

**ARTICLES OF ASSOCIATION
OF
WEST BASIN WATER ASSOCIATION**

(As amended at the August 8, 1946, November 10, 1949, November 19, 1953, November 17, 1955, March 22, 1956, May 27, 1971, May 20, 1993, December 7, 1999, November 15, 2006, October 1, 2009 meeting of the Board of Directors.)

ARTICLE I

The name of this Association shall be "WEST BASIN WATER ASSOCIATION".

ARTICLE II

Purposes

Section 1. To take an active interest in the problems arising because of the deficiency existing in the supply of groundwater in the West Basin.

Section 2. To investigate such problems, formulate and disseminate factual and educational data in connection with the supply of groundwater, its depletion, and methods of recharge, and/or a secondary source of supply in order to provide said West Basin, its inhabitants and the producers of water therefrom with a dependable supply of water to meet their present and future needs.

Section 3. To investigate legislative measures, state or local, which bear on, relate to, or control the preservation or recharge of the West Basin groundwater supply or a secondary source of supply, and if advisable, express opinions in connection therewith.

Section 4. To cooperate with its members and other persons, firms, corporations, municipalities, districts and other agencies, both public and private, interested in or affected by such problems and the solution thereof in any and all matters relating thereto.

Section 5. As used herein the term "West Basin" shall be deemed to comprise all that territory in the County of Los Angeles, State of California, which lies southerly of the Ballona Escarpment and Slauson Avenue; westerly of the Inglewood-Newport Fault and the Flood Control Channel of the Los Angeles River; and easterly of the Pacific Ocean.

Section 6. This Association does not contemplate, nor shall it result in, pecuniary gain or profit to the members thereof, and it shall have no power to engage in any business for profit.

Section 7. The property of this Association is irrevocably dedicated to social welfare purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private person. Upon dissolution or winding up of this Association, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Association, shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for social welfare purposes and which has established its tax exempt status under Section 501©4 of the Internal Revenue Code.

ARTICLE III
Membership

Section 1. Producer Members

Any person, firm, corporation, district, municipality, or other agency, public or private, taking or diverting water from the ground in the West Basin may be admitted to membership as a producer member in this Association.

Section 2. Associate Members

Any person, firm, corporation, district, municipality, or other agency, public or private, interested in or affected by the purposes of this Association and who is not qualified as a producer member, may be admitted to membership as an associate member in this Association.

Section 3. Honorary Life Association Memberships

Any individual or person may be awarded an honorary life membership in the Association upon recommendation of the Board of Directors and a vote representing two-thirds of the voting power of Association members present at any regular or special meeting. Honorary life Association members shall not pay annual dues or assessments and shall have voting rights equivalent to those of associate members.

Section 4. Upon joining this Association the member shall subscribe to these articles at the end thereof. These articles may be executed in counterparts, and when so executed shall be considered as constituting the complete original Articles of Association.

ARTICLE IV
Board of Directors

Section 1. Board of Directors

The affairs of this Association shall be conducted and all rights and powers of members shall be exercised by and through a Board of Directors appointed by the members as hereinafter provided.

Section 2. Appointment

The Board of Directors shall be elected by the membership of the Association. Each such director shall serve and be qualified to act until such authority is terminated by written notice filed with the executive secretary or until the Board of Directors appoints his successor or until such member withdraws or is expelled from this Association.

The Board of Directors shall have authority to act for the Association in intervals between meetings of the Association, provided that no action of said Board shall be binding upon said Association unless authorized or approved by it, provided, however, that the Board of Directors shall not have power to levy assessments, expend or incur any obligation or obligations totaling more than \$5,000.00 over the established budget in any one year without the prior approval of the Association membership, adopt or amend regulations, or amend or revise these Articles of Association. The Board of Directors shall prepare an annual budget in accordance with Article V, Section 5. It shall make written application to the Association members for authority to expend funds for specific purposes. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. The Board of Directors shall keep regular minutes of its proceedings and shall report all its actions to the Association members at the membership meeting next succeeding such action.

Unexcused absence for 3 consecutive Board meetings for any reason may constitute grounds for removal by a majority vote of the Board. Board members may be represented at a Board meeting by another member of their organization if they are unable to attend.

Section 3. Voting rights

(a) Board Members

Each Board member shall have one vote per person for any decision made by the Board of Directors. Individuals vote at Board meetings, not entities.

(b) Producer Members

At Association membership meetings each producer member shall be entitled to one vote for the first 100 acre feet (or fraction thereof if the total be less) of water rights identified as Allowed Pumping Allocation (APA) in the West Basin during the preceding fiscal year (July 1 through June 30), and one additional vote for each additional 100 acre feet of APA. Such voting rights of such member shall be exercised only by and through the representative designated and appointed by such member, as hereinafter provided.

(c) Associate Members

Each associate member shall be entitled to one vote which right shall be exercised only by and through the representative designated and appointed by him as herein above provided.

Section 4. Regulations

The Board of Directors shall adopt such regulations for its government, as it may deem necessary.

Section 5. Executive Committee

The executive committee shall consist of the president, vice president, and treasurer. The members of such executive committee will be elected by the Association members and shall serve at the pleasure of the Board and the Association members.

Section 6. Quorum

Five members of the Board of Directors, or a majority thereof, whichever number is less, shall constitute a quorum for the transaction of all business.

Section 7. Compensation

The Directors shall not receive any compensation for their services as such, but, by resolution of the Board, shall be entitled to reimbursement for actual and necessary expenses incurred in the performances of their duties, and also by authority of the Board, they may be compensated for services rendered as members of the Executive Committee or when acting in any other capacity of behalf of the Association.

Section 8. Officers

A president, vice president and treasurer shall be elected by the Association members from among the members of the Board of Directors who shall serve two-year terms at the pleasure of the members. Officers elected shall serve for no more than two consecutive two-year terms, which commence on or after July 1st.

The Board of Directors shall appoint and employ an executive secretary and such consultants and employees as may be necessary; who need not be members of the Board nor of the Association.

The officers, consultants, and employees so selected shall perform such duties and receive such compensation as the Board of Directors may from time to time prescribe. The Board of Directors shall require of such officers, consultants, and employees such bonds as security for the faithful performance of their duties as it may deem proper. The premiums for such bonds shall be paid by the Association.

Section 9. Duties of Officers

(a) President

It shall be the duty of the president to reside over all meetings of the Association and to discharge such other duties as may be required by him by these Articles, or by the Board of Directors.

(b) Vice President

In the absence or disability of the president, the vice president shall perform the duties of the president; and whenever any resolution empowers or directs the president to do an act, the performance of such act by the vice president shall be of equal force and have the same effect as if done by the president, whether performed in the absence of the president or not.

(c) Executive Secretary

It shall be the duty of the executive secretary:

- 1) To keep a record of the proceedings of the Association and of the Board of Directors.
- 2) To keep all books and records of the Association.
- 3) To serve all notices required by these Articles or by regulations of the Association.
- 4) To collect all dues and assessments and deposit them in a financial institution agreed upon by the Board of Directors.
- 5) To discharge such other duties as may be required by these Articles of Association by the Association members, or by the Board of Directors

(d) Treasurer

The treasurer shall have custody and control of all funds of the Association and shall disburse the same only for Association purposes upon proper direction of the Association or the Board of Directors when it has been authorized by the Association to direct such disbursement.

Section 10. Meeting

Regular meetings of the Association shall be held quarterly in the months of February, May, August, and November. The president may call special meetings, by the majority vote of the Board of Directors, or upon petition of 20% of the members. The place of regular meetings and the time and place of special meetings shall be designated by the president, or, if he fails to act, by the Board of Directors.

Written notice of each meeting of the Association shall be mailed by the executive secretary to each member of the Association at least ten days prior to the meeting.

ARTICLE V
Finances

Section 1. Fiscal Year

The fiscal year of this Association shall be from July 1st of each year to June 30th of the following year.

Section 2. Annual Dues

The annual dues for both producer and associate members shall be \$200.00 payable in advance when the member joins and on the first day of each fiscal year thereafter. When a member joins at a time other than at the commencement of the fiscal year, such dues shall be prorated upon a quarterly basis.

Section 3. Assessments

The Association shall have power to levy assessments against producer members in accordance with the annual budget as adopted. The amount of such annual assessments or installments thereof shall be determined by the Association, and shall be apportioned among such members upon the basis of the rights identified as Allowable Pumping Allocation (APA) in the fiscal year preceding the fiscal year in which the Association acts to establish said assessment. The Association shall have power to levy special assessments in the same manner as

it levies annual assessment. Whenever it is proposed to levy an assessment, written notice of such proposed action and of the time and place of the meeting at which it will be considered must be given by the executive secretary to each Association member at least ten days prior to such meeting.

Assessments or installments thereof shall become delinquent sixty days after the time fixed for the payment thereof by the Association.

All assessments levied against any municipal or public corporations shall be subject to the approval of the appropriate legislative body of such corporation.

Section 4. Expulsion of Members

The Association shall have power to make rules and regulations relative to the payment of dues and assessments, and shall expel any member who fails to pay the same within sixty days after the due date thereof.

Section 5. Budget

Not less than thirty days prior to the last regular meeting of the Association in each fiscal year, the Board of Directors shall prepare and submit in writing to each member of the Association a detailed budget of the estimated revenues and expenditures for the ensuing year, provided however that the budget for the remainder of the fiscal year ending June 30th, may be adopted by the Board of Directors as soon as conveniently possible after organization of said Board. The Association shall have power to modify or change such budget, as it deems proper. The annual budget for the ensuing fiscal year shall be adopted by the Association at its last regular meeting of each fiscal year.

Section 6. Limitation of Expenditures

The Association members shall have control of the expenditures of all funds of this Association but shall not authorize any expenditure or incur any obligation or indebtedness in excess of the available funds on hand nor shall it authorize the Board of Directors to make any such expenditure or to incur any such obligation or indebtedness. Upon application of the Board of Directors, the Association members may authorize the expenditure of Association funds for specific purposes. Any indebtedness or obligation of the members whose representatives voted therefore, who shall hold and save harmless the other members from any and all claims arising therefrom.

Section 7. Annual Audit

There shall be an annual audit of accounts of the Association by a certified public accountant, designated for that purpose by the Board of Directors.

ARTICLE VI
Withdrawal from Membership

Section 1. Any member may withdraw from this Association by giving written notice thereof to the executive secretary. If such written notice is given prior to the delinquent date of any assessment, the member shall not be liable for such assessment.

ARTICLE VII
Amendments

Section 1. These Articles of Association may be amended by the Association members at any regular meeting or at any special meeting called for that purpose by a vote representing two-thirds of the voting power vested in the members present. Written notice of any proposed amendment containing the wording thereof, and the time and place of the meeting at which this amendment will be considered, must be mailed to each member by the Executive Secretary at least ten days prior to such meeting.