) days before the meeting being noticed. Notice of any special meeting shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted, and no other business may be transacted.

Section 6. QUORUM.

The presence in person or by proxy of twenty percent (20%) of the shareholders shall constitute a quorum for the transaction of business at any meeting of shareholders. The shareholders present at a duly called and held 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, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. The affirmative vote of the majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders unless the vote of a greater number is required by law or by the Articles of Incorporation or Bylaws.

Section 7. WAIVER OF CONSENT BY ABSENT SHAREHOLDERS.

The transaction at any annual or special shareholders meeting, however called or noticed, shall be as valid as if held after valid call of notice if a quorum is present, either in person or by proxy, and if, either before or after the meeting, each person entitled to vote and not present in person or by proxy signs either a written waiver of notice, a consent to hold the meeting, or an approval of the minutes of the meeting. Each waiver, consent, or approval given under this section shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. ACTION WITHOUT MEETING.

Any action that may be taken at a shareholders meeting under any provisions of the California General Corporation Law may be taken without a meeting if a written authorization is signed by each person entitled to vote on the action at a meeting and this authorization is filed with the secretary of the Corporation.

Section 9. RECORD DATE.

The shareholders entitled to notice of any meeting or to vote at any such meeting shall be the only person in whose

name shares stand or the stock records of the Corporation on the record date. The Board may fix, in advance, a record date for the determination of the shareholders entitled to notice of any meeting or to vote. The record date so fixed shall be not more than sixty (60) nor less than ten (10) days prior to the date of the meeting nor more than sixty (60) days prior to the date of the meeting nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

Section 10. MULTIPLE OWNERSHIP.

If shares stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, husband and wife as community property or otherwise, unless the secretary of the Corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

- (a) If only one (1) votes, such vote binds all;
- (b) If more than one (1) votes, the act of the majority so voting binds all;
- (c) If more than one (1) votes, but the votes are evenly split on any particular matter each faction may vote on the securities in question proportionately.

ARTICLE VI

DIRECTORS

Section 1. POWERS GENERALLY.

Subject to the limitations of the Articles, of these Bylaws, and of the California General Corporation Law relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board: The Board, with the

6 approval of the outstanding shares, may delegate the management of the day-to-day operation of the business of the Corporation to a management company or other person provided that the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) To select and remove all the other officers, agents, and employees of the Corporation, prescribe the powers and duties for them as may not be inconsistent with law, or with the Articles or these Bylaws, fix their compensation, and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and business of the Corporation and to make such rules and regulations therefor not inconsistent with law, or with the Articles or these Bylaws, as they may deem best.

(c) To adopt, make, and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time as in their judgment they may deem best.

(d) To authorize the issuance of shares of stock of the Corporation from time to time, upon such terms and for such consideration as may be lawful.

(e) To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.

(f) The Directors shall have the authority to pay reasonable salaries to persons from time to time employed by the Corporation. Reasonableness of salaries shall be determined by comparison with salaries paid to similarly qualified people working in similar capacities in other private water companies and in such public water distribution facilities as the Board of Directors in its sole discretion may determine to be an appropriate comparison.

Section 2. POWERS TO ESTABLISH RATES, CHARGES, RULES AND REGULATIONS.

In addition to the general powers set forth above, and without limiting the generality thereof, the Board of Directors shall have the following specific powers with respect to establishment of rates, charges, rules and regulations:

(a) The Board of Directors shall, from time to time prescribe the charges to be paid by the shareholders for water or other services in connection with the supplying of water or other services to shareholders, and may levy and collect assessments or service charges or other charges for the purpose of providing necessary funds for the Corporation or for any other purpose permitted by law consistent with the Articles and these Bylaws. The amount of any of these charges, tolls or assessments shall be in the sole determination of the Board of Directors.

(b) The Board of Directors may make all rules and regulations they deem necessary pertaining to the distribution of water and the operation of the water system, including the enlargement and extension thereof. The Board may provide in such rules that, upon reasonable notice, violation thereof shall cause such shares to be delinquent.

(c) The Board of Directors may make and enforce all rules and regulations permitted by law and by them determined necessary to enforce these provisions and for all proper purposes of the Corporation.

(d) The Directors shall, in the course of establishing a rate structure, from time to time determine rates which, in addition to covering operating costs, will provide for adequate funds for the maintenance, repair, and replacement of the facilities of the Corporation, as well as reasonable charges for connection, reconnection and turn on of service.

Operating cost shall be defined to include, but not be limited to, the cost for electricity, water, chlorine and other items which are consumed in the operation of the system, and salaries, wages and fees which are paid for the maintenance, monitoring and operation of the system.

In addition to prescribing rates for the use of water for those shareholders who actually receive water, the Directors shall also, as necessary, establish fair rates for the use of water for the benefit of land within the Service Area at such times as there are no shares issued which are appurtenant to said land, but only to the extent permitted by these Bylaws. In addition, the Directors shall determine an appropriate share of costs of maintaining the system to be allocated to those

shareholders who are not actually receiving water for the benefit of their land.

(e) The Directors shall, at such times as further land within the Service Area are subdivided or improved, determine the cost of shares for that area and any additional charges or assessments based on the cost of expanding the system to serve that area.

(f) In the event of any conflict whatsoever between the provisions of this Article VI, Section 2 and any other provision of these Bylaws, the provisions of this Article VI, Section 2 shall prevail. Any amendment, repeal, addition or other change of any kind to the Bylaws or to the Articles of Incorporation of this Corporation which affects (a) assessments, (b) Article V or Article VII of the Articles of Incorporation of this Corporation or (c) Article VI, Section 2 of these Bylaws (where all provisions of the Bylaws affecting assessments shall be contained) shall be made only by the affirmative vote of a majority of the shares which are appurtenant to Parcel 5, as defined in Article IV, Section 5 of these Bylaws, in addition to any other shareholder or director approval required by law.

Section 3. NUMBER OF DIRECTORS.

The authorized number of directors shall be three (3), all of whom shall be owners of land or officers of a corporation or general partner(s) of a partnership which is an owner of land situated within the Service Area of the Company.

Section 4. ELECTION AND TERM OF OFFICE.

The Directors shall be elected at each annual shareholders meeting; however, if any annual meeting is not held or the Directors are not elected at any annual meeting, they may be elected at any special shareholders meeting held for that purpose. Each Director shall hold office until his successor has been elected and qualified.

Section 5. VACANCIES.

Any Director may resign effective upon giving written notice to the president, the secretary or the Board, unless the notice specifies a later date for the effectiveness of said resignation.

Vacancies on the Board of Directors except those existing as a result of a removal of a Director, may be filled by a vote of a majority of the remaining Directors though less than a quorum, and each Director elected in this manner shall hold

office until the next annual meeting and until his successor is elected and qualified.

The shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

Section 6. PLACE OF MEETINGS.

Regular and special meetings of the Board of Directors shall be held at any place as designated by resolution of the Board or, either before or after the meeting, consented to in writing by all the Board members. If consents are given, they shall be filed with the minutes of the meeting. In the absence of such designation, regular meetings shall be held at the principal executive office of the Corporation.

Section 7. ORGANIZATION MEETING.

Immediately after each annual meeting of shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business. Notice of such meeting shall not be required.

Section 8. REGULAR MEETING.

Regular meetings of the Board of Directors shall be held without call on the first Monday of each month, at 7:30 p.m.; provided, however, that should said day fall upon a legal holiday, then any such meeting shall be held at the same time and place on the next full business day. Notice of such meetings shall not be required.

Section 9. SPECIAL MEETINGS.

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the president, vice-president or secretary, or any Board member.

Section 10. NOTICE OF SPECIAL MEETING.

Notice of any special meeting shall be given at least four (4) days previously thereto in writing delivered personally or sent by first class mail or telegram to each Director at his address as shown by the records of the Company, or as may have been given to the Corporation by the Director for purposes of notice.

Section 11. QUORUM.

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 12. Every act or decision made by a majority of the Directors present at a meeting at which a quorum is present shall be regarded as the act of the Board of Directors, unless the vote of greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 12. WAIVER OF NOTICE.

The transaction of any meeting of the Board of Directors, however called or noticed or whenever held, shall be as valid as if held after proper call or noticed, if a quorum is present and, either before or after the meeting, each Director signs either a written waiver of notice, a consent to holding the meeting, or approval of its minutes. These waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special Board meeting need be specified in the notice of waiver of the meeting.

Attendance of a Director at a meeting shall constitute a waiver of notice of that meeting, unless the Director attends for the express purpose of objecting to the transaction of any business because the meeting is not properly called, noticed or convened; provided, however, that if after stating his objection, the objecting Director continues to attend and by his attendance participates in any manner other than those objected to, he shall be considered to have waived notice of the meeting and withdrawn his objection.

Section 13. ADJOURNMENT.

A majority of the Directors present, whether or not constituting a quorum may adjourn any meeting to another time and place. Notice of the time and the place of holding an adjourned meeting need not be given to absent Directors if the time and place are fixed at the meeting being adjourned.

Section 14. ACTION WITHOUT MEETING.

The Board of Directors may take any action without a meeting that may be required or permitted to be taken by the Board at a meeting, if all the members of the Board individually or collectively consent in writing to the action. The written consent or consents shall be filed in the minutes of the proceedings of the Board. The action by written consent shall have the same effect as the unanimous vote of the Directors. Any

certificate or other document filed with the minutes of the proceedings shall state that the action was taken by unanimous written consent of the Board without a meeting and that the Bylaws of the Corporation authorize this action.

Section 15. COMPENSATION.

The Directors and members of committees, as such, shall not receive any salary for their services, but by resolution of the Board, a fixed sum and expense of attendance, if any, may be allowed for attendance at each regular and special meeting of the Board, provided that nothing herein contained shall be construed to preclude any Director from serving the Company in any other capacity and receiving compensation therefor.

Section 16. COMMITTEES.

The Board may designate one (1) or more committees, each consisting of two (2) or more Directors, and delegate to such committees any of the authority of the Board, except those matters prohibited by Section 311 of the California Corporations Code. Any such committee must be appointed by resolution adopted by a majority of the authorized number of Directors. The appointment of members of a committee requires the vote of a majority of the authorized number of Directors.

ARTICLE VII

OFFICERS

Section 1. OFFICERS.

The officers of the Corporation shall be the president, the vice-president, the secretary and a chief financial officer. One (1) person may hold two (2) or more offices, except those of president and secretary.

Section 2. ELECTION.

The officers of the Corporation shall be chosen annually by the Board of Directors, and each shall hold his office until he resigns or is removed or is otherwise disqualified from service, or his successor is elected and qualified.

Section 3. REMOVAL AND RESIGNATION.

Any officer may be removed either with or without cause by the Board at any time. Any such removal shall be without

prejudice to the rights, if any, of the officer under any contract of employment of the officer.

An officer may resign at any time by giving written notice to the Board of Directors, or the president of the Corporation. An officer's resignation shall take effect when it is received or at any later time specified in the resignation. Unless the resignation specifies otherwise, its acceptance by the Corporation shall not be necessary to make it effective.

Section 4. VACANCIES.

A vacancy in any office because of death, resignation, disqualification, or any other cause shall be filled in a manner prescribed in the Bylaws for regular appointments to the office.

Section 5. PRESIDENT.

The president shall be the chief executive officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation. He shall preside at all meetings of the shareholders and at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of corporate management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 6. VICE-PRESIDENT.

In the absence or disability of the president, the vice-president shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to, all the restrictions upon, the president. The vice-president shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Bylaws.

Section 7. SECRETARY.

The secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and shareholders, with the time and place of holding, whether regular or special and, if special, how authorized, the notice thereof given, the names of those present at Director's meetings and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal office or at the office of the Corporation's transfer agent, a share register, or duplicate share register, showing the names of the shareholders and their addresses; the number and classes of shares held by each; the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give or cause to be given, notice of all the meetings of the shareholders and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the Corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 8. CHIEF FINANCIAL OFFICER.

The chief financial officer shall keep and maintain or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. The books of account shall at all reasonable times be open to inspection by any Director.

The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the president and Directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation and shall have such powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 9. COMPENSATION.

The salaries of the officers and other shareholders employed by the Corporation shall be fixed from time to time by the Board of Directors or established under agreements with officers or shareholders approved by the Board of Directors, provided that said compensation shall be limited by the market value for an employee in a like position in a like community. No officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE VIII

GENERAL CORPORATE MATTERS

Section 1. INSPECTION OF CORPORATE RECORDS.

The share register, books of account, and the minutes of the proceedings of the shareholders and Directors shall be open to inspection on the written demand of any shareholder at any reasonable time for a purpose reasonably related to his interests as a shareholder. Any inspection under this section may be made in person or by an agent or attorney, and shall include the right to make extracts and copies.

Section 2. CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED.

Except as otherwise provided in the Bylaws, the Board of Directors may authorize one (1) or more officers, agents, or employees to enter into any contract to execute any instrument in the Corporation's name and on its behalf. This authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by a contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 3. REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The president is authorized to vote, represent, and exercise on behalf of this Corporation all rights incident to any shares of any other corporation standing in the name of this Corporation. The authority granted to vote or represent shares held by this Corporation in other corporations may be exercised either in person or through any other person authorized by proxy or power of attorney executed by the president.

Section 4. INSPECTION OF BYLAWS.

The Corporation shall keep at its principal office the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the shareholders at all reasonable times during office hours.

Section 5. FISCAL YEAR.

The fiscal year of the Company is and shall be the calendar year.

Section 6. WASTE PROHIBITED.

No shareholder shall waste water. In the event of flagrant waste of water and failure to correct such usage the Company may, in its discretion, disconnect service. However, before service is disconnected, the shareholder shall be entitled to a hearing before the Board at a time and place fixed by the Board, and the decision of the Board at any such hearing shall be final.

Section 7. INSTRUCTION AND DEFINITIONS.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Corporations Code shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine includes the feminine and neuter, the singular number includes the plural, the plural includes the singular and the term "person" includes both a corporation and a natural person.

Section 8. INHERENT POWERS.

Nothing in the Bylaws or Articles of Incorporation shall prevent the Company from adopting rules and regulations for its operation so long as such rules or regulations are consistent with the Bylaws and Articles of Incorporation.

Section 9. NOTICE.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other notice shall be deemed given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient.

Section 10. INDEMNIFICATION.

The Corporation shall, to the maximum extent permitted by California General Corporation Law, indemnify each of its agents against expense, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the Corporation includes any person who is or was a Director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation, partnership, joint venture, trust or other enterprise, or was a Director, officer, employee or agent of a

corporation or of another enterprise at the request of such predecessor corporation.

Section 11. INSURANCE.

The Corporation shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability.

ARTICLE X

AMENDMENTS

Section 1. AMENDMENT BY THE SHAREHOLDERS.

New Bylaws may be adopted or these Bylaws may be amended or repealed by the persons entitled to vote a majority of the Corporation's voting shares, or their proxies, or by written assent of these persons, except as otherwise provided by law or the Articles of Incorporation. Any amendment, repeal, addition or other change of any kind to the Bylaws which affects (a) assessments, (b) Article V or Article VII of the Articles of Incorporation of this Corporation or (c) Article VI, Section 2 of these Bylaws shall be made only by the affirmative vote of a majority of the shares which are appurtenant to Parcel 5, as defined in Article IV, Section 5 of these Bylaws, in addition to any other shareholder or director approval required by law.

Section 2. AMENDMENT BY THE DIRECTORS.

Subject to (a) the right of shareholders under the previous section of these Bylaws, (b) the restrictions set forth in Article VI, Section 2(f) and Article X, Section 1 of these Bylaws, and (c) the restrictions set forth in Article VII of the Articles of Incorporation of this Corporation, these Bylaws may be adopted, amended, or repealed by the Board of Directors.

EXHIBIT 20-A

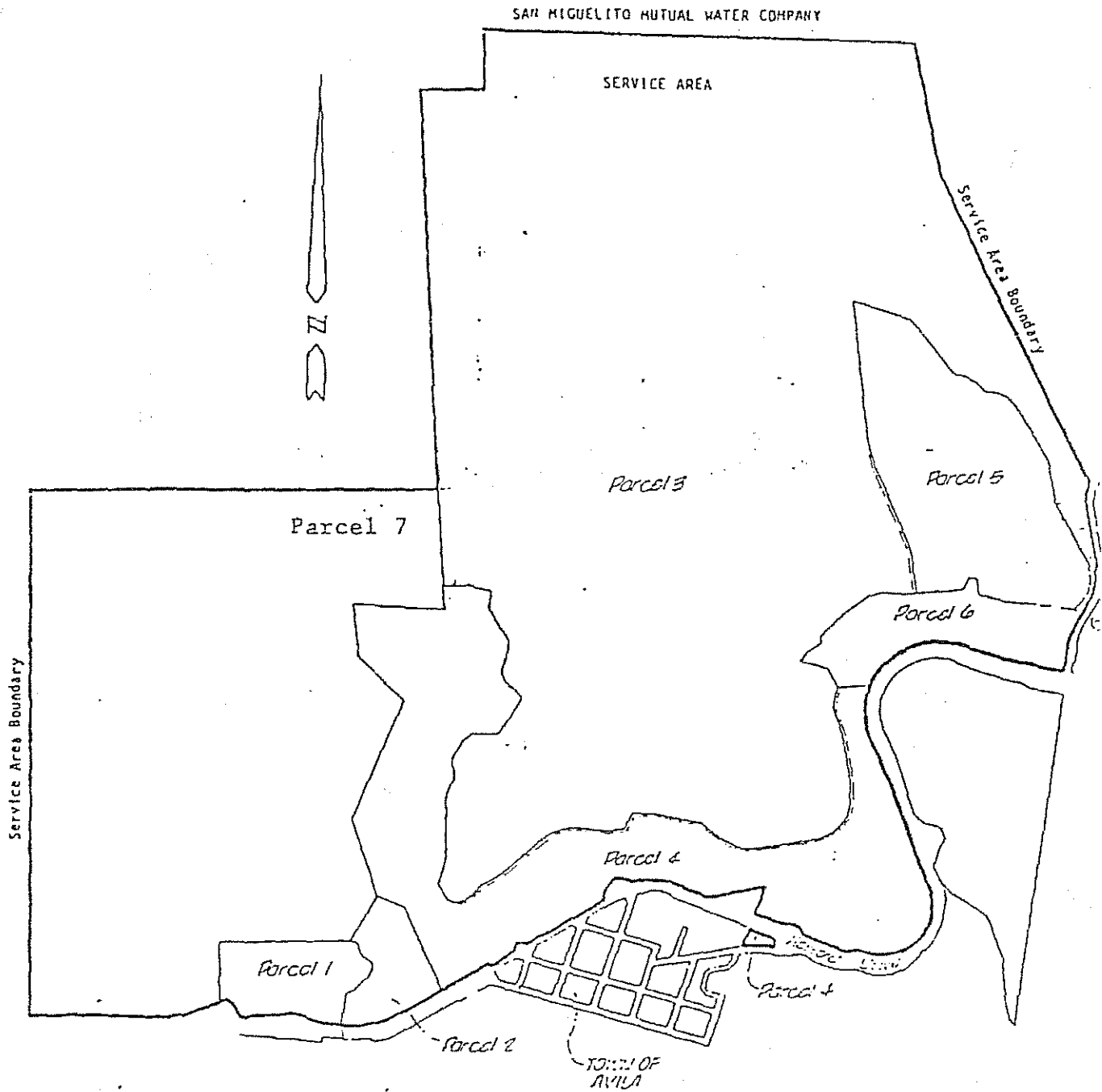


EXHIBIT A.

SAN LUIS BAY TRACT

PARCEL 1

LEGAL DESCRIPTION

A parcel of land being a portion of Lot Y, of "Plat of Part of the Rancho San Miguelito owned by J. Harford, Subdivided by H.C. Ward, May 1880", in the County of San Luis Obispo, State of California, according to map filed for record in Book B, at Page 96 of Maps, being more particularly described as follows:

Commencing at a 4 inch brass disk marked LS 2739 at the Northeasterly corner of the Union Oil Company parcel of land, as shown on a map filed in Book 7 at Page 81 of Records of Survey, said 4 inch brass disk is also shown on map filed in Book 1 at Page 36 of Miscellaneous Maps, thence along the Northerly line of said Union Oil Company parcel, South $89^{\circ} 20' 29''$ West, 99.99 feet more or less to the True Point of Beginning; thence North $09^{\circ} 38' 27''$ East, 307.74 feet; thence North $75^{\circ} 55' 34''$ East, 40.92 feet; thence North $53^{\circ} 43' 28''$ East, 55.59 feet; thence North $41^{\circ} 52' 52''$ East, 164.94 feet; thence North $26^{\circ} 29' 19''$ East, 94.21 feet; thence North $08^{\circ} 04' 52''$ West, 64.59 feet; thence North $48^{\circ} 17' 06''$ West, 116.48 feet; thence North $23^{\circ} 26' 50''$ West, 115.38 feet; thence North $57^{\circ} 56' 43''$ West, 88.85 feet more or less to an angle point on the Northerly line of Parcel 1 as said parcel is shown on said map filed in Book 1, at Page 35 of Miscellaneous Maps; thence following the boundary of said Parcel 1 in a Westerly, Southerly and Easterly direction through the following courses:

WEST, 1228.58 feet

SOUTH, 611.36 feet

North $62^{\circ} 15' 22''$ East, 91.30 feet

South $28^{\circ} 21' 03''$ East, 211.38 feet

North $86^{\circ} 03' 33''$ East, 49.74 feet

North $70^{\circ} 20' 15''$ East, 77.98 feet

South $85^{\circ} 04' 52''$ East, 137.19 feet

North $86^{\circ} 03' 33''$ East, 237.41 feet

South $68^{\circ} 21' 52''$ East, 258.31 feet

South $79^{\circ} 15' 15''$ East, 162.20 feet

North $04^{\circ} 54' 31''$ East, 1.10 feet

South $89^{\circ} 20' 29''$ East, 57.50 feet more or less to the true point of

beginning.

SAN LUIS BAY INN
PARCEL 2
LEGAL DESCRIPTION

A parcel of land being a portion of Lot Y of "Plat of part of the Rancho San Miquelito owned by J. Harford, Subdivided by H.C. Ward May 1880", in the County of San Luis Obispo, State of California, according to map filed for record in Book B, at Page 96 of Maps, being more particularly described as follows:

Beginning at a 4 inch brass disk marked LS 2739 at the Northeasterly corner of the Union Oil Company parcel of land, as shown on map filed in Book 7 at Page 81 of Records of Survey, said 4 inch brass disk is also shown on map filed in Book 1 at Page 36 of Miscellaneous Maps, thence along the Northerly line of said Union Oil Company parcel South $89^{\circ} 20' 29''$ West 99.99 feet more or less; thence North $09^{\circ} 38' 27''$ East 307.74 feet; thence North $75^{\circ} 55' 34''$ East, 40.92 feet; thence North $53^{\circ} 43' 28''$ East, 55.59 feet; thence North $41^{\circ} 52' 52''$ East, 164.94 feet; thence North $26^{\circ} 29' 19''$ East, 94.21 feet; thence North $08^{\circ} 04' 52''$ West, 64.59 feet; thence North $48^{\circ} 17' 06''$ West, 116.48 feet; thence North $23^{\circ} 26' 50''$ West, 115.38 feet; thence North $57^{\circ} 56' 43''$ West 88.85 feet more or less to an angle point on the Northerly line of Parcel 1 as said parcel is shown on said map filed in Book 1, at Page 36 of Miscellaneous Maps; thence along said Northerly boundary of said Parcel 1 North $30^{\circ} 32' 51''$ East, 498.44 feet to the most Northerly corner of said Parcel 1; thence South $65^{\circ} 45' 48''$ East, 289.12 feet; thence South $23^{\circ} 26' 16''$ East, 889.43 feet more or less to a point on the Northerly right of way line of Harford Drive; thence South $57^{\circ} 56' 10''$ West, 108.08 feet more or less along said Northerly right of way line to a point which is 70.00 feet left of Engineers Centerline Station 214 + 00.00; thence continuing along said Northerly right of way line South $60^{\circ} 01' 28''$ West, 411.64 feet; thence continuing along said Northerly right of way line on a curve to the right, from a tangent that bears South $57^{\circ} 56' 10''$ West, having a radius of 615.00 feet, through a central angle of $37^{\circ} 38' 24''$, for an arc length of 404.02 feet to a point; thence North $09^{\circ} 13' 00''$ West 29.22 feet to the true point of beginning.

SAN LUIS BAY INN

PARCEL 3

LEGAL DESCRIPTION

A parcel of land being a portion of Lots 46 and 47 of the Rancho San Miquelito according to map filed for record in Book A, at Page 38 of Maps and a portion of Lots V and Y of "Plat of Part of the Rancho San Miquelito owned by J. Harford, Subdivided by H.C. Ward, May 1880", in the County of San Luis Obispo, State of California, according to map filed for record in Book B, at Page 96 of Maps, being more particularly described as follows:

Commencing at a point on the westerly right of way line of San Luis Bay Drive (V-S.L.O. - FAS 1238 (1)), said point being 43.00 feet right of Engineers Centerline Station 55 + 76.60 and running along said westerly right of way line North 26° 10' 00" East, 167.84 feet to a point which is 40.00 feet right of Engineers Centerline Station 54 + 21.02 B.C., and to the true point of beginning; thence leaving said westerly right of way line and running through the following courses:

North 28° 27' 33" West,	87.24 feet
North 40° 18' 09" East,	81.59 feet
North 25° 38' 05" East,	175.50 feet
North 10° 28' 18" East,	73.71 feet
North 01° 22' 13" West,	115.74 feet
North 25° 53' 41" West,	738.85 feet
North 08° 28' 02" West,	412.53 feet
North 29° 45' 09" West,	632.11 feet
North 47° 44' 05" West,	137.91 feet
North 68° 55' 07" West,	76.99 feet
North 81° 36' 31" West,	114.63 feet
North 44° 04' 09" West,	135.63 feet
North 59° 15' 19" West,	115.41 feet
North 83° 04' 58" West,	56.12 feet
North 43° 16' 48" West,	172.20 feet
North 34° 46' 13" West,	555.68 feet
North 71° 19' 40" West,	588.98 feet
South 05° 15' 57" East,	1398.44 feet
South 18° 45' 01" East,	379.33 feet
South 22° 50' 36" East,	611.17 feet
South 20° 58' 09" East,	232.64 feet
South 06° 50' 16" East,	405.61 feet
South 88° 49' 39" West,	204.98 feet
North 81° 19' 14" West,	124.68 feet
South 71° 41' 50" West,	126.71 feet
South 54° 37' 11" West,	120.31 feet
South 54° 58' 32" West,	169.59 feet
South 45° 10' 41" West,	340.64 feet
South 05° 22' 54" East,	83.41 feet
South 61° 07' 14" West,	161.69 feet
South 31° 06' 19" West,	104.36 feet
South 81° 00' 49" East,	153.25 feet
South 68° 13' 43" East,	123.53 feet
South 27° 37' 03" East,	205.84 feet
South 09° 14' 42" West,	210.49 feet

South 17° 23' 32" East, 282.38 feet
 South 10° 54' 04" East, 395.91 feet
 South 01° 50' 27" East, 292.12 feet
 South 15° 50' 03" West, 134.81 feet
 South 35° 44' 18" West, 163.28 feet
 South 62° 15' 14" West, 153.33 feet
 South 80° 41' 57" West, 696.08 feet
 North 87° 23' 02" West, 95.17 feet
 North 57° 42' 57" West, 195.64 feet
 North 49° 54' 39" West, 241.34 feet
 North 75° 53' 20" West, 411.44 feet
 North 85° 14' 36" West, 165.40 feet
 South 88° 33' 21" West, 84.73 feet
 South 23° 43' 32" West, 166.50 feet
 South 72° 06' 51" West, 47.27 feet
 South 89° 43' 35" West, 260.51 feet
 North 76° 20' 47" West, 127.64 feet
 South 87° 56' 05" West, 80.81 feet
 South 69° 36' 13" West, 172.87 feet
 South 46° 15' 29" West, 231.32 feet
 South 49° 40' 08" West, 382.17 feet
 South 62° 33' 14" West, 188.84 feet
 South 36° 17' 23" West, 94.17 feet
 South 49° 24' 22" West, 134.73 feet
 South 76° 43' 25" West, 87.46 feet
 North 69° 47' 37" West, 63.19 feet
 North 31° 57' 35" West, 196.43 feet
 North 15° 38' 22" East, 287.86 feet
 North 06° 29' 18" West, 144.60 feet
 North 0° 45' 40" East, 444.03 feet
 North 21° 35' 49" East, 205.65 feet
 North 07° 52' 51" West, 176.25 feet
 North 24° 51' 56" East, 203.36 feet
 North 48° 18' 56" East, 113.25 feet
 South 89° 38' 41" East, 247.98 feet
 North 32° 07' 14" East, 423.70 feet
 North 43° 32' 57" West, 116.88 feet
 North 55° 26' 03" West, 117.43 feet
 North 18° 06' 12" West, 104.37 feet
 North 14° 42' 09" East, 175.44 feet
 North 05° 29' 47" East, 175.62 feet
 North 35° 50' 51" West, 224.30 feet
 North 23° 54' 49" West, 123.84 feet
 North 08° 48' 46" East, 173.87 feet
 North 72° 45' 56" West, 208.26 feet;

thence WEST in a direct line to a point on the agreed line described in the deed
 to San Miquelito Park Company, recorded December 14, 1966 in Book 1419 at Page
 265 of Official Records; thence North 01° 58' 57" West to the point of inter-
 section of said line with the Northerly line of said Lot V; Thence North 39°
 45' 00" East to Post II; thence North to the Northwest corner of said Lot 47
 at the North line of the Rancho San Miquelito; thence South 88° 05' 00" East,
 4092.00 feet to point 5157; thence South 11° 45' 00" East, 1128.60 feet to

point S158; thence South $25^{\circ} 00' 00''$ East in a direct line through point L.M. 1, as said point is shown on map filed for record in Book 7, at Page 52 of Licensed Surveyors Maps to its intersection with the Westerly line of said San Luis Bay Drive (V-S.L.O.-FAS 1238 (1)); thence following said Westerly right of way line on a curve to the left, having a radius of 430.00 feet to a point which is 30.00 feet right of Engineers Centerline Station 42 ± 36.19 EC; thence continuing along said Westerly right of way line South $06^{\circ} 23' 00''$ East, 119.86 feet; thence on a curve to the left, tangent to the last described course having a radius of 3030.00 feet, through a central angle of $03^{\circ} 40' 00''$, for an arc length of 193.91 feet; thence South $10^{\circ} 03' 00''$ East, 335.44 feet; thence South $07^{\circ} 02' 40''$ West, 164.37 feet; thence South $26^{\circ} 10' 00''$ West 348.41 feet to the true point of beginning.

SAN LUIS OAY INN

PARCEL 4

LEGAL DESCRIPTION

A parcel of land being a portion of Lot 47 of the Rancho San Miquelito according to map filed for record in Book A, at Page 38 of Maps and a portion of Lot V of "Plat of Part of the Rancho San Miquelito owned by J. Harford, Subdivided by H.C. Ward, May 1880", in the County of San Luis Obispo, State of California, according to map filed for record in Book B, at Page 96 of Maps, being more particularly described as follows:

Commencing at a point in the Northerly right of way line of Harford Drive, said point being 70.00 feet left of Engineers Centerline Station 214 + 00.00 and running along said Northerly right of way line North 57° 56' 10" East, 108.08 feet more or less to the true point of beginning; thence continuing along the Northerly and Westerly right of way line of said Harford Drive through the following courses: North 57° 56' 10" East, 391.71 feet more or less; thence on a curve to the right, tangent to the last described course, having a radius of 20,070.00", through a central angle of 00° 17' 13", for an arc length of 100.51 feet; thence South 31° 46' 37" East 40.00 feet; thence North 57° 19' 05" East, 300.59 feet; thence North 59° 30' 54" East, 302.50 feet; thence North 61° 58' 16" East, 198.22 feet; thence North 59° 58' 51" East, 200.00 feet; thence North 58° 50' 53" East, 364.84 feet; thence North 50° 29' 03" East, 95.44 feet; thence North 71° 28' 13" East, 111.32 feet; thence North 83° 41' 32" East, 168.85 feet; thence South 77° 23' 58" East, 113.14 feet; thence South 66° 58' 41" East, 111.56 feet; thence South 62° 27' 26" East, 150.63 feet; thence South 64° 21' 32" East, 550.00 feet; thence South 71° 57' 13" East, 453.98 feet; thence South 46° 54' 42" East, 183.44 feet; thence South 64° 21' 32" East, 375.00 feet; thence North 76° 03' 43" East, 91.03 feet; thence South 69° 00' 56" East, 144.27 feet; thence South 81° 48' 42" East, 124.20 feet; thence North 81° 54' 42" East, 127.02 feet; thence North 66° 37' 00" East, 129.35 feet; thence North 54° 42' 48" East, 110.04 feet; thence on a curve to the left, from a tangent which bears North 43° 33' 31" East, having a radius of 532.00 feet, through a central angle of 61° 38' 33", for an arc length of 572.36 feet; thence North 19° 06' 32" West, 279.52 feet; thence North 18° 05' 02" West, 1150.00 feet; thence North 23° 26' 20" West, 214.31 feet to a point which is 93.00 feet left of Engineers Centerline Station 207 + 13.37 BC; thence on a curve to the right, from a tangent which bears North 18° 05' 02" West, having a radius of 693.00 feet to its intersection with a line which bears North 89° 09' 07" East from a point; thence leaving said Westerly line of Harford Drive and running South 89° 09' 07" West to said point; thence through the following courses:

South	09°	14'	42"	West,	210.49	feet
South	17°	23'	32"	East,	202.38	feet
South	10°	54'	04"	East,	395.91	feet
South	01°	50'	27"	East,	292.12	feet
South	15°	50'	03"	West,	134.81	feet
South	35°	44'	18"	West,	163.28	feet
South	62°	15'	14"	West,	153.33	feet
South	80°	41'	57"	West,	696.08	feet
North	87°	23'	02"	West,	95.17	feet
North	57°	42'	57"	West,	195.64	feet
North	49°	54'	39"	West,	241.34	feet
North	75°	53'	20"	West,	411.44	feet
North	85°	14'	36"	West,	165.40	feet
South	88°	33'	21"	West,	84.73	feet
South	23°	43'	32"	West,	166.50	feet
South	72°	06'	51"	West,	47.27	feet
South	89°	43'	35"	West,	260.51	feet
North	76°	20'	47"	West,	127.64	feet
South	87°	56'	05"	West,	80.81	feet
South	69°	36'	13"	West,	172.87	feet
South	46°	15'	29"	West,	231.32	feet
South	49°	40'	08"	West,	382.17	feet
South	62°	33'	14"	West,	188.04	feet
South	36°	17'	23"	West,	94.17	feet
South	49°	24'	22"	West,	134.73	feet
South	76°	43'	25"	West,	37.46	feet
North	69°	47'	37"	West,	63.19	feet
North	31°	57'	35"	West,	196.43	feet
North	15°	38'	22"	East,	287.86	feet
North	06°	29'	18"	West,	144.60	feet
North	0°	45'	40"	East,	444.03	feet
North	21°	35'	49"	East,	205.65	feet
North	07°	52'	51"	West,	176.25	feet
North	24°	51'	56"	East,	203.36	feet
North	48°	18'	56"	East,	113.25	feet
South	89°	38'	41"	East,	247.98	feet
North	32°	07'	14"	East,	423.70	feet
North	43°	32'	57"	West,	116.88	feet
North	55°	26'	03"	West,	117.43	feet
North	18°	06'	12"	West,	104.37	feet
North	14°	42'	09"	East,	175.44	feet
North	05°	29'	47"	East,	175.62	feet
North	35°	50'	51"	West,	224.30	feet
North	23°	54'	49"	West,	123.84	feet
North	08°	48'	46"	East,	173.87	feet
North	72°	45'	56"	West,	208.26	feet;

thence WEST in a direct line to a point on the agreed line described in the deed to San Miquelito Park Company, recorded December 14, 1966 in Book 1419 at Page 265 of Official Records; thence South 01° 58' 57" East along said agreed line to the Easterly terminus of the course designated as South 84° 09' 21" East, 354.45 feet in said deed; thence following said agreed line through the following courses;

North	84°	09'	21"	West,	354.45	feet
South	05°	38'	07"	East,	529.55	feet
South	43°	03'	11"	East,	603.50	feet
South	23°	00'	28"	West,	1261.35	feet
South	15°	26'	02"	East,	815.40	feet

thence leaving said agreed line and running South 65° 45' 00" East, 209.12 feet more or less to a point; thence South 23° 26' 16" East, 809.43 feet to a point on said Northerly right of way line of Harford Drive and to the true point of beginning.

Except there from that portion of Blocks 10 and 11 of the Town of Avila described in deed to Avila Sanitary District, recorded September 13, 1968 in Book 1490 at Page 30 of Official Records.

Also excepting there from that portion of Block 2 of the Town of Avila described in quitclaim deed to the County of San Luis Obispo, recorded in Book 1448, at Page 79 of Official Records.

Also excepting there from that portion of Block 2 of the Town of Avila described in deed to the County of San Luis Obispo, recorded in Book 1455, at Page 460 of Official Records.

A parcel of land being a portion of the Rancho San Miguelito adjacent to the town of Avila in the County of San Luis Obispo, State of California, according to map filed for record in Book A, at Page 38 of Maps, being more particularly described as follows:

Being bounded on the westerly side by the easterly line of the parcel of land shown on map filed for record in Book 25, at Page 49 of Record of Surveys.

Being bounded on the northly side and easterly side by the Southerly right of way line of Harford Drive as described in deed recorded in Book 1481, at page 55 of Official Records beginning at a point in said right of way 60.00 feet right of Engineers Centerline Station 246 + 50.00 and running South 59° 35' 43" East 301.04 feet; thence South 01° 06' 00" East, 62.51 feet; thence South 09° 10' 21" West, 65.00 feet.

Being bounded on the southerly side by the northerly right of way line of the San Luis Obispo Highway.

SAN LUIS BAY INN
PARCEL 5
LEGAL DESCRIPTION
(Mobile Home Park)

A parcel of land being a portion of Lots 45, 46 and 47 of the Rancho San Miguelito in the County of San Luis Obispo, State of California, according to map filed for record in Book A, at Page 38 of Maps, being more particularly described as follows:

Commencing at a point on the westerly right of way line of San Luis Bay Drive (V-S.L.O. - FAS 1238 (1)), said point being 43.00 feet right of Engineers Centerline Station 55 + 76.60 and running along said westerly right of way line North 26° 10' 00" East, 167.84 feet to a point which is 40.00 feet right of Engineers Centerline Station 54 + 21.02 B.C.; thence leaving said westerly right of way line and running North 28° 27' 33" West, 87.24 feet to the true point of beginning; thence through the following courses:

North 40° 18' 09" East,	81.59 feet
North 25° 38' 05" East,	175.50 feet
North 10° 28' 18" East,	73.71 feet
North 01° 22' 13" West,	115.74 feet
North 25° 53' 41" West,	738.85 feet
North 08° 28' 02" West,	412.53 feet
North 29° 45' 09" West,	632.11 feet
North 47° 44' 05" West,	137.91 feet
North 68° 55' 07" West,	76.99 feet
North 81° 36' 31" West,	114.63 feet
North 44° 04' 09" West,	135.63 feet
North 59° 15' 19" West,	115.41 feet
North 83° 04' 58" West,	56.12 feet
North 43° 16' 48" West,	172.20 feet
North 34° 46' 13" West,	555.68 feet
North 71° 19' 40" West,	588.98 feet
South 05° 15' 57" East,	1398.44 feet
South 18° 45' 01" East,	379.33 feet
South 22° 50' 36" East,	611.17 feet
South 20° 58' 09" East,	232.64 feet
South 06° 50' 16" East,	405.61 feet
North 85° 40' 48" East,	450.06 feet
North 28° 19' 40" East,	135.97 feet
South 89° 55' 48" East,	60.30 feet
South 01° 23' 43" East,	178.91 feet
South 76° 29' 35" East,	304.47 feet
South 83° 08' 09" East,	598.05 feet to the true point of beginning.

SAN LUIS BAY INN
PARCEL 6
LEGAL DESCRIPTION

A parcel of land being a portion of Lots 45, 46 and 47 of the Rancho San Miquelito, in the County of San Luis Obispo, State of California, according to map filed for record in Book A, at Page 30 of Maps, being more particularly described as follows:

Beginning at a point on the westerly right of way line of San Luis Bay Drive (V-S.L.O. - FAS 1238 (1)), said point being 43.00 feet right of Engineers Centerline Station 55 + 76.60 and running along said westerly right of way line North 26° 10' 00" East, 167.84 feet to a point which is 40.00 feet right of Engineers Centerline Station 54 + 21.02 B.C.; thence leaving said westerly right of way and running through the following courses:

North 28° 27' 33" West, 87.24 feet
North 83° 08' 09" West, 598.05 feet
North 76° 29' 35" West, 304.47 feet
North 01° 23' 43" West, 178.91 feet
North 89° 55' 48" West, 60.30 feet
South 28° 19' 40" West, 135.97 feet
South 35° 40' 48" West, 450.06 feet
South 88° 49' 39" West, 204.98 feet
North 81° 19' 14" West, 124.68 feet
South 71° 41' 50" West, 126.71 feet
South 54° 37' 11" West, 120.31 feet
South 54° 58' 32" West, 169.59 feet
South 45° 10' 41" West, 340.64 feet
South 05° 22' 54" East, 83.41 feet
South 61° 07' 14" West, 161.69 feet
South 31° 06' 19" West, 104.36 feet
South 81° 00' 49" East, 153.25 feet
South 68° 13' 43" East, 123.53 feet
South 27° 37' 03" East, 205.84 feet;

thence North 89° 09' 07" East to a point on the Northerly right of way line of Harford Drive; thence following said Northerly right of way line on a curve to the right, having a radius of 693.00 feet to a point which is 93.00 feet left of Engineers Centerline Station 300 + 18.51 E.C.; thence South 68° 46' 52" East, 282.43 feet; thence South 73° 27' 08" East, 200.00 feet; thence South 76° 18' 53" East, 200.25 feet; thence South 73° 27' 08" East to the intersection with the westerly right of way line of said San Luis Bay Drive which bears South 10° 12' 30" West from a point which is 30.00 feet right of Engineers Centerline Station 59 + 00.00 of said San Luis Bay Drive; thence North 10° 12' 30" East to said point 30.00 feet left of Engineers Centerline Station 59 + 00.00; thence South 79° 47' 30" West, 10.00 feet; thence North 10° 12' 30" East, 305.45 feet to the true point of beginning.

SAN MIGUELITO MUTUAL WATER COMPANY

PARCEL 7

LEGAL DESCRIPTION

All that portion of Lot Y, of "Plat of Part of the Rancho San Miguelito owned by J. Harford, Subdivided by H. C. Ward, May 1880", in the County of San Luis Obispo, State of California, according to map filed for record May 29, 1880, in Book B, at page 96 of Maps, and all that portion of Lot 47 of the Rancho San Miguelito, in the County of San Luis Obispo, State of California, according to the map of the Subdivision of the Rancho San Miguelito, not including land sold to J. M. Price and J. Harford, San Luis Obispo County, California, 1878, filed for record May 5, 1882, in Book A, at page 38 of Maps, lying northerly and westerly of an agreed line, more specifically described as follows:

Commencing at Station 48, as shown on that certain map entitled "Survey of the Ordinary High Water Mark on the Shore of the Pacific Ocean Vicinity of Avila Beach, San Luis Obispo County, California, Sheet 1 of 1 (7A of 12)." Which Map was filed for record September 12, 1958 in Book 1, at page 1 of Miscellaneous Maps, San Luis Obispo County, California; thence North 79° 33' 46.5" East, 96.60 feet to the true point of beginning; thence North 10° 30' 00" West, 150.51 feet; thence North 38° 00' 00" West, 300.00 feet; the above last two courses and distances being identical with a portion of a common boundary line of record in that certain "Agreement Determining Common boundary line" made between Luigi Marre Land and Cattle Company, and Robert P. Bachino and Marion A. Fitzgerald, which was filed for record January 27, 1965 in Book 1335 of Official Records, Pages 180 to 184,; thence North 33° 42' 27" West 910.00 feet; thence South 30° 32' 51" West, 498.44 feet; thence West, 1228.58 feet; thence South to the shores of the Pacific Ocean.

Excepting therefrom said portions of Lots Y and 47 those portions thereof conveyed to San Luis Obispo and Santa Maria Valley Railroad Company, a corporation by deeds recorded in Book G. at page 351 of Deeds and in Book H, at page 303 of Deeds.

EXHIBIT B-7

Also excepting therefrom said portions of Lots Y and 47 that portion thereof conveyed to Port San Luis Transportation Company by deed dated December 4, 1942, and recorded in Book 335, at page 259 of Official Records.

Also excepting therefrom said portions of Lots Y and 47 all that portion of said land lying within the boundaries of the property conveyed in the Trustee's Deed to James Talcott, Inc., a New York corporation, recorded December 23, 1977, in Book 2035 at page 447 of Official Records.

Also excepting therefrom a portion of said property 5% of the value of all oil and minerals removed from said land through operations conducted thereon including oil or minerals taken therefrom by so-called slanting wells which may be bottomed on or under said land as reserved and excepted by the Pacific Coast Railway Company, a California corporation in deed recorded December 30, 1942, in Book 335 at page 78 of Official Records.

Also excepting therefrom all of said property, all oil, gas and other minerals of every kind and character in, on or under said land as conveyed to Louis J. Marre and Tressa B. Marre, by deed recorded in Book 982 at page 396 of Official Records.

Also excepting therefrom such interest in all oil, gas and hydrocarbons on, in and under said land, but without the right of surface entry for the purpose of exploring for, mining for, or producing them, as reserved in the deed from Luigi Marre Land and Cattle Company, a California corporation, recorded December 14, 1966, in Book 1419 at page 267 of Official Records.

Excepting from said lot that portion described in deed to Union Oil Company of California, a corporation, recorded in Book 69 at page 22 of Deeds.

AMENDMENT OF BYLAWS

RESOLVED, that Article VI, Section 3 of the Bylaws, which establishes the qualifications for service as a director of this corporation, be amended to read as follows:

"The authorized number of directors shall be three (3), all of whom shall be (1) owners, tenants or subtenants of land situated within the Service Area of the company or (2) shareholders, officers or employees of a corporation which is an owner, tenant or subtenant of land situated within the Service Area of the company or (3) general partners or employees of a partnership which is an owner, tenant or subtenant of land situated within the Service Area of the company or (4) a person who owns a beneficial interest, directly or indirectly, in a corporation or partnership (or an employee of such corporation or partnership) which is an owner of land situated within the Service Area of the company."

AMENDMENT OF BYLAWS

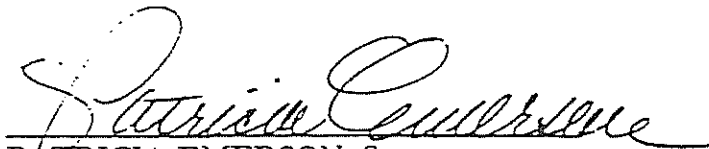
SAN MIGUELITO MUTUAL WATER COMPANY

The undersigned Secretary of the Corporation certifies the following amendment of Article IV, Section 6 of the Bylaws of the Corporation regarding the procedure for the transfer of shares was adopted by unanimous action of the Board of Directors of the Corporation at a meeting held on October 13, 1990 and such resolution has not been amended, modified or superseded.

Section 6. TRANSFER OF STOCK.

"Shares of stock in the company are not transferable except as part of the conveyance of the lot or parcel of real property for which such shares are issued and appurtenant."

"All transfers of such shares shall be subject to a transfer fee equal to actual costs or not in excess of One Hundred Twenty Five Dollars (\$125.00) per lot or parcel transferred and to the payment of all assessments, charges or tolls owed to the company by the shareholder whose shares are being transferred."



PATRICIA EMERSON, Secretary

RESOLUTION TO REALLOCATE SHARES

The undersigned, being all of the Directors of San Miguelito Mutual Water Corporation ("Corporation") do hereby unanimously adopt the following resolution on behalf of the Corporation as of this 5th day of March, 1993.

NOW, THEREFORE, it is hereby:

RESOLVED, that it is in the best interests of the Corporation and its shareholders to reallocate the Shares in the Corporation as follows:

<u>PARCEL NUMBER</u>	<u>NUMBER OF SHARES</u>
1	51
2	144
3	484
4	62
5	164
6	118
7	4

RESOLVED FURTHER, that the officers of the Corporation are authorized to take all such further actions and execute and deliver all such further agreements, instruments, documents and certificates in the name and on behalf of the Corporation as they shall deem necessary, proper or advisable in order to accomplish the purposes of this resolution.

Dated: March 5, 1993

JOHN FOWLER

ROBERT JONES

ROB ROSSI

15:SMMWCall.cor


AMENDMENT OF BYLAWS

SAN MIGUELITO MUTUAL WATER COMPANY

The undersigned Secretary of the Corporation Certifies the following amendment of Article VI, Section 3 of the Bylaws of the Corporation regarding the number of Directors was adopted by unanimous action by the Board of Directors of the Corporation at a meeting on April 13, 1993 and such resolution has not been amended, modified or superseded.

Section 3. NUMBER OF DIRECTORS

"The authorized number of Directors shall be five (5), all of whom shall be 1) owners, tenants or subtenants of land situated in the Service Area of the company, or 2) shareholders, officers or employees of a corporation which is an owner, tenant or subtenant of land situated within the Service Area of the company or 3) general partner(s) or employees of a partnership which is an owner, tenant or subtenant of land situated within the Service Area of the company or 4) a person who owns a beneficial interest, directly or indirectly, in a corporation or partnership (or an employee of such corporation or partnership) which is an owner of land situated within the Service Area of the company."



ROB ROSSI, Secretary

SAN MIGUELITO MUTUAL WATER COMPANY
RESOLUTION

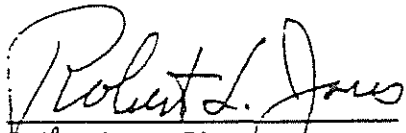
The undersigned, being all of the Directors of San Miguelito Mutual Water Company, a California mutual water corporation ("the Corporation"), do hereby unanimously adopt the following resolutions on behalf of the Corporation this 11th day of May, 1993.

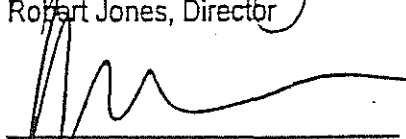
NOW, THEREFORE, it is hereby:

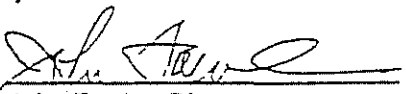
RESOLVED that Article III, Section 3 of the bylaws are amended to include in the Service Area the property with the following legal description;

Lot 28 of Tract 699, in the County of San Luis Obispo, State of California, as per map recorded October 9, 1979, in Book 10, Page 12 of Maps, in the Office of the County Recorder of said County.

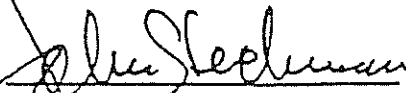
Tract 1484 - A00


Robert Jones, Director


Rob Rossi, Director


John Fowler, Director


John French, Director


John Stechman, Director

AMENDMENT TO BYLAWS
of
San Miguelito Mutual Water Company, Inc.

Article VI, Section 4 of the Bylaws of San Miguelito Mutual Water Company, Inc. is hereby amended to read as follows:

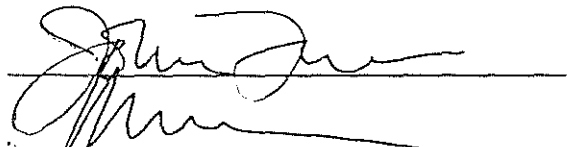
"Section 4. ELECTION AND TERM OF OFFICE

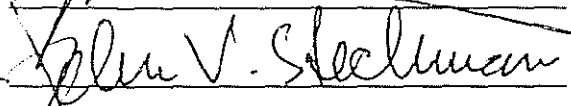
The Directors shall be elected at each annual shareholders meeting. However, if any annual meeting is not held, or any of the Directors are not elected at any annual meeting, they may be elected at any special shareholder meeting held for that purpose. Each director shall hold office until his successor has been elected and qualified.

Directors shall be elected for staggered terms of three (3) years. As a means of transition, at the 1998 shareholder meeting the two candidates receiving the greatest number of votes will serve for a term of three (3) years, the two candidates receiving the third and fourth greatest number of votes will serve for a term of two (2) years, and the candidate receiving the fifth greatest number of votes will serve for a term of one (1) year. In the event of a tie vote the incumbent directors will determine the terms to be served by the directors receiving the tie votes.


In subsequent years, election will be held to replace only the director(s) whose term of office has expired. All replacing directors shall be elected for terms of three (3) years."

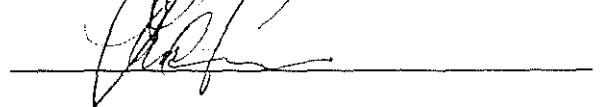
IN WITNESS WHEREOF, the following, being the Directors of The San Miguelito Mutual Water Company, Inc., have hereunto subscribed our names this 17 day of June, 1998.





John V. Steinhilber





CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting secretary of the San Miguelito Mutual Water Company, Inc., and that the foregoing constitutes an amendment to the Bylaws of said Corporation as duly adopted at a meeting of the Board of Directors thereof held on May 20, 1998, and approved by a majority of the membership of the Corporation.

Dated June 17, 1998


Secretary

AMENDMENT OF BYLAWS
OF
SAN MIGUELITO MUTUAL WATER COMPANY

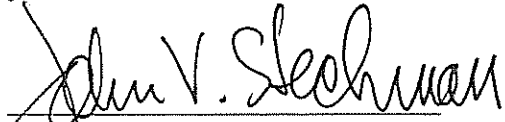
The undersigned Secretary of the Corporation certifies that the following amendment to Article VI, Section 3 of the Bylaws of the Corporation regarding the number of Directors was adopted by unanimous action by the Board of Directors of the Corporation at a meeting on February 21, 2001 and approved by the shareholders at a meeting held May 8, 2001, and such action has not been amended, modified or superseded.

Section 3. NUMBER OF DIRECTORS

“The authorized number of Directors shall be seven (7), all of whom shall be (1) owners, tenants or subtenants of land situated in the Service Area of the company, or (2) shareholders, officers or employees of a corporation which is an owner, tenant or subtenant of land situated within the Service Area of the company, or (3) general partner(s), or employees of a partnership which is an owner, tenant or subtenant of land situated within the Service Area of the company, or (4) a person who owns a beneficial interest, directly or indirectly, in a corporation or partnership (or employee of such corporation or partnership) which is an owner of land situated within the Service Area of the company.”

As a means of transition, at the 2001 shareholder meeting four (4) directorship positions shall be voted on. The three (3) candidates receiving the greatest number of votes shall serve for a term of three (3) years, and the one (1) candidate receiving the next greatest number of votes

shall serve for a term of two (2) years. Those directors whose terms do not expire in 2001 shall complete their terms. In subsequent years, election will be held to replace only those directors whose terms of office have expired. All directors shall then be elected for terms of three (3) years.


Secretary

**AMENDMENT TO BYLAWS
Of
San Miguelito Mutual Water Company, Inc.**

Article VI, Section 4 of the Bylaws of San Miguelito Mutual Water Company, Inc. is hereby amended to read as follows:

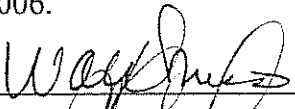

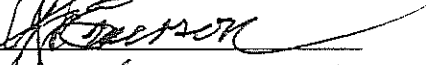
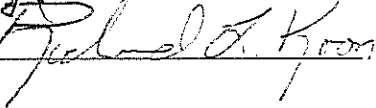
"Section 4. ELECTION AND TERM OF OFFICE

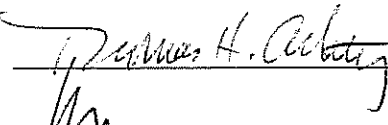
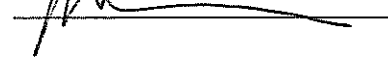

Directors shall be elected for staggered terms of three (3) years.

The Director(s) whose term of office has expired shall be elected at each annual shareholders meeting. However, if any annual meeting is not held, or any of the Directors are not elected at any annual meeting, they may be elected at any special shareholders meeting held for that purpose. Each Director shall hold office until his successor has been elected and qualified.

As a means of transition, at the 2006 shareholder meeting three (3) directorship positions shall be voted on. The two (2) candidates receiving the greatest number of votes shall serve for a term of three (3) years, and the one (1) candidate receiving the next greatest number of votes shall serve a term of two (2) years. The directors whose terms do not expire in 2006 shall complete their terms. In subsequent years, an election will be held to replace only those directors whose terms of office have expired. All directors shall thereafter be elected for terms of three (3) years."

IN WITNESS WHEREOF, the following, being the Directors of The San Miguelito Mutual Water Company, Inc., have hereunto subscribed our names this 21 day of June 2006.

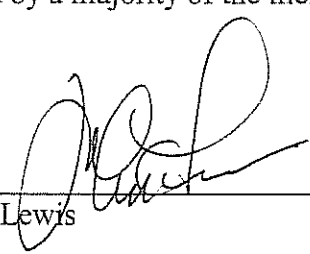





CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting secretary of the San Miguelito Mutual Water Company, Inc., and that the foregoing constitutes an amendment to the Bylaws of said Corporation as duly adopted at a meeting of the Board of Directors thereof held on May 17th, 2006, and approved by a majority of the membership of the Corporation.

Date: June 21st, 2006



John Lewis

**AMENDMENT TO BYLAWS
Of
San Miguelito Mutual Water Company, Inc.**

The following language shall be added to Article IV of the Bylaws as Section 14:

"Section 14. TERMINATION OF SERVICE.

Any shareholder or contracted customer (for purposes of this section "Customer") of the Company may have his/her/its services provided by the Company terminated, by action of the majority of the Board of Directors, for any of the following reasons, but for no other cause:

(a) Failure to pay water charges, maintenance costs or assessments when duly levied and payable by such Customer. In such event, the Board shall give the Customer sixty (60) days written notice during which said default may be cured and before said termination shall become effective.

(b) For violation of the Bylaws of the Company and refusal to comply therewith after sixty (60) days written notice.

(c) By transfer of all of the real property owned by the Customer within the service area of the Company.

(d) By the Customer giving the Company thirty (30) days written notice of termination."

IN WITNESS WHEREOF, the following, being the Directors of The San Miguelito Mutual Water Company, Inc., have hereunto subscribed our names this 16 day of May, 2007.

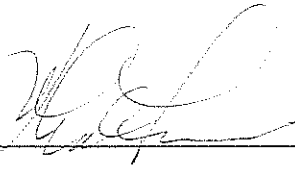
W. A. Shuman
Thomas H. Arthur
Andrew C. Voss
Richard L. Koon

R. Emerson
[Signature]
[Signature]

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting secretary of the San Miguelito Mutual Water Company, Inc., and that the foregoing constitutes an amendment to the Bylaws of said Corporation as duly adopted at a meeting of the Board of Directors thereof held on April 18, 2007, and approved by a majority of the membership of the Corporation.

Date: 4/18/07, 2007



John Lewis

AMENDMENT TO BYLAWS