

EXHIBIT "E"

BY-LAWS
OF
THE GAGE CANAL COMPANY

ARTICLE I.

CORPORATE POWERS AND OFFICERS

Section 1. All corporate powers, property and affairs of the Company, shall be exercised and managed by or under the authority of a Board of eleven (11) Directors, to be elected annually from the Stockholders, or if not so elected, to hold office in any event until the election and qualification of their successors, and in case any Director is elected or appointed at any other time, he shall serve until the next annual meeting of the stockholders, and until his successor is elected and qualified.

Section 2. The officers of the Corporation shall be a President, Vice-President, Secretary, Assistant Secretary and Treasurer, to be chosen or elected by the Board of Directors. Only the President and Vice-President need be members of the Board of Directors, and the other officers need not be such members, nor need they be stockholders. Any two or more of such officers, except those of President and Secretary, may be held by the same person. All officers shall serve at the pleasure of the Board of Directors.

(as amended October 3, 1939)

ARTICLE II.

PRINCIPAL PLACE OF BUSINESS AND OFFICE OF THE CORPORATION

Section 1. The principal place of business of the Corporation is at the City of Riverside, County of Riverside, State of California, subject to change only in the manner provided by law. A general office shall be maintained at the principal place of business of the corporation at such suitable point therein, and to be kept open for business on such days, and during such hours, as the Board of Directors may from time to time select and direct; and a

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Article II, Section 1, Continued:

place or places for the transaction of special business of the corporation may be established, conducted and maintained as the Board may direct.

ARTICLE III.

MEETINGS AND ELECTIONS BY THE STOCKHOLDERS

Section 1. The regular annual meeting of the Stockholders shall be held on the second Tuesday in January in each year, at the general office of the corporation, unless the Board of Directors selects some other place therefor (which may be done), and at ten o'clock in the forenoon, unless the Board of Directors shall direct some other hour.

Section 2. Special meetings of the Stockholders may be convened and held at any time, upon the call of the Board of Directors, and as to place and hour, are subject to the order of the Board of Directors; and notices of such special meetings need not necessarily state the object thereof, nor the matters to be considered thereat. Special meetings of the Stockholders shall be called by the Board of Directors on the written request of stockholders holding on the books of the Company, two-fifths of the issued and subscribed stock of the Company.

Section 3. Notices of all meetings of the Stockholders shall be given by the Secretary, by order of the Board of Directors, specifying the date, hour and place; and as to special meetings, the Board may, if it so desires, state the object thereof; and such notice may be given either by publication at least once a week for two weeks, in some newspaper published where the principal place of business of the Corporation is, or by written notice, before such meeting, to be served on each Stockholder named, as such, on the books of the corporation; and, if personally served in the county wherein the place is where the principal business of the corporation is conducted, such notice may be served not less than three days before or at any time prior to such three days; and if personally served elsewhere, such notice shall be served long

Article III, Section 3, Continued:

enough before such meeting to enable the Stockholders to reach the place of meeting; and if served by leaving at or mailing to the residence of the Stockholder (which latter forms of service are hereby authorized), such notice shall be served at least two weeks before such meeting by leaving at the residence of the Stockholder or mailing to the Stockholder at his address as shown upon the books of the Company. No meeting of Stockholders shall be held or any act thereof be valid unless a majority of the whole number of shares (which number is necessary to constitute a quorum), are represented and voted thereat or thereon either in person or by proxy; and a recital in the minutes of the meeting of the fact of publication or service of notices and manner thereof, shall be conclusive proof of the fact and manner of publication or service, as recited.

Section 4. At each regular annual meeting, commencing with the first annual meeting after the adoption of these By-Laws, there shall be an election of eleven Directors, who shall constitute the Board of Directors of the Corporation, all of whom, when elected, must be owners of stock in the Corporation, and a majority of whom must be residents of this State; and they shall serve for the ensuing year and also, in all events, shall serve and hold office until the election and qualification of their successors. For the purpose of qualifying a person to be a Director, any corporation or partnership shall be allowed to transfer to such person a share of stock which for such purpose, need not be attached to any land, and further provided that the corporation or partnership making the transfer shall accompany the certificate with a statement in writing showing the purpose for which the share of stock was transferred and the land upon which said share was located, shall be entitled to receive the proportionate amount of water represented by said share, in the same manner as if said share had not been transferred.

Section 5. Any vacancy at any time occurring in the Board of Directors shall be filled by the remaining members of the Board. Absence from the State

Article III, Section 5, Continued:

shall not create a vacancy in the Board. If any Director is absent from three consecutive regular meetings, he shall automatically cease to be a Director, unless he has been excused from attendance by the Board of Directors.

Section 6. All elections by Stockholders shall be by ballot in person or under proxy in writing, and each Stockholder so present in person or represented by proxy, shall be entitled to vote on his stock in the ordinary manner of voting or by cumulation, as provided by law. And where a Stockholder (in person or by proxy) votes in such ordinary manner, or by cumulation, he shall place at the head of his ticket the following: "Vote of (giving name of Stockholder) holding (giving number of shares) shares, for Directors," and place opposite the name of each person voted upon for Directors, the number of votes cast for that person, and shall sign such ticket. Whenever stock stands in the name of more than one person, then one of the persons may vote the shares of stock or give a proxy for the same, unless a protest is entered or filed by the remaining party or parties, and if a protest is entered or filed, all parties must unite in voting or giving a proxy.

Section 7. In case a sufficient amount of stock is not represented at any meeting to make the same valid as in this Article provided, such meeting shall have the power only to adjourn from day to day, or to some other day, and if no such motion prevails, the presiding officer shall adjourn the meeting sine die.

Section 8. At all elections by stockholders, the President shall appoint a Proxy Board of three members and an Election Board of three members from the stockholders who are present. It shall be the duty of the Proxy Board to pass on and approve or disapprove, all proxies filed with the Secretary at the office of the Company and no proxy shall be voted which has been disapproved by such Proxy Board. The Proxy Board shall certify to the Secretary a list of the stock represented by proxies. All proxies to be used at annual meeting must be filed with the Secretary at the office of the Company not later than

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Article III, Section 8, Continued:

10 o'clock A.M., on the day of the annual meeting, and unless so filed, shall not be approved by the Proxy Board or certified by them to the Secretary; provided that the President of the Company may, upon calling the annual meeting to order, permit the later filing of proxies for good cause shown. The Election Board shall conduct the election and act as judges and inspectors. The polls shall remain open for one and one-half hours after the nominations have been closed; thereafter the Board of Election shall proceed to count the vote, and when the election is for a full Board, the eleven persons, otherwise eligible, receiving the highest number of votes shall be declared elected. In all other cases, the person or persons receiving the highest vote shall be declared elected. The Election Board shall keep a tally of the votes in writing, and if found correct, shall certify the same and declare the result. The tally lists and certificate shall be filed and preserved and the person or persons thus declared elected shall be Director or Directors, as the case may be, until their successors are elected and qualified.

(as amended June 11, 1935)

ARTICLE IV.

BOARD OF DIRECTORS

Section 1. Within seven days after their election, the Board of Directors must meet and notice of this meeting shall be given as provided for special meetings of the Board of Directors. If all the Directors chosen at the annual meeting of the Stockholders are present and consent, this meeting may be held at once after the adjournment of the annual meeting and in such case, no notice need be given other than the declaration of the result of the election at such meeting. The Board at the first meeting or at any subsequent meeting, shall elect a President, Vice-President, Secretary and Treasurer.

Section 2. The members of the Board of Directors shall be paid ten (\$10.00)

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Article IV, Section 2, Continued:

Dollars each for each regular or special meeting, when they are in attendance at the time of the roll call.

(as amended January 9, 1962)

Section 3. A majority of the Directors is sufficient to form a Board for the transaction of business whenever the Board has been convened in accordance with law and these By-Laws, and every decision of the majority of the Board so formed, is valid as a corporate act.

Section 4. No Director during the term for which he may be elected, can be deprived of his office by reason of disposing of all his stock, except by a vote of the majority of the Board based upon the ground stated.

Section 5. The regular meetings of the Board of Directors shall be held on the second Tuesday in each month, at the general office of the corporation, and at 2 o'clock P.M., unless the meeting day falls on a holiday, and then the meeting shall be held on the next succeeding day. No notice shall be necessary for the regular meetings of the Board.

Section 6. Special meetings of the Board of Directors may be convened and held at any time upon the call of the President or three Directors, at the general office of the Company or elsewhere, as the President or Directors may direct; and at an hour to be named in the notice; and the notice of such meeting need not necessarily state the object thereof, nor the matters to be considered thereat.

Section 7. Notices of all special meetings of the Board shall be given by the Secretary, specifying the date, hour and place, and the object, if so directed, but if all the Board are present at any meeting, no notice thereof is necessary. Except as hereinabove in this Section provided, written notice in all cases shall be served upon each Director residing in the county, before such meeting, in the manner next in this Section provided; and if personally served on each Director, such notice shall be served long enough before such

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Article IV, Section 7, Continued:

meeting, to enable the Director to reach the place of meeting; and if served by leaving at the residence of the Director, or by mailing to the Director at his address (which forms of service are hereby authorized), such notice shall be served at least five hours before such meeting by leaving at the residence of the Director or mailing to the Director at his address at least one day before such meeting, if within the county. A recital in the minutes of the meeting of the fact of service of notices and the manner thereof, shall be conclusive proof of the fact and manner of service as recited.

Section 8. The Board of Directors shall adopt a seal for the corporation which they may change from time to time, if desirable, by resolution.

Section 9. At any and all meetings of the Board, any corporate business of any character may be transacted.

ARTICLE V.

POWER AND DUTIES OF DIRECTORS

The Directors shall have power and it shall be their duty:

- (a) To call special meetings of the Stockholders when they deem it necessary, and they shall call a meeting at any time upon the written request of Stockholders holding at least two-fifths of all the subscribed capital stock.
- (b) To appoint, supervise and remove at pleasure, all officers and employees of the Corporation, prescribe their duties, fix their compensation, and require from them security for faithful service.
- (c) They shall conduct, manage and control the affairs and business of the Corporation, and make rules and regulations not inconsistent with the laws of the State of California, or the By-Laws of the Corporation, for the guidance of the officers and management of the affairs of the Corporation.

Article V, Continued:

- (d) To cause to be kept a complete record of all their minutes and acts, and of the proceedings of the Stockholders, and present a full statement at the regular annual meeting of the Stockholders, showing in detail the assets and liabilities of the Corporation, and general conditions of its affairs. A similar statement shall be presented at any other meeting of the Stockholders, when thereto required by persons holding at least two-fifths of all the issued and subscribed capital stock of the Corporation.
- (e) To cause to be issued to Stockholders, in proportion to their several interests, certificates of stock and see that the same are properly located, when requested by the owners thereof, in the manner prescribed in the Articles of Incorporation and By-Laws of this Corporation.
- (f) To make rules and regulations for the management, distribution and sale of water and water rights in which the corporation may have any interest, and the issuance of certificates of stock with water rights attached thereto, and for the distribution of water upon all lands on which stock is located.
- (g) To incur indebtedness, from time to time, as may be necessary in conducting the business and affairs of this Corporation.

ARTICLE VI.

CAPITAL STOCK

Section 1. The Board of Directors shall cause to be issued certificates of stock to subscribers or purchasers of stock, or to persons with whom the Corporation may bargain or contract in relation to the purchase or use of water or water rights or property of any kind or character, and shall cause such stock and certificates thereof to be issued in accordance with the direction of any of the above named persons;

Article VI, Section 1, Continued:

and thereafter shall cause to be issued to Stockholders or their assignees certificates of stock in accordance with law and their Articles of Incorporation and these By-Laws and rights of the parties, which certificates shall be signed by the President and Secretary; and all stock (or new stock issued or to be issued in lieu thereof) sold, bartered or exchanged for the purpose of purchasing water to be supplied to or flowing in the canal or canals used or owned by the Corporation shall have attached thereto and transferred therewith and evidenced by endorsement on the certificate thereof, a water right or right to the use of water delivered at the main canal in continuous flow under a four-inch pressure in the proportion of one-tenth of an inch under said pressure to each share; provided that the Board of Directors shall in their discretion have power to affix to such water rights when the same are first granted, such terms or conditions as to application or use of water for specific purposes as they may contract or see fit, and to provide that such conditions shall be observed, otherwise such water right to be void; but thereafter such terms or conditions shall not be changed except by consent of the Stockholder holding such water right; and provided also that such water right shall be subject to the provisions of the Articles of Incorporation, in that behalf, and to these By-Laws, or any amendments thereof, and to the rules and regulations which are or may be from time to time adopted by the Board of Directors. Certificates of stock shall not be issued in less amount than one share.

Section 2. No transfer of stock shall be binding on the corporation unless duly entered on its books, nor shall stock be issuable until the owner thereof, or his duly authorized agent, shall have signed a receipt therefore on the stub of the stock certificate book, and until all the previous water tax levies, assessments, and water rates, as provided by these By-Laws and the Articles of Incorporation, levied thereon, according to the law and according to these By-Laws and the Articles of Incorporation,

Article VI, Section 2, Continued:

or any other indebtedness due from the Stockholder to the Company, have been fully paid.

Section 3. Before there shall be issued a new certificate of stock in lieu of a lost or destroyed certificate, there shall first be paid to or deposited with the Company the amount of any expense incurred or to be incurred by it in connection with any proceedings, whether in or out of Court, taken to secure the issuance of such new certificate, including attorney's fees, expenses and court costs.

(This section added May 11, 1937)

ARTICLE VII.

STANDING COMMITTEES

Section 1. The President shall appoint from the Directors, four standing committees of three members each, to have charge of matters arising in each department. Monthly reports shall be made to the Board of Directors.

Section 2. The committees are as follows:

Office management, accounts and records.

Water supply, sources and development.

Canals.

Pipe lines and laterals.

ARTICLE VIII.

OFFICERS

Section 1. The President shall preside at all meetings of Directors and Stockholders, and shall sign, as President, all certificates of stock, and have the general direction of the affairs of the Company, when not otherwise provided for by the Board of Directors or the By-Laws. In the absence of

Article VIII, Section 1, Continued:

the President, the Vice-President shall perform his duties.

Section 2. The Secretary shall keep a record of all meetings of the Board of Directors and Stockholders. He shall sign certificates of stock, keep proper stock and transfer books and journal ledger and books of account and make reports to the Board whenever requested. In the absence of the Secretary, the Assistant Secretary shall perform his duties.

(as amended October 3, 1939)

Section 3. The Treasurer shall be the custodian of the funds of the Corporation, and shall distribute and deposit the same as may be directed by the Board of Directors, and if any place of deposit be selected by the Board of Directors for the funds of the Corporation, the Treasurer shall use the same and shall not draw therefrom except upon a check signed by either the President, Vice President or General Manager, and either the Treasurer, Secretary or Assistant Secretary, provided that when the same person holds more than one of the above named offices, the signature of a second authorized person shall be required.

(as amended June 12, 1962)

Section 4. Every officer of the corporation shall personally and individually perform such other duties as may be specially assigned to each, from time to time by the Board of Directors, and any vacancy in any office occurring by death, resignation or otherwise, shall be filled by the Board at any regular or special meeting thereof, when any such vacancy occurs, and the person or persons chosen shall hold office until their successors are elected, as in these By-Laws provided.

ARTICLE IX

BOOKS AND PAPERS

Section 1. All books and papers of the corporation, shall, during business hours, be open to the inspection of any Director.

Section 2. Every Stockholder shall, during business hours be permitted to examine such books and papers as the law may provide in that behalf, conditional that such inspection shall not unreasonably interfere with ordinary business.

ARTICLE X

GENERAL MANAGER

Section 1. A General Manager shall be appointed by the Board of Directors to be removed at their pleasure. It shall be his duty to take charge of all the property belonging to the Corporation, and to control and direct all labor and business pertaining to the interest, business and operations of the corporation, but subject to the directions of the Board of Directors.

(as amended June 12, 1962)

ARTICLE XI.

USE OF WATER

Section 1. An inch of water, in these By-Laws referred to, is defined to be a continuous flow of water through an aperture one (1) inch square under the pressure of four (4) inches measured from the center of such aperture to the surface of water.

Section 2. No user of water shall be permitted to waste the same; and if any user of water allows any portion of the water received by him or her for the irrigation of his or her land to flow off from the said land as

Article XI, Section 2, Continued:

waste water, the Company may immediately make a reduction in the quantity of water then being delivered upon the said land, the said reduction to be equivalent to the amount so flowing off as waste water aforesaid.

(as amended October 11, 1955)

Section 3. Water shall not be delivered to any holder of stock who is delinquent in the payment of the water tax levy or of "Extra Water" charges.

(as amended October 11, 1955)

Section 4. This company is engaged in supplying water to its Stockholders for irrigation of Agricultural lands and other uses. No water will be sold or delivered for any purposes other than irrigation without the specific action of the board of directors authorizing the same and establishing the terms and conditions of use thereof.

(as amended October 11, 1955)

ARTICLE XII.

IRRIGATION USE

Section 1. The provisions of this article are applicable to irrigation use only.

Section 2. Water shall be delivered on the following lands, and in the following territory, to-wit:

Article XII, Section 2, Continued:

DESCRIPTION

Beginning at the Southeast corner of Section 22, Township 3 South,
Range 5 West, San Bernardino Base and Meridian;

Thence Westerly along the South lines of Sections 22 to the Southwest
corner thereof;

Thence South along the East line of Section 28, 2000 feet;

Thence Westerly parallel to the North line of Section 28 to the mid-
section line;

Thence North 2000 feet to the North quarter corner of Section 28;

Thence Westerly along the North line of Section 28 and 29 to the North
quarter corner of Section 29;

Thence South along the mid-section line to the Center of Section 29;

Thence Westerly along the mid-section line to the West quarter corner
of Section 29, being also the East quarter corner of Section 30;

Thence South along the East line of Section 30, 1500 feet;

Thence Westerly parallel to the North line of Section 30 to the West
line of Section 30, being also the East line of Section 25 of Township 3 South,
Range 6 West;

Thence South along the East line of Section 25 to the Southeast corner
thereof;

Thence Westerly along the Southerly line of Section 25 to the South
quarter corner;

Thence North along the mid-section line 1500 feet;

Thence Westerly parallel to the North line of Section 25 to the West
line of Section 25;

Thence North along the West line to the West quarter corner of Section 25,
which point is also the East quarter corner of Section 26;

Thence West along the mid-section line of Section 26 to the center of
Section 26;

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Article XII, Section 2, Continued:

Thence North along the mid-section line of Section 26 and 23 to its intersection with the Southerly right-of-way line of the Riverside Water Company's canal.

Thence Easterly along the said right-of-way line to its intersection with the center line of Arizona Avenue;

Thence Northeasterly along said center line of Arizona Avenue to its intersection with the center line of Taylor Street;

Thence Southeasterly along the center line of Taylor Street to its intersection with the Southerly right-of-way line of the Riverside Water Company's canal;

Thence Northeasterly along said right-of-way line of Riverside Water Company's canal to its intersection with an East and West line which is 1/4 of a mile North of and parallel to the South line of Sections 24 and 25, Township 2 South, Range 5 West;

Thence along the above described line to its intersection with the West line of Section 30, Township 2 South, Range 4 West;

Thence North along the West line of said Section 30 to the Northwest corner thereof;

Thence East along the North line of said Section 30, and the North line of Section 29, Township 2 South, Range 4 West, to the North and South center line of said Section 29;

Thence South along the center line of said Section 29, and the center line of Section 32, to the South line of said Section 32, Township 2 South, Range 4 West;

Thence Westerly along the South line of Section 32, and the South line of Section 31, to the Southwest corner of said Section 31;

Thence South along the East lines of Sections 1 and 12;

Thence West along the South line of said Section 12;

Thence South along the East line of Section 14;

Thence West along the South line of said Section 14 to the Southwest

Article XII, Section 2, Continued:

corner thereof;

Thence South along the East line of Section 22, Township 3 South, Range 5 West, to the Southeast corner thereof, and the point of beginning of the above description.

Also that portion of Lot 2, Block 65 of Rancho San Bernardino as per Book 7, page 2 of Maps, San Bernardino County Records, described as follows:

Commencing at the Northeast corner of said Lot 2;

Thence West along the North line of said Lot, 1015 feet;

Thence South parallel with the West line of said Lot 2, 1901.0 feet to the point of beginning;

Thence West parallel with the North line of said Lot, 528 feet;

Thence South parallel with the West line of said Lot, 412 feet;

Thence East parallel with the North line of said Lot, 528 feet;

Thence North parallel with the West line of said Lot, 412 feet to the point of beginning; and containing 5.0 acres.

Also, all that portion of Lot 2, Block 65, of the Rancho of San Bernardino, according to the map of said Rancho, recorded in the office of the County Recorder of San Bernardino County, California;

Beginning at a point on the North line of said Lot 2, 1015 feet West of the Northeast corner of said Lot 2;

Thence South 2440 feet;

Thence South 72° 40' West, 649.70 feet;

Thence North 89° 35' West, 40 feet;

Thence North 30 feet to the North line of the Redlands and Riverside Road and point of beginning of the following description:

Thence North 330 feet;

Thence West 528 feet;

Thence South 330 feet;

Thence East 528 feet to the point of beginning of the above description and containing by ad-measurement 4.00 acres, more or less.

Article XII, Section 2, Continued:

Also all that portion in the Northwest corner of the Northwest quarter of Section 34, Township 1 South, Range 4 West, San Bernardino Base and Meridian, lying North of a line which is 284 feet South of and parallel to the center line of Washington Street and North of a line which is parallel to the center line of the Gage Canal, and measured 25 feet at right angles therefrom, containing 5.00 acres.

Also the East seven acres of Lot 32, of the Pember Tract, lying above the Southeasterly right-of-way line of the Gage Canal, in Township 2 South, Range 4 West, San Bernardino Base and Meridian.

Section 3. Each stockholder is entitled to receive the water to which he is entitled in continuous flow, or its equivalent taken monthly, as in these By-Laws provided, and in accordance with the regulations of the company. Any stockholder may cumulate water to which he is entitled for any period of time, not in any case, however, to exceed thirty days, nor in excess of the capacity of the distributing pipe or pipes to his land or lands, and may receive such cumulated flow on one or more days, but in no event shall such flow be so cumulated as to require the delivery thereof in less than one full day or multiple thereof; such cumulated flow shall be delivered to and received by the stockholder desiring the same on any day or days that the company can arrange to supply the same and in accordance with such schedule of deliveries as may from time to time be adopted by the company.

Section 4. Stock shall be issued on the basis of two (2) shares for each acre to owners of land within the company's service area, and provided the place of use as approved by the company is first designated on the certificate of stock so issued. The water right represented by such stock shall be located on the lands described on said certificate until said shares are freed from the land so described. Stock may be so freed by execution and delivery to and in favor of the company of a deed from the owner of said land

Article XII, Section 2, Continued:

releasing and relinquishing said land from the right to receive water from the company under said certificate. All water charges and other obligations under the stock so freed shall continue in full force and effect.

(as amended October 11, 1955)

Section 5. Stock freed as in this article provided may either:

- (a) Be duly located on other lands within the company's service area;
or
- (b) Be issued without being located on specific land but may be registered with the company for use by the owner thereof on land owned by such stockholder and already served by the company, provided, that in no event shall any such stockholder so register more than one (1) share per acre for the use herein described, although the place of use in such registration may be changed from time to time; or
- (c) May, upon application, be designated for such other use as the board of directors may authorize and determine.

(as amended October 11, 1955)

ARTICLE XIII.

NON-IRRIGATION USE

Section 1. The provisions of this article are applicable to non-irrigation uses only.

Section 2. All stock issued hereunder shall carry the same duty of water as irrigation use shares, but in all other respects the terms and conditions of use, and the places of use thereof, shall be determined in each case by the board of directors, and the same shall be set out in full, and attached to the share certificate so issued.

(as added October 11, 1955)

EXHIBIT "E"

ARTICLE XIV

DUTY OF WATER

Section 1. The duty of water prescribed in the articles of incorporation of this company is one (1) inch of water to each ten (10) shares of stock, or one-tenth (1/10th) inch of water per share.

Section 2. In addition to the duty of water prescribed in the articles of incorporation of this company, each shareholder shall be entitled to an additional one-twentieth (1/20th) of an inch per share. Said entitlement is based upon additional water rights acquired by the company since 1910.

Section 3. "Extra Water" is water available for distribution from the company's canal to the stockholders of the company after all requirements have been satisfied under Sections 1 and 2 of this Article XIV. Extra water shall be available to irrigation use stockholders only. Extra water shall be distributed by the management and sold at such rates as the Board of Directors may determine.

(as added October 11, 1955)

ARTICLE XV

AMENDMENT OF BY-LAWS

Section 1. These By-Laws or either or any of them by Section or Article, may be repealed, amended or added to, or new By-Laws adopted in their stead, either by the stockholders at any meeting thereof, or by the majority of the board of directors at any meeting thereof.

ARTICLE XVI

Section 1. Notwithstanding any other provision in these By-Laws contained, any and all certificates issued by this corporation shall, among other things, carry the following on the face thereof;

"This certificate is issued to the holder hereof and accepted by him

Article XVI, Section 1, Continued:

on the condition that the share or shares of stock represented hereby, and the water right incident thereto, are attached to and made appurtenant to that certain land situated in the County of Riverside, State of California, within the service area of this corporation, and particularly described as follows:

and that the holder hereof is the owner of said land hereinabove in this certificate described."

(as amended July 28, 1960)

EXHIBIT "E"

ARTICLES OF INCORPORATION

OF

"THE GAGE CANAL COMPANY."

KNOW ALL MEN BY THESE PRESENTS, THAT WE, the five subscribers hereto, a majority of whom are residents of the State of California, -- that is to say, -- MATTHEW GAGE, WM. IRVING, ROBERT GAGE and AUSTIN HARRY JENNINGS, being residents of said State, and WILSON CREWDSON, being a resident of London, England, have this day voluntarily associated and do hereby associate ourselves together for the purpose of forming and do hereby form a corporation under the laws of the State of California;

AND WE HEREBY CERTIFY, DECLARE AND STATE:

I.

That the name of the corporation shall be "THE GAGE CANAL COMPANY:"

II.

The purposes for which this corporation is formed are:

- (a) The specific business in which the corporation is primarily engaged is the business of acquiring, developing, selling, distributing, supplying or delivering water to its shareholders for such purposes only as may be endorsed on the share certificate of the stock representing the same, and without profit to its shareholders.
- (b) To make available to its shareholders all water and water rights owned and controlled by the corporation for irrigation use and such other uses and purposes as the board of directors may from time to time establish, and within such service area as may from time to time be established by said board of directors.
- (c) To acquire, purchase, own, hold, lease (either as lessor or lessee), use, grant, sell, exchange, contract for, license, mortgage, convey in trust, manage, improve, construct, operate all ditches,

Articles of Incorporation, II, Continued:

canals, wells, pumps, water supplies, water rights, water contracts, dams, aqueducts, reservoirs, sluices, water works, easements, rights, structures, capital stock in other companies, real estate, improved or unimproved, and any and all other property and appurtenances necessary or required in connection with the construction, improvement, operation and maintenance of a water distribution system.

- (d) To provide that the capital stock of the corporation shall entitle the holder thereof to one and one-half (1 1/2) inch of water in continuous flow under four (4) inch pressure to each ten (10) shares of stock, and to such additional water as may be made available from time to time under the By-Laws of the Company. Said water shall be made available to the shareholders only at the company's canal unless the Board of Directors order it made available at some other location. The water rights of all shareholders are correlative.
- (e) To provide that no certificate may be issued for less than one (1) share of stock.
- (f) To borrow money and to issue bonds, notes, debentures, or other obligations of this corporation from time to time for any of the objects or purposes of this corporation, and to secure the same by mortgage, deed of trust, pledge or otherwise, or to issue the same unsecured.
- (g) To make such by-laws, rules and regulations as the Board of Directors may deem proper or necessary for the use, apportionment, management and distribution of water and other purposes of this corporation.

Articles of Incorporation, II, Continued:

(h) To enter into all contracts necessary or proper to accomplish the purposes of this corporation, and to have and exercise all powers conferred by the laws of California to carry out and perform every act and thing within the scope of the purposes of this corporation; provided:

- (1) That all shares of stock of this corporation shall be the same in every respect, with equal privileges and priority inter se, and no share of stock shall be entitled to any privilege, priority or right to receive water over any other share.
- (2) That each shareholder shall contribute to the expenses of maintenance, operation, protection and repair of said canal system and water supply in the proportion that the number of shares represented by the certificate of stock bears to the total number of shares issued and outstanding, and said expenses shall be payable to the corporation as a water tax (and not as a corporate assessment). In addition to the above water tax, to be established by the board of directors, the board of directors may establish charges for any water delivered to shareholders in excess of the allotment conferred by the Articles of Incorporation and By-Laws of the company. Also the board of directors may establish charges in addition to the water tax above referred to for the delivery of water to its shareholders requiring special handling, treatment, continuity of supply, or other service not required for water used in agricultural irrigation by its stockholders.
- (3) The interest of any shareholder in this corporation shall at all times be subject to the provisions of these Articles of

Articles of Incorporation, II, Continued:

Incorporation and to the By-Laws thereof as the same are amended from time to time.

(as amended June 12, 1956)

III

That the place where the principal office for the transaction of the business of the corporation is located is in the County of Riverside, State of California.

(as amended June 12, 1956)

IV

The existence of this corporation shall be perpetual.

(as amended October 11, 1938)

V

That the number of directors of said corporation is and shall be eleven (11) and that the names and residences of the directors of said corporation, who are appointed for the first year and to serve until the election and qualification of directors in the manner provided by law, are as follows, to-wit: --

NAMES	WHOSE RESIDENCE IS AT
Matthew Gage,	Riverside, San Bernardino Co., Cala.,
Wilson Crewdson,	London, England
William Irving,	Riverside, San Bernardino Co., Cala.,
Robert Gage,	Riverside, San Bernardino Co., Cala.,
Austin Harry Jennings,	Riverside, San Bernardino Co., Cala.,

(amended January 9, 1926 to increase number of directors from five to eleven)

Articles of Incorporation, II, Continued:

VI

That the amount of the capital stock of said corporation is and shall be Two and one-half millions of dollars, and that the number of shares into which it is divided is and shall be fifty thousand shares of the par value of fifty dollars each.

VII

That the amount of said capital stock which has been actually subscribed is five hundred dollars, at the par value thereof; and that the following are the names of the persons by whom the same has been actually subscribed, and in number of shares and amounts of subscription set opposite to the names of each person, to-wit: --

Names of Subscribers.	No. of Shares.	Amount of Subscription
Matthew Gage	2	\$ 100.
Wilson Crewdson	2	\$ 100.
William Irving	2	\$ 100.
Robert Gage	2	\$ 100.
Austin Harry Jennings	2	\$ 100.

IN WITNESS WHEREOF, we have hereunto set our hands this thirty-first day of March, A. D. 1890.

MATTHEW GAGE

W. IRVING

WILSON CREWDSON

AUSTIN H. JENNINGS

ROBERT GAGE