



BYLAWS
OF
COMMUNITY WATER COMPANY
OF GREEN VALLEY

an Arizona non-profit corporation
Adopted November 22, 1975
as amended February 25, 2010

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ARTICLE I

OFFICES

1.1 PRINCIPAL OFFICE

The principal office of the Corporation shall be located in the in the Town of Sahuarita or the community of Green Valley, Arizona. Said office may, from time to time, be moved elsewhere in Pima County as determined by the Board of Directors of the Corporation.

1.2 OTHER OFFICES

The Corporation may maintain other offices within the County of Pima as determined by the Board of Directors.

ARTICLE II

MEMBERSHIP

2.1 QUALIFICATIONS

Any person shall become a member of the Corporation by making application for service connection and paying the service connection fee fixed by the Board of Directors of the Corporation with the approval of the Arizona Corporation Commission. No member shall hold more than one (1) membership.

A group certain of customers who subscribed prior to the 27th day of July, 1977, had waived membership in the Corporation. These customers may become members by paying the service connection fee fixed by the Board of the Corporation as approved by the Arizona Corporation Commission.

2.2 PURCHASE OF WATER

Each customer using the services of the Corporation shall pay therefore the rates fixed by the Board of Directors of the Corporation with the approval of the Arizona Corporation Commission and receive water service subject to the conditions, rules and regulations prescribed by the Board of Directors with the approval of the Arizona Corporation Commission.

2.3 JOINT MEMBERSHIP AND CONVERSION THEREOF

2.3.1 Any adult occupants of a property who apply for membership together shall have a joint membership, and subject to their compliance with the requirements set forth in 2.1 of this Article may be accepted for such membership. The term member as used in these bylaws shall be deemed to include adult occupants of a property holding a joint membership, and any provisions related to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting

the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of one or more joint members shall be regarded as the presence of one member, and shall have the effect of revoking a proxy executed by any of the joint members and of constituting a joint waiver of notice of the meeting;
- (b) The vote(s) of any joint member(s) shall constitute one vote, but in the event of disagreement between joint members who are present at a meeting, the joint membership shall be deemed to have abstained from voting;
- (c) A proxy executed by any of the joint members shall constitute one joint proxy;
- (d) A waiver of notice signed by any of the joint members shall constitute a joint waiver;
- (e) Notice to any of the joint members shall constitute notice to all;
- (f) Expulsion of any of the joint members shall terminate the joint membership;
- (g) Withdrawal of any of the joint members shall terminate the joint membership; and,
- (h) Only one of the joint members but not two or more may be elected or appointed as an officer or director, provided that the person meets the qualifications for such office.

Upon the death of an adult occupant of a property who is a party to the joint membership, such membership shall be held by the surviving joint member(s).

- 2.3.2 Any firm, association, corporation, or body politic or subdivision thereof, shall designate in writing the member, officer or elected official who shall be the designated person to cast the vote for such firm, association, corporation or body politic or subdivision thereof.

2.4 OTHER MEMBERS

The Board of Directors may elect a person to be a member of the Corporation. For purposes of this Section, a person means a natural person, a firm, corporation, association, business trust, partnership, state or political subdivision, or agency of a state or political subdivision. No more than three persons elected pursuant to this provision may be members of the Corporation at any one time.

2.5 TERMINATION OF MEMBERSHIP

Any member of the Corporation may withdraw from membership by notifying the Secretary of the Corporation in writing by regular mail of such withdrawal. Membership of any member shall be terminated when all water service to the member's premises is discontinued for any cause.

ARTICLE III

ASSESSMENT OF MEMBERS

3.1 RELEVANT ARTICLES OF INCORPORATION PROVISIONS

The laws of the State of Arizona, referenced in Article III of the Articles of Incorporation, as memorialized in the Arizona nonprofit corporation act, provide that the members shall be personally exempt from the acts, debts, liabilities or obligations of the Corporation but that members shall be subject to assessment as provided in these bylaws.

ARTICLE IV

MEETING OF MEMBERS

4.1 ANNUAL MEETING

A date for the annual meeting of the membership shall be set for each year by the Board of Directors at the last scheduled meeting of the Board of Directors held during the preceding year, at such a place in the Town of Sahuarita or the community of Green Valley, Arizona, as shall be designated in the notice of the meeting, for the purpose of electing Directors, passing on reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the Chair of the Board to make adequate plans and preparation for the annual meeting.

4.2 SPECIAL MEETING

Special meetings of the members may be called by resolution of the Board, by the Chair of the Board, by a written request signed by any three Directors, or by the Secretary upon receipt of the written request of twenty percent (20%) of the members. Special meetings of the members may be held at any place within the Town of Sahuarita or the community of Green Valley, Arizona, specified in the notice of the special meeting

4.3 NOTICE OF MEMBERS' MEETINGS

Written notice stating the place, day and hour of the meeting, and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, notice shall be delivered not less than ten days nor more than thirty days before the date of the meeting, at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member, and such notice shall also be published in the local newspaper at least once not less than ten days before such meeting. Notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Corporation, with postage thereon prepaid. If notice was delivered as provided, the failure of any individual member to receive notice of a meeting shall not invalidate the meeting.

4.4 QUORUM

As long as the total number of members does not exceed five hundred (500), ten percent, (10%) of the total numbers of members, whether present in person or by proxy, shall constitute a quorum. In case the total number of members shall exceed five hundred (500), fifty (50) members or five percent (5%) of the membership, present in person or by proxy, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

4.5 VOTING

Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation, or these bylaws. Cumulative voting shall not be allowed.

4.6 PROXIES

A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid at any meeting commenced more than sixty days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may designate as his proxy only another member or an adult living in the same household with such member. The presence of a member at a meeting shall revoke any proxy theretofore executed by such member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

4.7 MEMBER MOTIONS

Members who would like to present a motion for consideration at the annual meeting of the members must submit the motion with supporting information, in writing, with the member's name and address to the offices of the Company no later than a date set by the Board of Directors prior to the scheduled annual meeting of members. The directors shall prepare required materials to include the member's motion in the proxy materials for the annual meeting of members.

4.8 ORDER OF BUSINESS

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person or by proxy in order to determine the existence of a quorum.

2. Reading of the notice of the meeting and proof of the service and publication thereof, or the waiver or waivers of notice, as the case may be.
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE V

DIRECTORS

5.1 GENERAL POWERS

The business and affairs of the Corporation shall be managed by a Board of nine Directors, which Board shall exercise all of the powers of the Corporation except those which are by law, the Articles of Incorporation, or these bylaws conferred upon or reserved to the members.

5.2 TENURE OF DIRECTORS

The term of service for each Director is three (3) years. In order to provide for staggered terms, the original Director terms were divided into three (3) groups with one group of Directors serving an initial term of one (1) year, a second group of Directors serving an initial term of two (2) years, and a third group of Directors serving an initial term of three (3) years. At each annual meeting, sufficient Directors shall be elected to replace those whose terms then expire.

In the event death, resignation, disqualification or other inability to serve shall occur respecting any Director, a replacement Director shall be elected by an affirmative vote of no less than a quorum of a majority of the remaining Directors or by a sole remaining Director, and any Director so chosen shall hold office until the next election of Directors when a successor is elected and qualified. When one or more Directors resign from the Board, effective at a future time, a majority of the Directors then in office, including those who have so resigned, may fill such vacancy, the vote on the vacancy to take effect when such resignation become effective. Each Director so chosen shall hold office as provided for the filling of other vacancies.

5.3 QUALIFICATIONS

No persons shall be eligible to become or remain a Director or hold any office in the Corporation who is not a member thereof, except for the Secretary. Upon establishment of the fact that a Director is holding office in violation of the foregoing provision, the Board shall remove such Director from office, but nothing contained in this

section shall affect in any manner whatsoever the validity of any action taken by the Board at any meeting thereof.

5.4 REMOVAL OF DIRECTORS BY MEMBERS

Any member may bring charges against a Director, by filing with the Secretary such charges in writing, together with a petition signed by at least ten percent of the members, and may request the removal of such Director by reason thereof. Such Directors shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, and the person or persons bring the charges against him shall have the same opportunity, the persons bringing such charges at such meeting having the burden of proof and the burden to be forward with the evidence. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled as provided in Article V, Section 5.2 of the bylaws.

5.5 COMPENSATION

Directors shall not receive any salary for their services as Directors, except that by resolution of the Board a fixed sum per diem and expenses of attendance, if any may be allowed for attendance at each meeting of the Board. Board members and officers incurring business and travel expenses shall submit expense claims monthly for approval by the Chair or Treasurer.

ARTICLE VI

MEETINGS OF DIRECTORS

6.1 REGULAR MEETINGS

The regular annual meeting of the Board shall be held without notice, immediately after the annual meeting of the members. A regular meeting of the Board shall also be held at least quarterly at such time and at the principal office of the Corporation, as the Board may provide by resolution. Such regular meeting may be held without notice other than such resolution fixing the time thereof.

6.2 SPECIAL MEETINGS

Special meetings of the Board may be called by the Chair of the Board on his own motion or upon written demand of three Directors. The Secretary shall cause notice of such meetings to be given as hereinafter provided, but in the Secretary's absence or inability or refusal to give notice, then any Director may do so. Notice of the meeting shall specify the time and the place in the Town of Sahuarita or the community of Green Valley, Arizona for the holding of the meeting.

6.3 NOTICE OF SPECIAL DIRECTORS MEETING

Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than three days prior thereto, either personally or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation, with postage thereon prepaid.

6.4 QUORUM

At all meetings a majority of the Board shall constitute a quorum. At any meeting where a quorum does not exist, a majority of the Directors present may adjourn the meeting from time to time and in such event the Secretary shall notify each absent Director of the time and place of the adjourned meeting. The act of the majority of the Directors present at a meeting where a quorum existed shall be the act of the Board.

6.5 PARTICIPATION IN MEETING BY CONFERENCE TELEPHONE

Meetings of the Board of Directors, whether regular or special, and any meetings of a duly constituted committee, may be held by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in the meeting pursuant to this section shall constitute presence in person at such meeting.

6.6 CONSENT TO MEETING; WAIVER OF NOTICE

Any meeting of the Board of Directors shall be deemed to have been validly and legally called if all of the Directors entitled to vote on the day of the meeting sign a written waiver of notice, either before or after the meeting. Attendance of a Director at any meeting shall constitute a waiver of notice of that meeting and no written waiver need be obtained from that Director except when the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. All such waivers, consents or approvals shall be filed with the corporate records.

6.7 UNANIMOUS CONSENT

Any act of the Board of Directors may be taken without a meeting if a consent in writing setting forth the act is signed by all of the members of the Board of Directors. Consent shall have the same force and effect as a unanimous vote of the Board of Directors.

ARTICLE VII

OFFICERS

7.1 NUMBER

The officers of the Corporation shall be a Chair of the Board, Vice Chair of the Board, a President, a Secretary, a Treasurer, and such other officers as may be appointed by the

Board. The officers shall be elected by the Board at its annual meeting. The offices of Secretary and of Treasurer may be held by the same person.

7.2 REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS

Any officer or agent elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interest of the Corporation will be served thereby. In addition, any member of the Corporation may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, the person bringing such charges at such meeting having the burden of proof and the burden to go forward with the evidence. In the event the Board does not remove such officer, the question of his removal shall be considered and noted upon at the next meeting of the members.

7.3 CHAIR OF THE BOARD - The Chair of the Board shall:

1. Unless otherwise determined by the members of the Board, preside at all meetings of the Directors and at the annual meeting of the membership.
2. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.
3. In the absence of the President, or in the event of his inability or refusal to act, the Chair shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions on the President.
4. The Chair shall conduct an annual review and evaluation of the President's job performance. Such reviews shall be provided to the appropriate committees of the Board.
5. In general, perform such duties as may from time to time be prescribed by the Board.

7.4 VICE CHAIR OF THE BOARD - The Vice Chair of the Board shall:

1. In the absence of the Chair of the Board, or in the event of his inability or refusal to act, perform the duties of the Chair of the Board, and when so acting, shall have all the powers of and be subject to all the restrictions on the Chair. The Vice Chair shall also perform such other duties as may be assigned by the Board.

7.5 PRESIDENT - The President shall:

1. Perform such duties and exercise such authority and receive such compensation as the Board from time to time determines.
2. In general perform all duties incident to the office of President, and such other duties as may from time to time be prescribed by the Board. The President may be authorized by the Board to hire subordinate employees.
3. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution there of shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

7.6 SECRETARY - The Secretary shall:

1. Oversee the integrity of the Company's records; including the minutes of the meetings of the members and of the Board in appropriate archive media provided for that purpose.
2. Ensure that all notices are duly given in accordance with these bylaws or as required by law.
3. Be custodian of the corporate records and of the corporate seal, and ensure that said seal is affixed to all certificates of membership prior to the issuance thereof, and to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of the bylaws.
4. Oversee the register of the names and post office addresses of all members.
5. Oversee the integrity of the books of the Corporation.
6. Ensure that at all times a complete copy of the Articles of Incorporation and bylaws of the Corporation containing all amendments thereto is available (which copy shall at all reasonable times be open to the inspection of any member), and at the expense of the Corporation, provide for forwarding a copy of the bylaws and of all amendments thereto to each member who has in writing requested the same.
7. In general perform all duties incident to the office of Secretary and such duties as may from time to time be assigned by the Board.

7.7 TREASURER - The Treasurer shall:

1. Oversee the accounting and financial reporting processes for all funds and securities of the Corporation; including all moneys due and payable to the Corporation and deposits of all such money in the name of the Corporation in such bank or banks as shall be selected in accordance with provisions of these bylaws.
2. Oversee the integrity of the Company's financial statements.

3. In general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

7.8 BONDS OF OFFICERS

Any officer or agent of the Corporation charged with responsibility for the custody of any of its funds or property shall give bonds in such sum and with surety as the Board shall determine. The Board in its discretion may also require any other Officer, Agent or Employee of the Corporation to give bond in such amount and with such surety as it shall determine.

7.9 GENERAL MANAGER

The Board may appoint a General Manager who may be, but shall not be required to be, a member of the Corporation. The General Manager shall perform such duties and shall exercise such authority and receive such compensation as the Board may, from time to time, determine. The Board may authorize the General Manager to hire subordinate employees. The General Manager may sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by the bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

7.10 COMPENSATION

The powers, duties and compensation of Officers, Agents, and General Manager of the Corporation, shall be fixed by the Board. The provisions of the bylaws with respect to compensation of Directors shall not be interpreted to prohibit compensation of Officers for services rendered or to be rendered at times other than during meetings of the Board.

7.11 REPORTS

The officers of the Corporation shall submit reports covering the business of the Corporation for the previous fiscal year at each annual meeting of the members.

ARTICLE VIII

LOANS AND DISPOSITION OF PROPERTY

8.1 LOANS

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.2 DISPOSITION OF PROPERTY

A sale, lease, exchange or other disposition of all, or substantially all, of the assets of the Corporation may be made only upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or foreign, as may be authorized in the following manner: The Board of Directors shall adopt a resolution recommending such sale, lease, exchange or other disposition and direct that it be submitted to a vote of the members of the Corporation at a meeting of those members, which meeting may be either an annual or a special meeting. Written notice stating that the purpose, or one of the purposes, of such a meeting is to consider the sale, lease, exchange or other disposition of all, or substantially all, of the assets of the Corporation shall be given to each member entitled to vote at such meeting within the time and in the manner provided by these bylaws for the giving of notice of meetings of members. At such meeting, the members may authorize such sale, lease, exchange or other disposition and may fix or may authorize the Board of Directors to fix any or all of the terms and conditions and the consideration to be received by the Corporation.

ARTICLE IX

FINANCIAL MATTERS

9.1 CONTRACTS

Except as otherwise provided by these bylaws, the Board may authorize any officer or officers, agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in its name on behalf of the Corporation, and such authority may be general or confined to specific instances.

9.2 DEPOSITS

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such bank or banks as the Board of Directors may select.

9.3 CHECKS, DRAFTS ETC.

All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, employee or employees, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

9.4 FISCAL YEAR

The fiscal year of the Corporation shall begin the first day of January of each year and shall end on the 31st day of December of the same year.

ARTICLE X

SEAL

The Board of Directors shall provide a suitable seal containing the name of the Corporation and the words "incorporated, Arizona, 1975".

ARTICLE XI

INDEMNIFICATION

11.1 INDEMNIFICATION

Notwithstanding the following provisions of the bylaws, it is the intent of this Corporation to indemnify the members, directors, officers, employees and agents of the Corporation to the fullest extent authorized by Arizona law.

11.2 INDEMNIFICATION AND ACTIONS BY THIRD PARTIES

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that he or she is or was a member, director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a member, director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amount paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted, or failed to act, in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not of itself create a presumption that the person acted or failed to act other than in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

11.3 INDEMNIFICATION IN ACTION BY OR IN THE RIGHT OF THE CORPORATION

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a member, director, officer or employee of the Corporation or is or was serving at the request of the Corporation as member, director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, but excluding judgments and fines and, except as hereinafter set forth, amounts paid in settlement, actually and reasonably incurred by him or her in

connection with the defense or settlement of such action or suit, if he or she acted, or failed to act, in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification may be made in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. The court in which any such action or suit was brought may determine upon application that, in view of all the circumstances of the case, indemnity of the amount so paid in settlement is proper and may order indemnity of the amount so paid in settlement and for the expenses, including attorneys' fees, actually and reasonably paid in connection with such application, to the extent the court deems proper.

11.4 INDEMNIFICATION AGAINST EXPENSES

To the extent that a member, director, officer or employee of the Corporation has been successful in the merits or otherwise in defense of any action, suit or proceeding referred to in 11.1 or 11.2 of this Article of the bylaws, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection therewith.

11.5 REQUIRED DETERMINATION

Any indemnification under 11.1 or 11.2 of this Article of these bylaws, unless ordered by a court, shall be made by the Corporation only as authorized in a specific case upon a determination that indemnification of a member, director, officer or employee is proper in the circumstance because he or she has met the applicable standard of conduct set forth in 11.1 or 11.2 of this Article of these bylaws. Such determination shall be made by any of the following:

1. By the Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the action, suit or proceeding.
2. If such quorum is not obtainable, in a written opinion of independent legal counsel appointed by a majority of the disinterested Directors for that purpose (which independent legal counsel may be counsel to the Corporation).
3. If there are no disinterested Directors, by the court or other body before which the action, suit or proceeding was brought or any court of competent jurisdiction upon the approval of an application by any person seeking indemnification, in which case the indemnification may include the expenses, including attorneys' fees, actually and reasonably paid in connection with such application.

11.6 ADVANCE OF EXPENSES

Expenses, including attorneys' fees, incurred in defending a civil or criminal action, suit or proceeding, may be paid by the Corporation in advance of the final disposition of the

action, suit or proceedings as authorized in the manner provided in 11.5 of this Article of these bylaws upon receipt of an undertaking by or on behalf of the member, director, officer or employee to repay the amount unless it is ultimately determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article of the bylaws.

11.7 OTHER INDEMNIFICATION

The indemnification provided in this Article of these bylaws is non-exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of disinterested Directors or otherwise, both as to action in his or her official capacity as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a member, director, officer or employee and shall inure to the benefit of the heirs and personal representatives of such a person.

11.8 INSURANCE

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a member, director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a member, director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under this Article of these bylaws.

ARTICLE XII

MISCELLANEOUS

12.1 RULES AND REGULATIONS

The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Corporation.

12.2 ACCOUNTING SYSTEM AND REPORTS

The Board of Directors shall cause to be established and maintain a complete accounting system which, among other things, and subject to applicable laws, rules and regulations of any regulatory body, shall conform to such accounting system as is normally prescribed for the operation of a public service corporation serving water to customers. The Board of Directors shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Corporation as of the end of such fiscal year, such audit reports shall be submitted to the members at the next following annual meeting.

12.3 COMMITTEES

The Board of Directors, by a resolution or resolutions adopted by a majority of the Board of Directors, may appoint an Executive Committee and such other committees as it may deem appropriate. Each committee shall have and may exercise such powers as shall be conferred or authorized by the resolution appointing it. A majority of any such committee may determine its action and may fix a time and place of its meetings, unless provided otherwise by the Board of Directors. The Board of Directors shall have the power at any time to fill vacancies in, to change the size or membership of and to discharge any such committees. Each such committee shall keep a written record of its acts and proceedings and shall report such record to the Board of Directors at each regular meeting thereof and at such other times as requested by the Board of Directors.

ARTICLE XIII

CAPITAL CONTRIBUTIONS

In order to raise sufficient capital to commence the business of the Corporation, the Board of Directors is authorized to establish a plan whereby the Corporation may acquire capital from members or prospective members of the Corporation and issue therefore noninterest bearing certificates evidencing this contribution. The Board may further provide for the repayment of that capital contribution upon such terms and conditions as it may establish.

ARTICLE XIV

DISSOLUTION OF THE CORPORATION

In the event the corporation is faced with dissolution, the Members total equity shall be refunded to them provided same is allowed under federal and state law as such may be altered or amended.

The Board of Directors shall call for a special meeting of the members to discuss the dissolution of the Corporation. Written notice shall be mailed stating that the purpose or one of the purposes, of such a meeting is to consider the dissolution of the Corporation and the disposition of all, or substantially all, of the assets of the Corporation. Notice shall be given to each member entitled to vote at such meeting within the time and in the manner provided by these bylaws for the giving of notice of meetings of members. At such meeting, the members may authorize such disposition and may fix or may authorize the Board of Directors to fix any or all of the terms and conditions and the consideration to be received by the Corporation.

The board of directors shall establish a member cutoff date for purposes of establishment and distribution of any equity. Article II of the Articles of Incorporation provides for a definition of member.

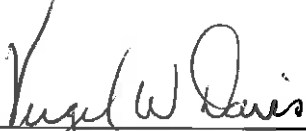
ARTICLE XV

AMENDMENTS


These bylaws may be altered, amended or repealed by the Board of Directors at any regular or special meeting thereof provided notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ATTEST:

SIGNED:



Virgil W. Davis, Secretary



Kenneth M. Taylor, Jr. Chair of the Board

Bylaws Adopted by the Board:	November 22, 1975	
Bylaws Amended by the Board:	January 3, 1976	Article IV
	August 20, 1977	Article II & III
	December 17, 1977	Article IV
	February 19, 1979	Article IV
	September 16, 1981	Article VIII
	April 25, 1988	Article IV, V, VI, VII, XI & XII
	February 24, 1997	Article II, V, VI, VII, & XI
	March 24, 1997	Article VII
	September 28, 1998	Article IV, VII
	August 13, 2001	Article IV
	February 25, 2010	
	Grammar/Formatting	Article I, VI, X, XII, XV
	Substance Change	Article II, IV, V, VII, XIV

STATE OF ARIZONA)
)
County of Pima)

SUBSCRIBED AND SWORN to before me this February 25, 2010, by VIRGIL W. DAVIS, Secretary, and KENNETH M. TAYLOR, JR., Chair.



Patricia A. Carlstad, NOTARY PUBLIC

My Commission Expires: December 19, 2011

