

**BYLAWS OF
SJWC EMPLOYEES' COMMUNITY FUND, INC.**

AMENDED AND RESTATED ON SEPTEMBER 9, 2008

AMENDED AND RESTATED ON JANUARY 5, 2010

ARTICLE I. OFFICES

Principal Office

Section 1.01. The principal office for the transaction of the activities and affairs of this Corporation shall be located at 1265 South Bascom Avenue, San Jose, Santa Clara County, California 95128.

Change of Address

Section 1.02. The Board of Directors is hereby granted full power and authority to change the principal office of the Corporation from one location to another in California. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws.

ARTICLE II. MEMBERS

Members

Section 2.01. The Corporation shall have up to one hundred (100) Members.

Annual Meeting

Section 2.02. The Members shall meet annually, on the first Tuesday in March at 12 noon at the principal office, for the purpose of installation of authorized Directors.

Membership Eligibility

Section 2.03. In order to be eligible as a Member, an individual must be a current employee or retiree of San Jose Water Company, or an individual designated by the San Jose Water Company Board of Directors.

ARTICLE III. DIRECTORS

General Powers

Section 3.01. Subject to the provisions and limitations of the California Non-Profit Public Benefit Corporation Law, and any other applicable laws, the Corporation's activities and affairs shall be managed, and all corporate powers except for the election of Directors shall be exercised, by or under the direction of the Board.

Specific Powers

Section 3.02. Without prejudice to the general powers set forth in Section 3.01 of these Bylaws, but subject to the same limitations, the Board shall have the power to:

- a) Appoint and remove, at the pleasure of the Board, all corporate officers, directors, agents, and employees; prescribe powers and duties for them as are consistent with law, the Articles of Incorporation, and these Bylaws; and fix their compensation, if any.
- b) Change the principal office or the principal business office in California from one location to another;
- c) Borrow money and incur indebtedness on the Corporation's behalf and cause to be executed and delivered for the Corporation's purposes, and the corporate name, promissory notes, bonds, debentures, deeds of trusts, mortgages, pledges, apothecations, and other evidences of indebtedness;
- d) Adopt and use the corporate seal: and
- e) Exercise all other powers conferred by the California Non-Profit Public Benefit Corporation Law.

Number

Section 3.03. The Corporation shall have up to twelve (12) Directors: one (1) Director shall represent the Operating Engineers Local Union No. 3, and one (1) Director shall represent the Utility Workers of America (A.F.L.-C.I.O.) Local 259. Collectively, the Directors shall be known as the Board of Directors.

Qualifications

Section 3.04. The Directors of the Corporation shall be current or retired employees of San Jose Water Company.

Restriction on Interested Persons as Directors

Section 3.05. No more than twenty-four percent (24%) of the persons serving on the Board may be "interested persons." An "interested person" is:

- a) Any person compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as director; and
- b) Any brother, sister, ancestor, descendent, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this paragraph shall not affect the validity or enforceability of transactions entered into by the Corporation.

Term of Office

Section 3.06. Each Director shall hold office for the term of three (3) years. Each Director shall hold office for a successive term of three (3) years upon approval by the Board. No Director shall serve more than two (2) consecutive terms. Each Director's term of office shall alternate in such a manner as only one-third of the twelve (12) Directors shall vacate the Board of Directors concurrently. No less than two (2) Officers shall remain on the Board of Directors during each election year. Each Director shall hold office until a successor Director has been elected and qualified by the Board of Directors.

Nomination

Section 3.07. Any person qualified to be a Director under Section 3.02 of these Bylaws may be nominated by the method of nomination authorized by the Board or by any other method authorized by law.

Compensation

Section 3.08. The Directors shall serve without compensation, except that they may be allowed and paid their actual and necessary expenses incurred in attending the meetings of the Board or other provisions allowing partial compensation.

Meetings

Call of Meetings

Section 3.09.

a) Meetings of the Board may be called by the Chairman of the Board or the President or any Vice-President or the Secretary or any two (2) Directors.

Place of Meetings

b) All meetings of the Board shall be held at the principal office of the Corporation as specified in Section 1.01 of these Bylaws or as changed from time to time as provided in Section 1.02 of these Bylaws.

Annual Meeting

c) An annual meeting of the Board of Directors shall be held, without notice, on the first Tuesday in March at 12 noon at the principal office, for the purpose of transacting such proper business as may come before the meeting, or on such other date and time as may be fixed by the Board of Directors. If any day fixed for the annual meeting of the Board of Directors falls on a legal holiday, the meeting scheduled for that day shall be held at the same hour on the next succeeding day which is not a legal holiday.

Special Meetings

d) Special meetings of the Board may be called by the Chairman of the Board or the President or any Vice-President or the Secretary or any two (2) Directors. Special meetings shall be held on four (4) days' notice by first-class mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by telephone or electronic mail. Notice of the special meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of such notice to such Director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Quorum

e) A majority of the authorized number of Directors constitutes a quorum of the Board of Directors for the transaction of business, except as hereinafter provided.

Transactions of Board

f) Except as otherwise provided in the Articles, in these Bylaws, or by law, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken shall be approved by at least a majority of the required quorum for such meeting, or such greater number as is required by law, the Articles, or these Bylaws. In the event of a vote by the Board of Directors resulting in a tie, the President of the Board of Directors shall abstain from voting to break such tie.

Conduct of Meetings

g) Any Director selected by the Directors present shall preside at meetings of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer shall act as Secretary of the Board. Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Such participation shall constitute personal presence at the meeting.

Adjournment

h) A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Action Without Meeting

Section 3.10. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors.

Removal of Directors

Removal for Cause

Section 3.11.

a) The Board of Directors may declare vacant the office of a Director on the occurrence of any of the following events:

- 1) The Director has been declared of unsound mind by a final order of court; or
- 2) The Director has been convicted of a felony; or
- 3) The Director has been found by a final order or judgment of any court to have breached duties imposed by Section 7238 of the Corporations Code on directors who perform functions with respect to assets held in charitable trust; or

- 4) The Director has failed to attend two (2) consecutive annual meetings of the Board; or
- 5) The Director has failed to attend three (3) consecutive regularly scheduled meetings of the Board.

Removal Without Cause

b) Any Director may be removed without cause if such removal is approved by the Board of Directors within the meaning of Section 5032 of the Corporations Code.

Resignation of Director

Section 3.12. Any Director may resign effective on giving written notice to the Chairman of the Board of Directors, the President, the Secretary, or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. A Director shall not resign where the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

Vacancies in the Board

Causes

Section 3.13.

a) Vacancies on the Board of Directors shall exist on the death, resignation, or removal of any Director; whenever the number of Directors authorized is increased; and on the failure of the members in any election to elect the full number of Directors authorized.

Filling Vacancies

b) Except for a vacancy created by the removal of a Director pursuant to Section 3.11 of these Bylaws, vacancies on the Board of Directors may be filled by approval of the Board of Directors, or, if the number of Directors then in office is less than a quorum, by (1) the unanimous written consent of the Directors then in office; (2) the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to notice or waivers of notice as provided in Section 3.09(d) of these Bylaws; or (3) a sole remaining Director.

Contracts With Directors

Section 3.14. No Director of this Corporation nor any other corporation, firm, association, or other entity in which one or more of this Corporation's Directors are Directors, or have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction, unless (a) the material facts regarding that Director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board prior to the Board's consideration of such contract or transaction; (b) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the votes of the interested Directors; (c) before authorizing or approving the transaction, the Board considers and in good faith decides after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (d) the Corporation, for its own benefit, enters into the transaction, which is fair and reasonable to the Corporation at the time the transaction is entered into.

ARTICLE IV. OFFICERS

Number and Titles

Section 4.01. The officers of the Corporation shall be a President, a Vice-President, a Secretary, a Treasurer/Chief Financial Officer, and such other officers with such titles and duties as shall be as determined by the Board and as may be necessary to enable it to sign instruments. The President shall be the Chief Executive Officer of the Corporation. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer shall serve concurrently as the President.

Appointment

Section 4.02. The officers of the Corporation shall be chosen by and shall serve at the pleasure of the Board of Directors, subject to the rights, if any, of an officer under any contract of employment.

Duties of Officers

President

Section 4.03.

a) The President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, have supervision, direction, and control of the business and affairs of the Corporation. Such officer shall preside at all meetings of the Board of Directors. Such officer shall perform all duties incident to the office of President and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be prescribed from time to time by the Board of Directors. The President is hereby authorized to exercise any right to vote or execute a proxy to vote shares of stock of, any bonds, debentures, or other evidences of indebtedness of, any other corporation or corporations owned or possessed by the Corporation.

Vice President

b) The Vice-President shall assume the responsibilities of the President in the absence or inability of the President.

Secretary

c) The Secretary shall keep or cause to be kept at the principal office of the Corporation, or such other place as the Board of Directors may order, a book of minutes of all meetings of the Board of Directors. The Secretary shall perform such other and further duties as may be required by law or as may be prescribed or required from time to time by the Board of Directors.

Treasurer/Chief Financial Officer

d) The Chief Financial Officer of the Corporation shall keep and maintain in written form [or in any other form capable of being converted into written form] adequate and correct books and records of account of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses. The books and records of account shall at all times be open to inspection by any Director of the Corporation. The Chief Financial Officer shall deposit all moneys and other valuables in the name of and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as ordered by the Board of Directors, and shall render to the President and the Directors, on request, an account of all such officer's transaction as Chief Financial Officer, and of the financial condition of the Corporation. The Chief Financial Officer shall perform such other and further duties as may be required by law or as may be prescribed or required from time to time by the Board of Directors or these Bylaws.

Resignation and Removal of Officers

Section 4.04. Any officer may resign at any time on written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Officers may be removed with or without cause at any meeting of the Board of Directors by the affirmative vote of a majority of all of the Directors.

ARTICLE V. INDEMNIFICATION AND INSURANCE

Indemnification

Section 5.01. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, officers, employees, and other persons described in Corporations Code 5238(b) or 5238(c), the Board shall promptly decide under Corporations Code 5238(e) whether the applicable standard of conduct set forth in Corporations Code 5238(b) or 5238(c) has been made, and if so, the Board shall authorize indemnification.

To the fullest extent permitted by law and accept as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these Bylaws in defending any proceeding covered by these Bylaws shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expense.

Insurance

Section 5.02. This Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity arising from the officer's, director's, employee's, or agent's status as such.

ARTICLE VI. CORPORATE RECORDS, REPORT, AND SEAL

Keeping Records

Section 6.01. The Corporation shall keep adequate and correct records of account and minutes of the proceedings of its members, Board, and committees of the Board. The Corporation shall also keep a record of its members giving their names and addresses and the class of membership held by each. The minutes shall be kept in written form. Other books and records shall be kept in either written form or in any other form capable of being converted into written form.

Directors' Right to Inspect

Section 6.02. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. The inspection may be made in person or by the Directors' agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Annual Report

Section 6.03. The Board shall cause an annual report to be sent to the Directors within one hundred twenty (120) days after the end of the Corporation's fiscal year. The report shall include the following information, in appropriate detail:

- a) The assets and liabilities, including the trust funds, the Corporation as of the end of the fiscal year;
- b) The principal changes in assets and liabilities, including trust fund;
- c) The Corporation's revenues or receipts, both unrestricted and restricted to particular purposes;
- d) The Corporation's expenses or disbursements for both general and restricted purposes; and
- e) An independent accountant's report or, if none, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

This requirement of an annual report shall not apply if the Corporation receives less than \$25,000.00 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors who request it in writing.

Annual Statement of Certain Transactions and Indemnifications

Section 6.04. The Corporation shall, within one hundred twenty (120) days after the end of the Corporation's fiscal year, annually prepare to mail or deliver to each Director, a statement of any transaction or indemnification of the following kind:

- a) Any transaction
 - 1) in which the Corporation, or its parent or subsidiary, was a party,
 - 2) in which any "interested person" had a direct or indirect material financial interest, and

- 3) in which involved more than \$50,000.00 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000.00. For this purpose, an "interested person" is any Director or officer of the Corporation, its parent, or subsidiary.

- b) Any indemnifications or advanced aggregating more than \$10,000.00 paid during the fiscal year to any Officer or Director of the Corporation under 5.01 of these Bylaws.

**CERTIFICATE OF SECRETARY
OF
SJWC EMPLOYEES' COMMUNITY FUND, INC.**

I hereby certify that I am the duly elected and acting Secretary of said Corporation and that the foregoing Bylaws, comprising eleven (11) pages, constitute the Bylaws of said Corporation as duly adopted by written consent of the Board of Directors thereof held on January 5, 2010.

Dated: January 5, 2010

ANN TAYLOR, Secretary