

Exhibit I

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BY-LAWS OF
MURPHY HILL MUTUAL WATER ASSOCIATION

ARTICLE I
OFFICES

Section 1. PRINCIPAL OFFICE.

The principal office for the transaction of business of the Association is hereby fixed and located at 801 East Lake Avenue, Watsonville, California. The Board of Directors is hereby granted full power and authority to change the place of said principal office.

Section 2. OTHER OFFICES.

Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the Association is qualified to do business.

ARTICLE II
MEMBERSHIP

Section 1. MEMBERS.

Membership in the Association shall be limited to the owner or owners of one lot or parcel of real property in the Murphy Hill Subdivision located in the County of Monterey, State of California. For the purpose of these By-Laws, lots or parcels shall consist of those lots or parcels described and set forth in parcel maps from time to time filed in the office of the County Recorder of Monterey County, California, including property within the area described in the Articles of Incorporation of this Association on file with the Secretary of State of the State of California including lots resulting from further subdivision of any lots set forth and described in any parcel maps filed at this time. A purchaser of any lot or parcel of land under contract shall also be deemed to be an owner for the purposes of these By-Laws. A lot or parcel of land held as community property shall qualify the owners thereof for one membership certificate only in the Association, which membership shall be in the name of the husband as manager of the community property. As to any lot or parcel of land held in joint tenancy, tenancy in common or in the name of a partnership or in any other way, only one person of any number of such co-owners shall be a member of this Association.

Section 2. ELIGIBILITY FOR HOLDING MEMBERSHIPS

All persons who become owners of lots or parcels of property as defined and described in Section 1 of this Article shall by reason of such ownership become members of the Association and be issued one membership certificate in the Association. No member can have more than one membership. The Board of Directors of the Association is empowered to consider special circumstances from time to time not covered herein and, based on such circumstances, issue membership certificates and determine eligibility for becoming a member.

Section 3. VOTING RIGHTS.

Each member shall be entitled to one vote on each matter submitted to the vote of the members. No distinction shall exist between the members except that a member must be in good standing in order to vote his membership. Members may accumulate their votes for directors.

Section 4. TERMINATION.

The Board of Directors may, by affirmative vote of two-thirds of all members of the Board, suspend or expel a member for cause after an appropriate hearing, and may cancel the membership certificate of any member who becomes in default in the payment of assessments for the period fixed in these By-Laws.

Section 5. RESIGNATION.

Any member may cancel his membership by filing a written cancellation with the Secretary but such cancellation shall not relieve the member so cancelling of the obligation to pay any dues, assessments or other charges theretofore accrued and unpaid.

Section 6. REINSTATEMENT.

Upon the written request signed by a former member and filed with the Secretary, the Board of Directors may reinstate such former member's membership upon such terms as the Board of Directors may deem appropriate.

Section 7. TRANSFER OF MEMBERSHIP.

Memberships in this Association are transferable or assignable only with the transfer or assignment of the lot or parcel of land to which it attaches.

Section 8. RIGHTS AND LIABILITIES.

No member of the Association shall have any right, title or interest in or to any property or assets of the Association, except on dissolution. The private property of the members shall be exempt from execution or other liability for the debts of the Association, and no member shall be liable or responsible for any debts or liabilities of the Association.

Section 9. INFORMAL ACTION.

Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE III MEMBERS' MEETING

Section 1. PLACE OF MEETINGS.

All meetings of the members shall be held at the office of the Association in the State of California, as may be designated for that purpose from time to time by the Board of Directors.

Section 2. ANNUAL MEETINGS.

The annual meeting of the members shall be held on the 1st day of July in each year, if not a legal holiday, and if a legal holiday, then on the next succeeding business day, at the hour of 10:00 A.M., at which time the members shall elect by plurality vote a Board of Directors, consider reports of the affairs of the Association, and transact such other business as may properly be brought before the meeting.

Section 3. SPECIAL MEETINGS.

Special meetings of the members, for any purpose or purposes

whatsoever, may be called at any time by the President, or by the Board of Directors, or by any two or more members thereof, or by one or more members holding not less than one-fifth (1/5) of the voting power of the Association.

Section 4. NOTICE OF MEETINGS.

Notices of meetings, annual or special, shall be given in writing to members entitled to vote by the Secretary or the Assistant Secretary, or if there be no such officer, or in case of his neglect or refusal, by any director or member.

Such notices shall be sent to the member's address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice, not less than seven days before such meeting.

Notice of any meeting of members shall specify the place, the day and the hour of meeting, and in case of special meeting, in the manner provided by law, shall state the general nature of the business to be transacted. Notice of the business to be transacted shall also be given for any meeting at which the following matters are to be considered: lease or transfer of all or substantially all of the Association's assets, merger with another association, reduction of stated capital, amendments of the articles, dissolution of the Association, or plans for distribution of securities or any other assets in connection with dissolution.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at any adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 5. CONSENT TO MEMBERS' MEETINGS.

The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association's records or made a part of the minutes of the meeting.

Any action which may be taken at a meeting of the members, except the approval of agreements to merge or consolidate with other associations, may be taken without a meeting if authorized by a writing signed by all of the holders of membership certificates who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the Association.

Section 6. QUORUM.

The holders of a majority of the membership certificates entitled to vote thereat, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meeting of the members for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person, or by proxy, shall have power to adjourn the meeting from time to time, until the requisite amount of voting memberships shall be present. At such adjourned meeting at which the requisite amount of voting memberships shall

be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. PROXIES.

Each person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by written proxy executed by such person or his duly authorized agent and filed with the secretary of the Association. The manner of execution, revocation, and use of proxies shall be governed by the general provisions of law.

ARTICLE IV DIRECTORS; MANAGEMENT

Section 1. POWERS.

Subject to the limitation of the Articles of Incorporation, of the By-Laws and of the Laws of the State of California as to action to be authorized or approved by the members, all corporate powers shall be exercised by or under authority of, and the business and affairs of this Association shall be controlled by, a Board of Directors.

Section 2. NUMBER AND QUALIFICATION.

The authorized number of directors of the Association shall be three (3), until changed by amendment to the Articles of Incorporation or by an amendment to this Section 2, Article IV of these By-Laws, adopted by the vote or written assent of the members entitled to exercise the majority of the voting power of the Association.

Section 3. ELECTION AND TENURE OF OFFICE.

The directors shall be elected by ballot at the annual meeting of the members, to serve for one year and until their successors are elected and have qualified. Their term of office shall begin immediately after election.

Section 4. VACANCIES.

Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

The members may at any time elect a director to fill any vacancy not filled by the directors, and may elect the additional directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any director, or if the members shall increase the authorized number of directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional director so provided for, or in case the members fail at any time to elect the full number of authorized directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, or the members, shall have power to elect a successor to take office when the resignation shall become effective.

No reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. REMOVAL OF DIRECTORS.

The entire Board of Directors or any individual director may be removed from office in the manner provided by law.

Section 6. PLACE OF MEETINGS.

Meetings of the Board of Directors shall be held at the office of the Association in the State of California, as designated for that purpose, from time to time, by resolution of the Board of Directors or written consent of all of the Members of the Board. Any meeting shall be valid, wherever held, if held by the written consent of all Members of the Board of Directors, given either before or after the meeting and filed with the Secretary of the Association.

Section 7. ORGANIZATION MEETINGS.

The organization meetings of the Board of Directors shall be held immediately following the adjournment of the annual meetings of the members.

Section 8. OTHER REGULAR MEETINGS.

Regular meetings of the Board of Directors shall be held on the 1st day of each month, at 10:00 A.M., at the principal office of the Association. If said day shall fall upon a holiday, such meetings shall be held on the next succeeding business day thereafter. No notice need be given of such regular meetings.

Section 9. SPECIAL MEETINGS--NOTICES.

Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President or if he is absent or unable or refuses to act, by any Vice-President or by any two directors.

Written notice of the time and place of special meetings shall be delivered personally to the directors or sent to each director by letter or by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such director.

Section 10. WAIVER OF NOTICE.

When all the directors are present at any directors' meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or, if a majority of the directors are present and if those not present sign in writing a waiver of notice of such meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the Secretary of the Association, the transactions thereof are as valid as if had at a meeting regularly called and noticed.

Section 11. NOTICE OF ADJOURNMENT.

Notice of the time and place of holding an adjourned meeting

need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 12. QUORUM.

A majority of the number of directors as fixed by the Articles or By-Laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a majority of the directors present, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

ARTICLE V OFFICERS

Section 1. OFFICERS.

The officers of the Association shall be a president, a vice-president, a secretary and a treasurer. The Association may also have, in the discretion of the Board of Directors, a chairman of the Board, one or more additional vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two (2) or more offices, except that of president.

Section 2. ELECTION.

The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS, ETC.

The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION.

Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 6. CHAIRMAN OF THE BOARD.

The chairman of the Board, if there shall be such an officer,

shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the By-Laws.

Section 7. PRESIDENT.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the chairman of the Board, if there be such an officer, the president shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and in the absence of the chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of an association, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. VICE-PRESIDENT.

In the absence or disability of the president, the vice-presidents, in order of their rank as fixed by the Board of Directors, or if not ranked, the vice-presidents designated by the Board of Directors, shall perform all the duties of the president, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the president. The vice-presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or by the By-Laws.

Section 9. SECRETARY.

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

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the Association's transfer agent, a membership register, or a duplicate membership register, showing the names of the members and their addresses; the number of memberships held by each; the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by the By-Laws or by law to be given; he shall keep the seal of Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 10. TREASURER.

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus, including earned surplus,

paid-in-surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any director.

The treasurer shall deposit moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors; shall render to the president and directors, whenever they request it, an account of all his transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

ARTICLE VI

EXECUTIVE AND OTHER COMMITTEES

The Board of Directors may appoint an executive committee and such other committees as may be necessary from time to time, consisting of at least two of its members and with such powers as it may designate, consistent with the Articles of Incorporation and By-Laws and the General Corporation Laws of the State of California. Such committees shall hold office at the pleasure of the Board.

ARTICLE VII

CORPORATE RECORDS AND REPORTS--INSPECTION

Section 1. RECORDS.

The Association shall maintain adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal place of business in the State of California, as fixed by the Board of Directors from time to time.

Section 2. INSPECTION OF BOOKS AND RECORDS.

All books and records provided for by statute shall be open to inspection of the directors and members from time to time and to the extent expressly provided by statute, and not otherwise.

Section 3. CERTIFICATION AND INSPECTION OF BY-LAWS.

The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members of the association in the manner provided by law.

Section 4. CHECKS, DRAFTS, ETC.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 5. CONTRACTS, ETC. -- HOW EXECUTED.

The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any

power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 6. ANNUAL REPORT.

The Board of Directors of the Association shall cause an annual report to be sent to the members not later than one hundred twenty (120) days after the close of the fiscal or the calendar year in compliance with the provisions of the California Corporations Code.

ARTICLE VIII MEMBERSHIP CERTIFICATES

Section 1. MEMBERSHIP CERTIFICATES.

Membership certificates of the Association shall be in such form as the Board of Directors shall designate and shall be issued over the signature of the President and Secretary. A certificate book shall be maintained which shall contain a margin on which shall be shown the number, date and name of the member as set forth on the corresponding certificate.

Section 2. CERTIFICATES APPURTENANT TO LOTS.

Membership certificates of the Association shall be appurtenant to the lots and real property as the same are described and set forth in the Articles of Incorporation of this Association and these By-Laws and shall not be transferable except with the conveyance of the lot or other real property for which said certificate is issued. No fractional certificate shall be issued. Such conveyance shall effect the transfer of the certificate appurtenant to that particular lot or real property to its purchaser.

Section 3. TRANSFER OR ASSIGNMENT OF CERTIFICATES.

Membership certificates of the Association are not transferable or assignable except as specifically provided in these By-Laws.

Section 4. TRANSFER FEE.

All transfers of such certificates shall be subject to a transfer fee of \$20.00 and to the payment of all indebtedness to the Association of the member whose certificate is transferred.

Section 5. LOST OR DESTROYED CERTIFICATES.

Any person claiming a certificate of membership to be lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the Board of Directors may require, and shall, if the directors so require, give the Association a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the value of the membership represented by said certificate, whereupon a new certificate may be issued of the same tenor and for the same number of memberships as the one alleged to be lost or destroyed.

ARTICLE IX OBJECTS AND PURPOSES

The objects and purposes of the Association shall be to develop, distribute, supply and deliver water for domestic, garden and stock watering purposes or any one of such uses to its members at cost and to no one except its members at cost. The Association shall be authorized to do whatever may be deemed necessary, conducive, incidental or advisable to accomplish and promote said objects or purposes, including, but not limited to:

- (a) Constructing, leasing, maintaining and operating water system facilities;
- (b) Acquiring, owning, leasing or developing water, water rights or water bearing lands;
- (c) Paying all taxes, utilities, charges, assessments by which to further the foregoing objects and purposes; and
- (d) To do any other act or thing in any way connected with the foregoing or related to the objects and purposes of the Association.

ARTICLE X ASSESSMENTS

Section 1. ASSESSMENTS BY BOARD OF DIRECTORS.

Assessments for the installation, depreciation, maintenance and operation of the pipelines and water system owned by the Association may be levied by the Board on the members from time to time as deemed necessary and any such assessments shall be delinquent thirty (30) days from the date of the call therefor mailed postage prepaid from the office of the Association to such members at their addresses on file with the Secretary.

Section 2. PENALTIES ON DELINQUENT ASSESSMENTS.

Delinquent assessments shall be subject to such penalties as may be fixed by the Board. Failure of any member to pay any assessment when due may in the discretion of the Board constitute a forfeiture of the right to use water from the Association system. However, the defaulting member shall be entitled to a hearing before the Board at a time and place to be fixed by the Board, and the decision of the Board at any such hearing shall be final.

ARTICLE XI OPERATION OF WATER SYSTEM

Section 1. WATERMASTER.

The Board of Directors shall appoint a watermaster, whose duties may include, but are not limited to: (a) supervising and assisting in the installation of pipelines, water connections and other works of the Association and (b) supervising the distribution of water. Subject to the approval of the Directors, the watermaster may employ such assistants as may be necessary. He shall render a report to the President and Directors annually (or oftener if so required) setting forth the result of Association operations and shall perform such other duties as the President of the Board may require.

ARTICLE XII CORPORATE SEAL

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the Association, the date of its incorporation and the word "California".

ARTICLE XIII AMENDMENTS TO BY-LAWS

Section 1. BY MEMBERS.

New By-Laws may be adopted or these By-Laws may be repealed or amended at their annual meeting, or at any other meeting of the members called for that purpose, by a vote of members entitled to

exercise a majority of the voting power of the Association, or by the written assent of such members.

Section 2. POWERS OF DIRECTORS.

Subject to the right of the members to adopt, amend or repeal by-Laws, as provided in Section 1 of this Article XIII, the Board of Directors may adopt, amend or repeal any of these By-Laws other than a By-Law or amendment thereof changing the authorized number of directors.

Section 3. RECORD OF AMENDMENTS.

Whenever an amendment or new By-Law is adopted, it shall be copied in the Book of By-Laws with the original By-Laws, in the appropriate place. If any By-Laws or By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being all of the persons appointed in the Articles of Incorporation to act as the first Board of Directors of MURPHY HILL MUTUAL WATER ASSOCIATION hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of said Association.

IN WITNESS WHEREOF, We have hereunto set our hands this 14th day of July, 1972.

George S. Jercich

Gary Wilson

Sharon Chappelle

DIRECTORS

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of MURPHY HILL MUTUAL WATER ASSOCIATION and that the above and foregoing By-Laws were adopted as the By-Laws of said Association on the 14th day of July, 1972, by the persons appointed in the Articles of Incorporation to act as the first directors of said Association.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of July, 1972.

Sharon Chappelle
Sharon Chappelle, Secretary

THIS IS TO CERTIFY:

That I am the duly elected, qualified and acting Secretary of MURPHY HILL MUTUAL WATER ASSOCIATION and that the above and foregoing Code of By-Laws was submitted to the members at their first meeting held on the 14th day of July, 1972, and was ratified by the vote of the members entitled to exercise the majority of the voting power of said Association.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of July, 1972.

Sharon Chappelle
Sharon Chappelle, Secretary

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