

RESOLUTION NO. FC-2004-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MMWD FINANCING CORPORATION
ADOPTION OF THE BYLAWS**

WHEREAS, MMWD Financing Corporation wishes to have a set of Bylaws which defines the Name, Organization and Purpose, and the Principal Office location, and;

WHEREAS, the Bylaws will further define whom the members, Directors, and Officers may be as well as other business processes;

NOW, THEREFORE, BE IT RESOLVED that:

The Bylaws of the MMWD Financing Corporation, in the form hereto attached and incorporated herein by reference, are hereby adopted and approved and shall stand as the Bylaws of this Corporation until valid amendment thereof.

PASSED AND ADOPTED this 7th day of April 2004 by the following vote of the Board:

AYES: Directors Forman, Gibson, Huffman and McGlashan

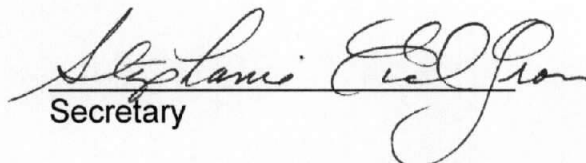
NOES: None

ABSENT: Director Hill



President, Board of Directors

ATTEST:



Secretary



BYLAWS
OF
MMWD FINANCING CORPORATION

ARTICLE I

NAME, ORGANIZATION AND PURPOSE, PRINCIPAL OFFICE

Section 1.01. Name. The name of this corporation is MMWD Financing Corporation (hereinafter referred to as the "Corporation").

Section 1.02. Organization, Purpose and Use of Funds. The Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law (commencing at section 5110 of the California Corporations Code) (the "Law") to provide financial assistance to the Marin Municipal Water District (the "District"), by acquiring, constructing, rehabilitating, remodeling, improving, installing and financing various facilities, land and equipment, and leasing facilities, land and equipment, including potable or nonpotable water treatment, pumping or storage facilities and the acquisition of water rights (collectively, the "Facilities"), for the use, benefit and enjoyment of the public served by the District and any other purpose incidental thereto. The activities of the Corporation shall be limited to the activities described in its Articles of Incorporation. No gains, profits or dividends shall be distributed to any of the Directors or officers of the Corporation; and no part of the net earnings, if any, of the Corporation, either during its existence or upon its dissolution, shall ever inure to the benefit of any Director or any member, private shareholder, individual, person, firm or corporation excepting only the District.

Section 1.03. Principal Office. The principal office of the Corporation is hereby fixed and located at the offices of the District, 220 Nellen Avenue, Corte Madera, CA 94925-1169. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another. Any such change shall be noted by the Secretary opposite this section, but shall not be considered an amendment to these Bylaws.

ARTICLE II

NO MEMBERS

Section 2.01. No Members. Pursuant to section 5310 of the Law, the bylaws of a nonprofit corporation may provide that the corporation shall have no members. The Corporation shall have no members.

ARTICLE III

DIRECTORS

Section 3.01. Powers. Subject to the limitations of the Articles of Incorporation, these Bylaws and the Law, and subject to the duties of Directors as prescribed by the Bylaws, all powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board of Directors. No Director shall be responsible for any error in judgment or for anything that he or she may do or refrain from doing in good faith. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

First: To select and remove all the other officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law or the Articles of Incorporation or Bylaws, fix their compensation and require from them security for faithful service;

Second: To conduct, manage and control the affairs and business of the Corporation and to make such rules and regulations therefor not inconsistent with law or the Articles of Incorporation or Bylaws, as they may deem best; and

Third: To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefor, in the name of the Corporation, promissory notes, bonds, certificates of participation, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 3.02. Number of Directors. The authorized number of Directors shall be the same as the number of members of the Board of Directors of the District (currently 5) until changed by amendment of these Bylaws.

Section 3.03. Selection and Term of Office. The Board of Directors shall be constituted of the same persons serving as members of the Board of Directors of the District and no person shall be eligible to serve as a Director except a person serving as a member of the Board of Directors of the District. The initial Directors of the Corporation shall be the persons serving as members of the Board of Directors of the District as of the date of adoption of these Bylaws.

Section 3.04. Vacancies. Subject to the provisions of section 5226 of the Law, any Director may resign effective upon giving written notice to the President, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any Director, or if the authorized number of Directors is increased.

Vacancies in the Board shall be filled in the same manner as the Director whose office is vacant was selected. Each Director so selected shall hold office until the expiration of the term of the replaced Director and until a successor has been selected and has accepted the office.

Section 3.05. Organization and Annual Meetings. The Board of Directors shall hold an annual meeting for the purpose of organization, selection of officers and the transaction of other business. Annual meetings of the Board shall coincide with the first meeting in January of each year of the Marin Municipal Water District Board.

Section 3.06. Regular Meetings. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding such meetings. Notice of regular meetings need not be given.

Section 3.07. Special Meetings; Notice Waiver. A special meeting of the Board of Directors shall be held whenever called by the President or by a majority of the Directors. Written notice of each such meeting shall be delivered personally or by telecopy to each Director at least 48 hours before the time of such meeting or shall be sent to each Director by mail, charges prepaid, at least four days before the time of such meeting as specified in the notice. The call and notice shall signify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the Board of Directors. Notice of adjournment of a meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting held after regular call and notice, if a quorum is present; *provided, however*, that before the meeting, each of the Directors not present signs a written waiver of notice and files said written waiver of notice with the Secretary; and *provided further*, that notice be given to each local newspaper of general circulation, radio or television station requesting notice in writing pursuant to section 54956 of the California Government Code. All waivers shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 3.08. Adjourned Meetings; Notice of Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes.

Section 3.09. Quorum. A majority of the Directors then in office shall be necessary to constitute a quorum for the transaction of business. 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 regarded as the act of the Board of Directors unless a greater number is required by law or by the Articles of Incorporation. Members of the Board of Directors may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting in such a manner constitutes presence in person at such meeting.

Section 3.10. Fees and Compensation. Directors shall receive no compensation or expenses for their services as Directors.

Section 3.11. Conduct of Meetings. The President or, in his or her absence, the Vice President, or a Chairperson chosen by a majority of the Directors present, shall preside. All meetings shall be subject to the provisions of the Ralph M. Brown Act, California Government Code Section 54950 et seq.

ARTICLE IV

OFFICERS

Section 4.01. Officers. The officers of the Corporation shall be a President, a Vice President, an Executive Director, a Treasurer and a Secretary. The Corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed by the Board of Directors. One person may hold two or more offices, except that the offices of President and Secretary or President and Treasurer may not be combined.

Section 4.02. Election. The acting President of the Board of Directors of the District shall be the President of the Corporation. The acting Vice President of the Board of Directors of the District shall be the Vice President of the Corporation. The acting General Manager of the District shall be the Executive Director of the Corporation. The acting Finance Manager of the District shall be the Treasurer of the Corporation. The acting Secretary of the District shall be the Secretary of the Corporation.

Section 4.03. Removal and Resignation. Any officer may resign, or may be removed, with or without cause, by the Board of Directors at any time. Vacancies caused by death, resignation or removal of any officer may be filled by appointment by the Board of Directors, or by the President until such appointment by the Board of Directors.

Section 4.04. President. The President shall be the executive officer of the Corporation and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the affairs of the Corporation. The President shall preside at all meetings of the Board of Directors.

Section 4.05. Vice President. In the absence or disability of the President, the Vice President 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 President shall have such other powers and perform such other duties as from time to time may be prescribed for the Vice President respectively by the Board of Directors or by the Bylaws.

Section 4.06. Executive Director. The Executive Director shall be the chief operating officer. The Executive Director shall have such other powers and perform such other duties as from time to time may be prescribed for the Executive Director respectively by the Board of Directors or by the Bylaws.

Section 4.07. Secretary. The Secretary shall keep at the principal office of the Corporation a book of minutes of all meetings of Directors, with the time and place of holding, how called or authorized, the notice thereof given and the names of those present at Directors' meetings.

Section 4.08. Treasurer. The Treasurer shall be the chief financial officer and shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Corporation, and an account of its cash and other assets, if any. Such books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all moneys of the Corporation with such depositories as are designated by the Board of Directors, and shall disburse the funds of the Corporation as may be ordered by the Board of Directors, and shall render to the President or the Board of Directors, upon request, statements of the financial condition of the Corporation.

Section 4.09. Subordinate Officers. Subordinate officers shall perform such duties as shall be prescribed from time to time by the Board of Directors or the President.

ARTICLE V

MISCELLANEOUS

Section 5.01. Execution of Documents. The Board of Directors may authorize any officer or officers as agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5.02. Inspection of Bylaws. The Corporation shall keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Directors at all reasonable times during office hours.

Section 5.03. Annual Report. The annual report referred to in section 6321(a) of the Law is expressly dispensed with in accordance with section 6321(c) of the Law.

Section 5.04. Fiscal Year. The fiscal year of the Corporation shall begin July 1 of each year and end June 30 of the following year, except the first fiscal year which shall run from the date of incorporation to June 30, 2004.

Section 5.05. Dissolution. Upon the dissolution, liquidation or winding up of the Corporation, or upon abandonment or the impossibility of performance by the Corporation of its specific organizational purposes set forth in Article II of the Articles of Incorporation, the assets of the Corporation remaining after payment of all or provision for all debts or liabilities of the Corporation and after compliance with Chapters 15, 16 and 17 of the Law shall be distributed to the District for public purposes.

Section 5.06. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the Law of the State of California shall govern the construction of these Bylaws. If any section, subsection, sentence, clause or phrase of these Bylaws, or the application thereof, is contrary to the Law of the State of California, the provisions of that law shall prevail. Without limiting the generality of the foregoing the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

ARTICLE VI

AMENDMENTS

Section 6.01. Power of Directors. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote of the Board of Directors. No amendment to these Bylaws shall be effective until approved by the Board of Directors.

Adopted by the Board of Directors of the Corporation on April 7, 2004.