

**AMENDED AND RESTATED BYLAWS
AND RULES AND REGULATIONS
OF
WEST CORINNE WATER COMPANY**

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**AMENDED AND RESTATED BYLAWS
AND RULES AND REGULATIONS
OF
WEST CORINNE WATER COMPANY**

WHEREAS, the Board of Directors (the “Board”), of the West Corinne Water Company (the “Company”), deems it necessary to adopt these bylaws and uniform rules and regulations pertaining to the administration and business affairs of the Company, the issuance and transfer of shares of stock in the Company, assessment of shares and procedures for the collection of delinquent assessments, and related matters for the purpose of assuring the orderly governance of the Company and a fair and equitable distribution of water to its members.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board that the bylaws and rules and regulations by which the Company shall be governed are as follows:

**ARTICLE I
LEGAL AUTHORITY**

These Amended and Restated Bylaws and Rules and Regulations (“Bylaws”), are promulgated pursuant to and in conformance with the Utah Revised Nonprofit Corporation Act, 16-6a-101 *et seq.*, Utah Code Ann. (2000) (the “Act”), and pursuant to authority granted to the Board in the Amended and Restated Articles of Incorporation of West Corinne Water Company (the “Articles”).

**ARTICLE II
BOOKS AND RECORDS**

- 2.1 Books and Records. The Company shall keep the following as permanent records:
- a. its Articles;
 - b. these Bylaws and other rules and regulations;
 - c. resolutions adopted by its Board related to the rights, limitations, or obligations of its members;
 - d. the minutes of all member meetings, for a period of three years;
 - e. records of all action taken by the members without a meeting, for a period of three years;
 - f. all written communications to members generally as members, for a period of three years;
 - g. a list of the names and addresses of its current directors and officers;

- h. a copy of its most recent annual report delivered to the Utah Division of Corporations;
- i. all financial statements prepared for periods ending during the last three years;
- j. minutes of all meetings of the Board;
- k. a record of all actions taken by the Board without a meeting;
- l. a record of all actions taken by a committee of the Board in place of the Board on behalf of the Company;
- m. a record of all waivers of notices of meetings of the members and of the Board or any committee of the Board;
- n. a record of its members in a form that permits preparation of a list of the name and address of all members in alphabetical order, or in numerical order according to account number, showing the number of votes each member is entitled to cast;
- o. stock transfer books and records;
- p. appropriate accounting records;
- q. copies of all contracts and agreements entered into by the Company.

2.2 Inspection of Records. A director or member of the Company is entitled to inspect and copy any of the records identified as items a through i in paragraph 2.1 above during regular business hours. A director or member wishing to inspect the records identified as items a through i must provide the Company a written request identifying the records he or she wishes to inspect at least five (5) business days before the date on which the director or member wishes to inspect and copy the records. A director or member may inspect and copy any of the other records of the Company upon written request given at least five (5) business days before the date upon which the director or member wishes to inspect the records, but only if the request is made in good faith, for a proper purpose, the director or member describes with reasonable particularity the purpose and the records the director or member desires to inspect, and the records are directly connected with the described purpose. Company may charge the director or member seeking to inspect and copy any of the records of the Company for the cost of labor and materials incurred to produce the documents and for copying costs.

ARTICLE III MEMBERSHIP SHARES

3.1 Membership and Membership Shares. Membership in the Company shall be evidenced by membership shares of four (4) classes.

a. Membership shares will be issued to the owners of lots or other property within the service area of the Company and other lands in Box Elder County, Utah, as formally approved by the Board.

b. Membership shall be evidenced by the Company's ownership records. No written share certificates will be issued. Rather, all membership shares will be issued as book-entry shares on the records of the Company. The name and address of the person to whom the membership shares are issued, together with the number of membership shares and date of issue, will be entered on the transfer books and records of the Company. All outstanding share certificates have been retired and membership and membership shall only be represented by records of the Company.

c. Class A membership shares represent the right to use water for the domestic purposes of one single family residence including indoor and outdoor use including incidental uses related to the residence including barns and work sheds. Class A memberships shall not be used for commercial animal operations other commercial uses. Multi-family residential dwellings require one Class A membership for each residential unit. Each Class A membership will be entitled to one residential connection and will be delivered water pursuant to the terms and rates set by the Board. Class A membership shares are deemed appurtenant to the lot or property upon which the water represented by each share is being used as of the effective date of these Bylaws. As new Class A memberships are issued, the property to which the membership share is appurtenant shall be identified. All Class A membership shares must be associated with a defined lot or property where the share will be used. The secretary of the Company will keep and maintain a record of the lot or property upon which the water represented by each membership share is used and deemed appurtenant. Class A membership shares cannot be separated from the lot or property to which they are deemed appurtenant without express prior written approval of the Board. Each Class A membership will transfer with the lot or property to which it is deemed appurtenant. Should any member refuse to transfer the membership with the appurtenant lot or property, the Board may elect to cancel the membership of the grantor of the lot or property and issue a new membership to the lawful grantee of the lot or property; whereupon the grantee is entitled to all rights of a member of the Company. Class A memberships are not convertible to any other class of membership. Class A members are entitled to one (1) vote per share. It is the policy of the Company to not recognize fractional ownership for purposes of voting and only one person may be recognized as holding the voting authority for each membership.

d. Class B membership shares represent the right to use water for a commercial animal operation such as a dairy. Commercial animal operations are defined for purposes of these Bylaws as an operation employing more than fifty (50) animals. Each Class B membership represents the right to water up to 500 head of cattle, or equivalent livestock units as determined by the Utah State Engineer, pursuant to the terms and rates set by the Board. Class B memberships are not deemed appurtenant to the property upon which the water under the share is used but, each Class B member must provide the Company with written notice identifying the property upon which the water will be used. If any Class B member changes the property upon which the water under the share is used, the member must provide written notice to the Company in accordance with the terms of these Bylaws. A Class B membership may be converted to a Class A membership or a Class C membership on a one to one basis upon application and approval of the Board. Each Class B member is entitled to one (1) vote per share. It is the policy of the

Company to not recognize fractional ownership for purposes of voting and only one person may be recognized as holding the voting authority for each membership.

e. Class C membership shares represent the right to use water for commercial or industrial purposes including public buildings and facilities, and church buildings or facilities as approved by the Board of Directors. Each Class C member is entitled to one commercial connection and delivery of water subject to the terms and rates set by the Board of Directors. Persons seeking a Class C membership shall file an application with the Company describing the commercial/industrial purpose for which the water will be used including an explanation of how the water will be used and the quantity of water that is expected to be used each month. The Board of Directors will consider the application and, if the Board determines that the Class C membership share can be issued without causing harm to the Company or its existing members, the Board will set the terms and rates that will be applied to the Class C membership prior to issuing the membership share. Due to the inherent difference in various commercial/industrial uses, each Class C membership share may be subject to different terms and rates than other Class C membership shares as agreed to by the Board of Directors and the member. Class C membership shares are appurtenant to the real property upon which the water under each share is used. Class C membership shares shall not be separated from the lot or property to which they are deemed appurtenant without express prior written approval of the Board. Each Class C membership share must be transferred with the property to which it is deemed appurtenant. Should any member refuse to transfer the membership share with the appurtenant lot or property, the Board may elect to cancel the membership share of the grantor of the lot or property and issue a new membership share to the lawful grantee of the lot or property; whereupon the grantee will be entitled to all the rights of a member of the Company. Class C memberships are not convertible to any other class of membership. Class C members are entitled to one (1) vote per share. It is the policy of the Company to not recognize fractional ownership for purposes of voting and only one person may be recognized as holding the voting authority for each membership.

f. Class D membership shares represent shares held for future development. Class D membership shares represent the right to future domestic or commercial water delivery and use but do not entitle the member to any current water delivery or use, with the exception of incidental use for construction if approved by the Board prior to use. Upon completion of the construction of a residential or commercial unit and approval of occupancy, the Class D shareholder must provide written notice, including proof of the approval of occupancy, to the Company and the relevant Class D share will be converted to a Class A or Class C share. Class D membership shares are non-voting shares.

3.2 Holders of Membership Shares . Only registered members of the Company will be treated by the Company as the holders in fact of the membership shares standing in their respective names, and the Company is not bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of the State of Utah.

3.3 Transfers of Ownership . Transfers of membership shares shall be made only upon the transfer books of the Company in conformance with the following:

a. In order to complete a transfer of a membership share upon the transfer books of the Company, the member requesting the transfer must present to the secretary one or more of the following documents:

(1) an affidavit of the member of record requesting that the membership share be transferred on the records of the Company and stating that the appurtenant lot has been transferred;

(2) probate records demonstrating a right to the membership share by reason of inheritance;

(3) a deed signed by the record owner of the membership share demonstrating the transfer of the appurtenant lot or property; or

(4) any combination of the foregoing which, in the opinion of the Board, is sufficient to justify the transfer of the membership share.

b. The documents demonstrative of the transfer must be surrendered to the secretary who will attach the applicable documents in the membership book in a manner which clearly indicates the identities of the transferor of the membership shares and the transferee.

c. The Company may charge a transfer fee which is to be paid by the member requesting the transfer prior to and as a condition of the transfer of the membership shares on the transfer books. The amount of the fee shall be sufficient to cover all actual out-of-pocket costs, including administrative costs, and legal costs incurred by the Company in connection with making the transfer, and may be changed from time-to-time at the discretion of the Board.

d. The Board retains the right to preclude the transfer of a membership share if any assessment or other charge made thereon is unpaid. Upon determination of the Board, any unpaid balances must be paid before the Company will complete a share transfer.

e. Procedures with respect to the termination and restoration of water service upon sale of the lot or property are set forth in Section 9.4 of these Bylaws.

3.4 Fractional Shares. It is declared to be the policy of the Company not to issue membership shares for any fractional ownership. Membership Shares held in the name of one or more persons or entities shall be entitled to one (1) vote.

3.5 Rules Regarding Membership Shares. The Board shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, conversion and registration of membership shares of the Company, not inconsistent with the laws of the State of Utah, the Articles and these Bylaws.

ARTICLE IV MEMBER MEETINGS

4.1 Place of Meetings. All meetings of the members shall be held at such place as determined by the Board, and the place of such meeting shall be stated in the notice of the meeting.

4.2 Annual Meeting.

a. Schedule. An annual meeting of the members of the Company shall be held in February of each year. The failure to hold an annual or regular meeting at the time and date determined shall not affect the validity of any corporate action or work a forfeiture or dissolution of the Company.

b. Order of Business. The order of business at the annual meeting of members will be as follows:

- (1) Calling the meeting to order;
- (2) Proof of notice of the meeting or waiver thereof;
- (3) Reading of and action on any unapproved minutes;
- (4) Reports of officers, committees, and other reports requested;
- (5) Election of Directors;
- (6) Other business;
- (7) Adjournment.

4.3 Special Meetings. Special meetings of the members may be called by the president of the Company, or in the event of his failure or refusal to act, by a majority vote of the Board, for any purpose or purposes, including emergencies, unless otherwise prescribed by state law. A special meeting may be requested by a majority of the members. The president shall call a special meeting upon receiving a written request signed by the members owning at least fifty percent (50%) of the outstanding voting membership shares in the Company. Business transacted at all special meetings will be confined to the subjects stated in the notice.

4.4 Notice of Meetings.

a. Time and Manner of Notice. Notice of the date, time and place of any annual or special meeting of members will be given to each member of record of the Company entitled to vote, in conformance with the following:

(1) Notice will be given by mailing written or printed notice by first class mail not less than (10) days but not more than thirty (30) day prior to the meeting date. Such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, and addressed to the member's last known address appearing on the transfer books of the Company. Notice may be waived by any member entitled to notice if the member delivers a signed written statement of waiver to the Company for inclusion with the minutes or for filing with the corporate records. A member's attendance at a meeting waives any objection to lack of notice or defective notice unless at the start of the meeting the member states his objection for the record.

(2) An emergency meeting of the members may be called upon forty-eight (48) hours' notice using the most reasonable means of notice possible, including notice communicated in person, by telephone, by any form of electronic communication, by mail, by private carrier or any combination of the above.

b. Contents of the Notice. Meeting notice shall include a description of any matter that must be approved by the members and a description of other matters for which member approval is sought by the Board. The Company will give notice of a matter a member intends to raise at the meeting if requested to do so in writing as part of a request for a special meeting provided to the secretary or president of the Company at least ten (10) days before the Company gives notice of the meeting.

c. Record Date. The Board may fix a date in advance of the meeting date, but not exceeding ten (10) days before the meeting date, as the record date for the determination of the members entitled to notice of and to vote at any such meeting. If a record date is not established for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is mailed shall be the record date. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination will also apply to any adjournment thereof.

4.5 Quorum. At any annual or special meeting of members, a majority of members entitled to vote who are present at the meeting in-person or represented by proxy will constitute a quorum for action on any matter, unless otherwise expressly provided herein or in the Act. Once a member is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, the member is considered present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting.

4.6 Voting at Meetings.

a. Member Voting List. A complete list of the members entitled to vote, arranged in alphabetical order and showing the address of each such member entitled to vote and the number of shares held by each, shall be prepared by the secretary. Such voting list shall be prepared and made available for review at least ten (10) days before every election. The member voting list will be open to the examination by any member of the Company during regular business hours during the ten (10) day period preceding the election. Such list shall also be produced and kept open at the time and place of the meeting and subject to the inspection of any member during the whole time of the meeting. The original transfer book shall be prima facie evidence as to the members who are entitled to examine such list or to vote at the meeting of members.

b. Personal and Proxy Vote. At a meeting of the members, every member having the right to vote is entitled to vote in person, or by a written proxy signed by the member and bearing a date not more than eleven months prior to the date of the meeting.

c. Manner of Voting. Voting at all meetings of members will be by voice vote, by raise of hand, by written ballot or by other means as directed by the presiding officer.

d. Votes Per Membership Share. Each Class A, Class B, or Class C member shall have one (1) vote per share. If a membership share stands of record in the name of two or more persons, only one person may vote the membership share and that membership share will be entitled to only one (1) vote. Class D membership shares are designated as non-voting membership shares.

e. Simple Majority Vote. Unless otherwise provided herein, all questions voted upon shall be approved by a simple majority vote.

f. Voting of Shares by Fiduciaries.

(1) Membership shares held by an administrator, executor, guardian, or conservator may be voted by him/her, either in person or by proxy, without transferring the membership share into his/her name, upon showing of authority to act as an administrator, executor, guardian, or conservator.

(2) Membership shares standing in the name of a trustee may be voted by him/her either in person or by proxy but only if the shares are held in the name of the trustee. Membership shares must be transferred to the trustee prior to the record date of the election.

(3) Membership shares standing in the name of a receiver may be voted by such receiver, either in person or by proxy, without the transfer of the shares into his/her name, but only if authorization for the receiver to vote is contained in an appropriate order of the court by which such receiver was appointed.

(4) A member whose membership shares are pledged is entitled to vote such shares either in person or by proxy unless the shares have been transferred into the name of the pledgee in which case the pledgee is entitled to vote the shares so transferred.

(5) Membership shares belonging to the Company, or held by it in a fiduciary capacity, shall not be voted, directly or indirectly, at any meeting, and will not be counted in determining the total number of outstanding shares at any given time.

g. Inspectors of Election. Two inspectors of election shall serve at each meeting of the members at which a vote is taken. Two members, who are neither current Board members nor up for election to the Board at the current meeting, will be appointed by the Board before or at the meeting to serve as the inspectors. The inspectors will receive and take charge of all proxies and will decide all questions regarding the qualification of voters, the validity of proxies, and the acceptance and rejection of votes. In case of a tie vote by the inspectors on any question, the presiding officer will decide the matter.

4.7 Meetings by Telecommunication. As provided for in the Act, any member may participate in an annual, regular, or special meeting of the members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member participating in a meeting by a means permitted hereunder is considered to be present in person at the meeting.

ARTICLE V
BOARD OF DIRECTORS

5.1 Board of Directors, Number, Tenure and Qualifications.

a. All corporate powers shall be exercised and the business and affairs of the Company shall be managed by a Board of Directors consisting of not less than seven (7) directors, three (3) of whom shall be a member served by the “Old Evans System” and four (4) of whom shall be members served by the “Old West Corinne System”. Each director will be elected for a term of three (3) years and will hold office until their successors are elected and qualified as set forth herein. Board elections shall be called and conducted in such a manner as to provide for staggered terms of the members of the Board.

b. The number of directors to serve and the qualifications for election may be modified from time-to-time by a duly enacted written resolution of the Board or by vote of the members.

c. All directors must be a natural person of 18 years of age or older and must be a Class A or Class B member of the Company whose membership shares are in good standing with no delinquent payments or assessments due. With regard to corporations or other business entities which own Class A or Class B membership shares in the Company, one natural person who is an officer, director, manager or partner of any such member and is designated in writing by said member as the corporate or business representative of the member, will be eligible to serve as a director on the Board.

5.2 General Powers. In addition to the powers and authority which are expressly conferred by these Bylaws and the Articles, the Board may exercise all such powers of the Company and do all such lawful acts and things that are not otherwise required by statute, the Articles, or these Bylaws to be exercised or done by the members. Without limiting the general powers of the Board to exercise control of the Company set forth above, the Board has the power: (i) to buy, sell, exchange, or dispose of the real and personal property of the Company as may be deemed necessary; provided, however, that no sale, exchange or lease of real estate or water rights (other than as a pledge as security for a loan) will be valid unless and until approved by a majority vote of the members present at a regular or a special meeting called for that purpose at which quorum consisting of 50% of the outstanding membership shares is present; (ii) to regulate the transfer of membership shares; (iii) to prescribe the duties of its officers, agents, and employees, and fill all vacancies in the Board caused by an increase in the number of members of the Board, by death, by resignation or otherwise; (iv) to locate and construct wells, pipelines, dams, storage reservoirs, canals, ditches, head gates and diversions to provide for the storage and delivery of waters to the members of the Company; (v) to regulate the water rights and sources of water supply of the Company and the distribution and delivery of Company water to its members, including the rationing of water in times of scarcity; (vi) to levy assessments on all membership shares and enforce and collect such assessments; (vii) to employ engineers, attorneys, superintendents, and other subordinate officers, agents and laborers as in their judgment the business of the Company may require, prescribe their duties, and provide for their compensation; (viii) to make rules and regulations for the administration and regulation of affairs of the Company; and (ix) to have and exercise any and all such express and implied powers as shall be necessary or convenient to effect

any or all of the purposes for which the Company is organized so long as such actions are not inconsistent with the Articles, these Bylaws or the Act.

5.3 Election of Directors. Nominations for director candidates shall be submitted by nominating committee consisting of members of the Board whose terms are not subject to election in the given year. Each member of the Company owning a voting share in the Company may vote for all directors. The candidate receiving the highest number of votes cast in favor of their election shall be elected to the Board. Directors may be elected for successive terms.

5.4 Meetings of the Board of Directors. The Board is authorized to meet in conformance with the following:

a. Regular Meetings. A regular meeting of the Board may be held without notice other than this Bylaw immediately after, and at the same place as, the annual meeting of the members. The Board may provide, by separate resolution, for holding additional regular meetings. Each regular meeting must be preceded by at least ten (10) days' notice of the date, time and place of the meeting. Such notice shall be delivered by any form of electronic communication, by phone, by mail, by private carrier or any combination of the above. A director may waive any notice of a regular meeting before or after the time and date of the meeting by signing a written waiver and delivering it to the Board.

b. Special Meetings. Special meetings of the Board may be called at any time by the president, or in his absence, by the vice president, or by any two directors, to be held at any place designated by the person or persons authorized to call the special meeting. Special meetings of the Board must be preceded by at least ten (10) days' notice of the date, time and place of the meeting, by telephone, by any form of electronic communication, by mail, by private carrier or any combination of the above. The notice need not describe the purpose of the special meeting. A director may waive any notice of a special meeting before or after the time and date of the meeting by delivering a signed written notice of waiver to the Board.

c. Action Without a Meeting.

(1) Any action required or permitted to be taken at a Board meeting may be taken without a meeting if each and every director, in writing, either (i) votes for the action; or (ii) votes against the action; or (iii) abstains from voting and waives the right to demand that action not be taken without a meeting.

(2) Action is taken under this Subsection c. only if the affirmative votes for the action equals or exceeds the minimum number of votes that would be necessary to take the action at a meeting at which all of the directors then in office were present and voted.

(3) An action taken under this Subsection c. is not effective unless the Company receives a written documentation of the directors' vote. The writing may be received by electronic communication. A director's right to demand that action not be taken without a meeting will be considered to have been waived if the Company receives a written documentation of the director's vote. Action taken pursuant to this Subsection will be effective when the last

writing necessary to affect the action is received by the Company, unless the writings describing the action taken set forth a different effective date.

(4) Before the last writing necessary to effect the action is received by the Company, any director who has signed a writing pursuant to this subsection may revoke that writing by a writing signed and dated by the director describing the action and stating that the director's prior vote with respect to the writing is revoked.

(5) An action taken pursuant to this Subsection has the same effect as an action taken at a meeting of directors and may be described as an action taken at a meeting of directors in any document.

5.5 Telephone Conference Participation. Any meeting of the Board may be held by telephone conference or similar communications equipment as long as all Board members participating in the meeting can hear one another, and any such participation will constitute presence in person at the meeting.

5.6 Quorum and Voting. A quorum consisting of a majority of the current directors is required to transact the business of the meeting. Each director is entitled to one (1) vote on all matters brought before the Board and a majority vote of all directors present is required to approve any action.

5.7 Manner of Acting/Proxy. For the purpose of determining a quorum with respect to a particular proposal, and for purposes of voting a director may be considered present at a meeting and to vote if the director has granted a signed written proxy to another director who is present authorizing the present director to cast a vote with reasonable specificity.

5.8 Waiver of Notice; Presumption of Assent. A director's attendance at or participation in a meeting waives any notice requirement to that director unless at the beginning of the meeting or promptly upon the director's later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice; and after objecting, the director does not vote for or assent to action taken at the meeting.

5.9 Newly Created Directorships and Vacancies. Newly created directorships resulting from an increase in the number of directors or vacancies occurring in the Board for any reason except the removal of directors without cause may be filled by an affirmative vote of the majority of the directors then in office.

5.10 Resignation. A director may resign at any time by giving written notice to the Board, the president, or secretary of the Company. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such officer and the acceptance of resignation is not necessary to make it effective.

5.11 Removal. The members may remove one or more directors elected by them for cause. A director or directors may be removed only at a meeting called for the purpose of removing that director or those directors. Notice of such meeting must state that the purpose, or one of the purposes, of the meeting is removal of a director or directors. A director or directors

may only be removed if the number of votes cast to remove the director or directors would be sufficient to elect the director at a meeting to elect directors. A director elected by the Board to fill the vacancy of a director elected by the members may be removed for cause only by the members and not by the Board.

5.12 Compensation. Directors are entitled to payment for their service in the amount of a \$26.00 assessment credit per meeting. Directors' compensation may be modified by written resolution of the Board. Directors will be reimbursed for any actual and reasonable expenses incurred in the performance of his or her duties as a director. Members of special or standing committees may likewise be reimbursed for expenses upon the prior approval of the Board.

5.13 Committees. An executive committee may be appointed by the Board and have all the powers provided by statute, except as specially limited by the Board. Additionally, other standing or temporary committees may be appointed from time-to-time by vote of the Board from among the members of the Board or from among the members. Such committees shall be invested with such power as the Board may see fit. All committees must keep regular minutes of the transactions of their meetings and cause them to be recorded in books kept for that purpose in the office of the Company and report the same to the Board. All committees shall serve at the pleasure of the Board.

ARTICLE VI OFFICERS

6.1 Number, Election and Term of Office. The officers of the Company are a president, a vice-president, and a secretary/treasurer. An officer must be a natural person 18 years of age or older and a Class A or Class B member of the Company whose membership shares are in good standing.

a. The president and vice-president shall be members of the Board and shall be elected annually for a term of one year by the directors, from their own number, at their first meeting after the annual meeting of members and will hold office until their successors are elected and qualify.

b. The secretary/treasurer may be but is not required to be a director. The secretary/treasurer shall be appointed by the Board and serve at the pleasure of the Board.

6.2 Duties.

a. President. The president is the principal executive officer of the Company and, subject to the control of the directors, has general supervision and control of the business affairs of the Company and the operation and maintenance of the Company Water System as defined in Section 9.1 herein. The president may hire employees to assist him/her in carrying out the day-to-day management and control of the Company or the Company Water System. The president shall, when present, preside at all meetings of members and directors. The president has authority to sign Company checks. The president may sign or countersign, with the secretary or any other officer of the Company authorized by the Board, all deeds, mortgages, bonds, contracts and other instruments of the Company authorized by the Board. The president will

perform all such other duties as are incident to his office or are properly required by the Board. The president will supervise all the officers and employees of the Company, see that their duties are properly discharged, and report to the Board any negligence or misconduct of such officers and employees.

b. Vice-president. In the absence of the president, or in the event of his/her inability or refusal to act, the vice-president will perform and exercise the duties and functions 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 has the authority to sign Company checks. The vice-president will perform and discharge such other duties as may be assigned from time to time by the president or by the Board.

c. Secretary/Treasurer. The secretary/treasurer will perform the duties of secretary, which include: (i) keeping and maintaining, as custodian, the books, records and documents set forth in Article II herein, in written form or in another form capable of conversion into written form within a reasonable time; (ii) seeing that all notices regarding annual assessments, delinquencies and sales are duly given in accordance with the provisions of these Bylaws; (iii) having general charge of the transfer books of the Company; (iv) performing all duties incident to the office of secretary and such other duties as assigned by the President or the Board. The secretary/treasurer will perform the duties of the treasurer which include: (i) having the charge and custody of and responsibility for all funds and securities of the Company, (ii) handling all billing and accounts receivable of the Company; (v) depositing all funds and securities in the name of the Company in such banks, trust companies, or other depositories as selected in accordance with these Bylaws; (vi) maintaining and updating the accounting records of the Company, (vii) dispersing the funds of the Company as directed by the Board and taking proper vouchers for such payment; (viii) rendering to the Board from time-to-time as may be required an account of all transactions and of the financial condition of the Company; (ix) overseeing, coordinating, and ensuring tax documents are prepared and filed timely; (x) attending all meetings with financial institutions to ensure the Company's financial stability; and (xi) in general performing all duties incident to the office of treasurer and such other duties as from time-to-time may be assigned by the president or the Board.

6.3 Absence or Inability to Act. In the case of absence or inability to act of any officer of the Company and of any person herein authorized to act in his or her place, the Board may from time-to-time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.

6.4 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting.

6.5 Other Officers. The Board may appoint such other officers and agents as it deems necessary or expedient, such officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as determined by the Board.

6.6 Fidelity Bonds. The Board will require the secretary/treasurer, and by resolution may require the president, and vice-president, to provide fidelity bonds to the Company, with sufficient surety or sureties, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required

by the Board. The cost of procuring fidelity bonds as required herein will be paid by the Company.

6.7 Tenure and Removal from Office. The president and vice-president of the Company will hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board then in office. An officer or officers may be removed without cause by a two-thirds (2/3) majority vote of the membership shares represented either in person or by proxy at a meeting of members called for that purpose pursuant to notice.

6.8 Resignation. Any officer may resign his/her office by giving written notice of resignation to the Board. Such resignation shall be effective when the notice is received unless the notice specifies a later effective date. Acceptance of the resignation shall not be necessary to make it effective.

6.9 Compensation. Compensation to the president and vice-president for their service may be authorized and fixed from time to time by written resolution of the Board. The secretary/treasurer is a compensated position with the compensation rate to be determined by the Board. Officers shall be reimbursed, with approval of the Board, for any actual and reasonable expenses incurred by an officer in the performance of his duties as an officer.

ARTICLE VII INDEMNIFICATION OF OFFICERS AND DIRECTORS

7.1 Indemnification. The Company, to the full extent authorized by law, will indemnify and defend its current or past directors or officers and those officer or directors who serve, or have served, on behalf of the Company, as an officer or director of any other Company and their respective heirs, executors, administrators, successors, representatives and assigns against any and all expenses and amounts paid upon judgments or pursuant to decrees, including, but not limited to, attorney fees, court costs and amounts paid in settlement (before or after suit is commenced), actually and reasonably incurred by such person in connection with the defense, discharge or settlement of any claim, action, suit or proceeding (whether civil, criminal, administrative or other) in which they are, or may be, made party, or which may be asserted against them by reason of their being, or having been, a director or an officer of the Company, or of such other Company (whether or not such person is a director or officer at the time of incurring the obligation to pay such expense, judgment or decree). No officer or director shall be liable for negligence or misconduct in the performance of his or her duty if he or she acted in good faith; the director or officer reasonably believed that the director's or officer's conduct was in, or not opposed to, the Company's best interests; and in the case of any criminal proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent is not, of itself, determinative that the director or officer did not meet the standard of conduct described herein. Notwithstanding the foregoing, the Company will not indemnify a director or officer hereunder in connection with a proceeding by or in the right of the Company in which the director or officer was adjudged liable to the Company; or in connection with any other proceeding charging that the director or officer derived an improper personal benefit, whether or not involving action in the director's or officer's official capacity, in which proceeding the director

or officer was adjudged liable on the basis that the director or officer derived an improper personal benefit.

7.2 Advance of Expenses. The Company will pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding in advance of final disposition of the proceeding if the director or officer furnishes the Company a written affirmation of the director's or officer's good faith belief that the director or officer has met the applicable standard of conduct set forth in Subsection 7.1 of this Article; the director or officer furnishes the Company a written undertaking, executed personally or on the director's or officer's behalf, to repay the advance, if it is ultimately determined that the director or officer did not meet the standard of conduct; and a determination is made that the facts then known to those making the determination would not preclude indemnification hereunder. The required undertaking shall be an unlimited general obligation of the director or officer; need not be secured; and may be accepted without reference to financial ability to make repayment.

7.3 Notice to Members. If the Company indemnifies or advances expenses to a director or officer under this Article the Company will give written notice of the indemnification or advance to the members in conformance with the requirements of the Act.

7.4 In Addition to Other Rights. The indemnification provided for in this Article is in addition to all other rights to which the person indemnified may be entitled under any law, bylaw agreement, resolution, of the members or otherwise.

ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DRAFTS

8.1 Contracts. The Board, upon duly adopted resolution, may authorize the president of the Company to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

8.2 Loans. The Board, upon duly adopted resolution, has authority to incur indebtedness on behalf of the Company. The Company is authorized to enter into contracts with the United States, the State of Utah, other governmental entities, or private lenders, pursuant to which the Company shall be authorized to sell, lease, exchange, mortgage, pledge, or otherwise dispose of all or substantially all of the assets of the Company, as and for security for loans; for the acquisition of water and water rights; or for the use, joint development of and/or improvements to the water diversion, distribution and storage facilities of the Company. No loan shall be made by the Company to any member of the Board or officer of the Company.

8.3 Checks and Drafts. The president and vice-president have authority to sign checks, drafts or other orders for payment issued in the name of the Company and the signature of any one of the president or vice president shall be sufficient on each unless the amount exceeds \$1,000.00, in which event the signatures of any two officers shall be required.

8.4 Deposits. All funds of the Company not otherwise employed shall be deposited to the credit of the Company in such banks, trust companies or other depositories as the Board may elect.

ARTICLE IX
RULES AND REGULATIONS PERTAINING TO THE DISTRIBUTION OF WATER
TO MEMBERS

9.1 Company and Individual Water Systems; Title; Operation and Maintenance.

a. Company Water System. The water system of the Company includes all springs, underground wells, well houses, storage reservoirs, pumps, pump stations, main water distribution pipelines and the water meters serving the service area of the Company and the lot or property of each member, and all equipment and facilities related thereto, extending up to the member's side of the water meter, including all fire hydrants regardless of placement of the hydrant (the "Company Water System").

(1) Title to the Company Water System shall at all times be vested in the Company, on behalf of its members.

(2) The Company will operate, maintain, repair and replace the Company Water System at its expense.

(3) Only the Company shall access the Company Water System and is authorized to install water meters. Members are not authorized to access or modify the Company Water System without prior written authorization of the Board.

b. Individual Water System. The individual water system of each member consists of the member's individual service lateral beginning at the member's side of the water meter and extending from there to and including the member's individual place of use, and all equipment and facilities related thereto (the "Individual Water System"). Each Individual Water System must include a shut-off valve, separate from the meter valve, located between the water meter and the connection to the structure or tap served by the system. Whenever an Individual Water System must be shut-off for repairs, the shut-off must occur at the shut-off valve and not the meter valve.

(1) Title to each member's Individual Water System shall be and remain vested in the member.

(2) Each member is solely responsible for operating, maintaining, repairing and replacing the member's Individual Water System. The Company may, however, without incurring liability, make emergency repairs to a member's Individual Water System in order to mitigate damage, prevent waste of water, and prevent contamination of the Company's water supply. In such event, the member involved is obligated to reimburse the Company for all expenses incurred by it in making such emergency repairs. All such expenses incurred by the Company will be billed to the member as a special assessment on the member's membership shares.

(3) The Company will not accept or bear any responsibility or liability to any member or other persons for any damage caused by leaks in or damage to a member's Individual Water System.

9.2 Water Service to Existing Connections. Water service will be provided to the members of the Company having existing connections in conformance with the following:

a. Water Entitlement.

(1) Subject to the requirements of Sections 3.1.c, each Class A membership shareholder is entitled to one domestic connection which represents the right to receive and use, in a normal water year, up to 10,000 gallons of water per month (the “Class A Base Entitlement”) under the Company’s water rights and sources of water supplied through the Company Water System for domestic use including incidental irrigation of residential landscaping, incidental stockwatering, and other incidental uses related to the residence.

(2) Subject to the requirements of Section 3.1.d, each Class B membership shareholder is entitled to one connection for a commercial animal operation which represents the right to receive and use, in a normal water year, up to 10,000 gallons of water per month (the “Class B Base Entitlement”) under the Company’s water rights and sources of water supplied through the Company Water System for stockwatering of up to 500 head of cattle or livestock equivalent.

(3) Subject to the requirements of Section 3.1.e, each Class C membership shareholder is entitled to one industrial/commercial connection, the specific quantity of water to be delivered to each Class C membership will be set forth by a separate resolution of the Board based upon the circumstances of each application and the Company’s water rights and source of supply (the “Class C Base Entitlement”) for commercial and/or industrial use.

(4) Subject to the requirements of Section 3.1.f, Class D membership shares are not entitled to the delivery of water with the exception of incidental water use for construction purposes if approved by the Board.

(5) The actual amount of water representing the Base Entitlement for each class of membership shares to be delivered to the members through the Company Water System will be subject to annual adjustment by the Board depending upon the water supply estimated to be available that year. In the event of a shortage, use of the Company’s available water supply will be pro-rated by the Board so that each Class A and Class B member will generally be entitled to receive the same quantity of water per share, by class, as each and every other member. Restrictions to Class C shares will be determined by the Board on an individual basis.

b. Restriction on Number of Service Connections. The Board has the sole authority to regulate and limit the number of actual service connections to the Company Water System based upon the Company’s water rights, sources of water supply, source capacity, storage capacity, distribution system capacity, existing and potential system demand, and such other factors and criteria as the Board may deem relevant in the best interest of the Company and its members. In making such determination, the Board may retain the advice of engineers, attorneys, and other consultants as it deems advisable.

9.3 Water Service to a New Lot or Property. An individual or entity wishing to connect to the Company Water System (“Applicant”), will only be permitted to connect to the Company Water System and receive water service from the Company for a new lot or property (not currently being served by water through the Company Water System) by making application to the Company and complying with the conditions imposed by the Board which shall be sufficient to insure that the interest of the existing members in the water rights or any facility associated with the Company Water System are not diluted. The Board will not issue any new membership shares or allow any new connection to the Company Water System unless and until the Board determines that the Company has water rights, source capacity, well capacity, storage capacity and distribution pipeline capacity sufficient to accommodate the new connection in conformance with all applicable requirements of the Utah Division of Water Rights, Utah Division of Drinking Water and other applicable federal, state and local statutes, ordinances, regulations or policies, and in conformance with the following:

a. Application for Class A, Class B, or Class C Service to New Lot or Property. Each Applicant for a new Class A, Class B, or Class C membership share connection, as a condition to receiving water service for the lot or property proposed by the Applicant, must make formal written application to the Company for service on a form provided by the Company substantially similar to Exhibit “C” attached hereto, and shall agree therein to comply with these and such other bylaws and rules and regulations of the Company as may be promulgated by the Board from time-to-time, including to the following:

(1) Payment of Connection Fee and Impact Fee if Company Water Rights and System Capacity are Sufficient. For new Class A, Class B, and Class C membership connections, if the Board determines that there are sufficient water rights and capacity in the Company Water System to serve the new lot or property proposed by the Applicant, the Applicant will be required to pay a connection fee, an impact fee, and other applicable fees in a total amount sufficient to make certain that the Applicant pays his or her proportionate share of the cost of the Company’s water rights, source capacity, well capacity, storage capacity and distribution pipeline capacity which are reasonably related to Applicant’s proposed use.

(2) Dedication of Water Rights if Company Water Rights are Insufficient. If the Board determines that the Company’s water rights are not sufficient to accommodate the delivery of water to Applicant’s proposed lot, the Applicant may, subject to the Company’s approval, obtain a water right for dedication to the Company to satisfy the water right component of the Company impact fee which authorizes the diversion and use of water within the Company Water System in a quantity sufficient to satisfy the water entitlement as set forth in Section 9.1 herein and subject to the following:

(a) The Applicant must submit the following information to the Board in writing: (i) the description of the water right the Applicant proposes to transfer identified by water right number, (ii) evidence of the Applicant’s title to the water right, (iii) the Applicant’s proposed point of diversion of water under the water right, (iv) the quantity of water sought to be transferred, and (v) the legal description of the lot or property upon which Applicant proposes to use the water. The Board may retain the services of engineers, attorneys and other consultants as it deems necessary in analyzing the Applicant’s proposed water right. Any such cost incurred by

the Company in considering the water right must be fully reimbursed by the Applicant immediately upon receipt of a billing from the Company.

(b) The Board will not approve the water right for dedication unless the Board finds and determines, in its sole discretion, that the water right to be transferred to the Company is sufficient for the purpose sought by the Applicant on the described lot or property and all necessary approvals by the Utah State Engineer have been obtained and are non-appealable.

(c) Upon receiving written approval of the water right for dedication by the Board, the Applicant must convey good and sufficient title to the water right to the Company, without charge, by appropriate instrument of conveyance acceptable in form to the Company, free and clear of all liens and encumbrances except those specifically agreed-to in writing by the Company.

(3) Construction and Conveyance of System Improvements if Company Facilities are Insufficient.

(a) For new Class A, Class B, and Class C membership share connections, if the Board determines that there is insufficient capacity available in any facility associated with the Company Water System to accommodate the additional water supply necessary to serve the new lot or property proposed by the Applicant without diluting the interest of the Company or any member therein or impairing or otherwise interfering with the capability of the Company to deliver the water it is obligated to deliver, then the Applicant will be obligated, at the Applicant's sole expense, to construct and install such improvements as the Board deems necessary to provide the required capacity in accordance with all requirements, plans and specifications duly promulgated by the Board.

(b) Upon written approval by the Board of the construction of said improvements, the Applicant must convey to the Company good and sufficient title to the improvements, without charge, by appropriate instrument of conveyance acceptable in form to the Company, free and clear of all liens and encumbrances except those specifically agreed to in writing by the Company.

(4) Reimbursement of Costs and Expenses Incurred by the Company. For new Class A, Class B, and Class C membership share connections, any and all costs and expenses incurred by the Company in considering the Applicant's request including, but not limited to, engineering, legal and other consulting fees and costs incurred in the evaluation and acceptance of water rights proposed for dedication or conveyance to the Company and/or the construction and acceptance of conveyance of improvements to the Company's water system which are required to accommodate the Applicant's request for service to the proposed new lot or property, must be fully reimbursed to the Company by the Applicant immediately upon receipt of a bill from the Company.

b. Conditions Precedent to Issuance of Class A, Class B, and Class C Membership Shares. The payment of connection fees and impact fees as provided in Section 9.3.a.(1) as applicable; the conveyance of an approved water right as provided in Section 9.3.a.(2)

as applicable; the dedication or conveyance of approved system improvements as provided in Section 9.3.a.(3) as applicable; and reimbursement in full of all costs and expenses incurred by the Company as provided in Section 9.3.a.(4), shall be express conditions precedent (i) to the issuance of a membership share for the lot or property proposed to be connected, and (ii) to connection of the lot or property to the Company Water System by the Applicant.

c. Application for new Class D Membership Shares and Service. As a condition of receiving Class D membership shares for the development of property within the service of the Company, each Development Applicant must enter into a development and service agreement with the Company. Each development and service agreement will address, without limitation, (i) the payment of impact fees, hook-up fees, and other development fees, (ii) the construction and dedication of system level and project level improvements, (iii) the dedication of water rights, and (iv) the issuance of a will-serve letter for the proposed development.

d. Payment of a Connection Fee. The Board may levy and collect a connection fee for new connections to the Company Water System as a condition precedent to water service. Members will not be allowed to connect to the Company Water System, or take delivery of water, unless and until the required connection fee has been paid. The connection fee shall cover all out-of-pocket cost incurred by the Company with regard to the connection of the new lot or property to the Company Water System. The amount of the connection fee will be determined by a resolution of the Board. The connection fee is due and payable at the time of issuance of a membership share for the new lot or property to be connected by the Applicant.

9.4 Procedure Upon Sale or Conveyance of a Class A, Class B, or Class C Member's Lot or Property. Each Class A, Class B, or Class C member intending to sell or otherwise convey his or her lot or property must immediately send written notice thereof to the Company, setting forth the date upon which such transfer will occur. On or after the date indicated in the notice, the Company will close the shutoff valve and terminate water service to the lot or property. The subsequent purchaser or grantee of the lot or property must make formal written application for renewed service to the lot or property on a form provided by the Company and agree therein to comply with these and all other lawfully adopted bylaws and rules and regulations of the Company. The subsequent purchaser or grantee must present to the Company the completed application form and conveyance documents for the lot or property purchased. The Board may charge a subsequent purchaser or grantee a resumption of service fee to cover the costs incurred by the Company in re-establishing water service to the particular lot or property involved, the amount of which will be determined by the Board. Pursuant to section 12.5, Company may require that all past due assessments and delinquency fees be paid in full before a membership share may be transferred. Upon compliance with all of the foregoing terms and conditions of this Section 9.4, water service will be restored to the lot or property and the secretary of the Company will cancel the membership of the selling member and issue a new membership to said purchaser, and properly record the transfer of ownership upon the transfer books of the Company.

9.5 Company Water System Maintenance and Service Contracts. The president has authority to appoint and employ supervisory, clerical, operation and maintenance and other employees as deemed necessary and/or may enter into written contracts for operation and maintenance of the Company Water System with such contractors as the Board may, in its discretion, deem suitable in compliance with all applicable laws and regulations. The services to

be provided under such contracts may include, but need not be limited to, monitoring and maintaining, on a regular basis, all water supply, storage and distribution facilities and equipment, and performing all other activities and functions as may be required to effectively and efficiently operate and manage the Company Water System. Payment and other terms and conditions pertaining to such employees and contracts will be determined by the Board in its sole discretion.

9.6 Emergency Situations. In times of water shortage due to drought or any other natural or manmade conditions or occurrences, the Board has full authority to declare a water emergency and to ration or otherwise regulate the distribution and use of water in the Company Water System as provided in Section 9.2 hereof.

9.7 Connection to Any Other System Prohibited. A member's Individual Water System shall be constructed, installed, operated and maintained separate and apart from, and shall not be connected to any other water system or source of water supply without the express written approval of the Board.

9.8 Other Rules and Regulations. The Board may adopt other rules and regulations pertaining to the distribution of water not inconsistent with the laws of the State of Utah, the Articles and these Bylaws.

9.9 Member Responsibility for Beneficial Use. Subject to the provisions of Article X herein, each member is responsible for maintaining and perpetuating the beneficial use of water under the Company's water rights based upon the pro-rata share of the Company's water supply to which the member is entitled from year-to-year pursuant to the member's membership shares as set forth in Section 9.2 hereof.

ARTICLE X CHANGES IN POINT OF DIVERSION, PLACE AND NATURE OF USE OF COMPANY WATER

10.1 Consideration of Proposed Changes to Company Water Rights. Changes in the point of diversion, place and/or nature of use of the Company's water may only be made if authorized and approved by the Board, subject to the following:

a. Members are not permitted to file a change or exchange application with the State Division of Water Rights to change the point of diversion, place and/or nature of use of Company water under said member's membership shares without written approval from the Board. Members proposing a change to the Company water rights must submit a formal written application for such change or exchange with the Board. The application must contain the following information:

- (1) the name and address of the member-applicant;
- (2) the quantity of water sought to be changed;
- (3) the membership shares affected by the change;
- (4) the lot or property to which the share is currently appurtenant;

(5) the details of the requested change or exchange, including the proposed place of use, point of diversion, nature of use and period of use;

(6) a written acknowledgment and agreement by the applicant that:

(a) the applicant is subject to and agrees to abide by these and such other bylaws, rules, regulations, conditions, limitations and to /or modifications and adjustments to the Company Water System as may be reasonably prescribed by the Board in its sole discretion;

(b) the applicant will pay all costs to install, repair and maintain the applicant's new diversion structure and related facilities and to re-construct, alter, repair and maintain any modification or adjustment in the Company Water System and/or Individual Water System of any other member necessitated in order to avoid or remedy any adverse effect or interference resulting from the change or exchange requested by the applicant;

(c) the applicant will pay all expenses incurred for the Company's attorneys or engineers to review the change or exchange application, at the Board's sole discretion, to insure that the proposed changes do not adversely affect the Company and/or any other member, Company will provide the applicant with a detailed statement of the costs and fees incurred by the Company in connection with such review and the applicant must promptly pay all such costs and fees as billed;

(d) the applicant will indemnify and hold the Company harmless from and against any and all claims, liability or damage to any property, real or personal, of the Company, its members or any other person, and for any injury to persons or animals, resulting from or arising out of the applicant's proposed change or exchange;

(e) the applicant is current on all Company assessments and that applicant member must continue to pay all future stock assessments on applicant's membership shares when the same become due, even though, as a result of such change, the applicant may not divert and use water from any facility associated with the Company Water System; and

(f) applicant will pay all costs incurred by the Company in the preparation and filing with the State Engineer of an appropriate change or exchange application to effectuate applicant's proposed change or exchange, including all costs associated with submitting proof, together with all costs and expenses incurred by the Company in the process of all administrative and judicial, including appellate, proceedings in connection therewith.

b. The following factors shall be considered by the Board in evaluating a member's application for a change or exchange:

(1) increased costs to the Company and/or its members;

(2) interference with the Company's ability to manage and distribute water for the benefit of all Members;

(3) whether the proposed change or exchange represents more water than the applicant's pro-rata share of the Company's water right;

(4) whether the proposed change would create preferential access to use of particular company water rights to the detriment of other members;

(5) impairment of either the quantity or quality of water delivered to other members under the existing water rights of the Company, including rights to carrier water;

(6) whether the proposed change or exchange would cause a violation of any statute, ordinance, regulation, or order of a court or governmental agency;

(7) whether the applicant has or can arrange for the use of water to be retired on the lot or property to which the water was formerly used under the stock; and/or

(8) the cumulative effects that the approval of the change or exchange application may have on other members or the operation of the Company Water System.

c. The applicant must pay a non-refundable application fee, in the amount of \$300.00, to cover administrative costs incurred by the Company in reviewing and processing the application for change or exchange. The amount of the fee may be modified from time to time by resolution of the Board.

d. All costs and fees to be paid by an applicant in connection with the change or exchange application will be considered a special assessment against the membership shares of stock of the applicant and must be paid in conformance with the provisions of the Articles and these Bylaws.

e. At the time the applicant submits the application for change or exchange to the Board, the Company may impose a lien on the applicant's membership as additional security for the payment of all costs and fees for which applicant is responsible as provided herein. The lien shall be released upon payment in full of all such costs and fees. In the event the costs and fees are not paid, the Company shall have the remedies provided herein for non-payment of assessments, and all other remedies at law or in equity.

f. Upon receipt of the application for change or exchange, the Board will, within a reasonable time, specifically request any further information that may, in its discretion, be required to properly consider the application and prepare the change or exchange application, if any, which may be required to be filed with the State Engineer, and the applicant will cooperate with the Company in providing such information.

10.2 Board Action. Based upon the facts and circumstances of each proposed change or exchange, the Company may take the following action: (i) approve the application, (ii) approve the application with conditions, or (iii) deny the application. Under state law, the Company may not withhold approval of any application for change or exchange if any potential damage, liability, interference or other impairment to the Company or its members can be reasonably mitigated by the applicant without cost to the Company.

10.3 Notification of Decision. Upon satisfaction of the conditions precedent herein set forth, the Board, within 120 days from the date of submittal of the application, shall notify the applicant of its approval or denial of the application. The decision of the Board shall be final. If the Company fails to timely respond to an applicant's application, the failure to respond shall be considered to be a denial of the request.

10.4 Filing of Change Application with the State Engineer. Applicant's right to file the Application for Permanent Change of Water or Exchange Application with the State Engineer whether with Company's consent, consent with conditions, or after Company declines consent, is subject to the requirements of Utah Code Ann. § 73-3-3.5.

10.5 Applications Approved by the State Engineer. If the Application for Permanent Change of Water or the Exchange Application is approved by the State Engineer, the member shall be obligated, at the member's sole cost and expense, to file all requests for extension of time to submit proof of beneficial use under the change or exchange as approved by the State Engineer without further authorization or responsibility of the Company with respect thereto.

10.6 Continuing Obligation to Comply with Conditions. If the member whose change or exchange is approved by the State Engineer fails to comply with any or all of the conditions imposed by the Company, the Company will send written notice to the member demanding compliance and extending a reasonable time within which to remedy the failure following receipt of the notice. What is a reasonable time to remedy the failure shall be determined on a case-by-case basis. If the member fails to substantially comply within the time set forth in the notice, the Company will withdraw its approval of the Application for Permanent Change or Exchange Application, and immediately petition the State Engineer for an order canceling the State Engineer's approval of the change or exchange.

ARTICLE XI

APPORTIONMENT OF WATER RIGHTS LOST BY FORFEITURE OR NONUSE

11.1 Apportionment of Water Rights. If all or any portion of the Company's water rights are lost due to forfeiture or abandonment for lack of beneficial use, the Company, pursuant to the provisions of Utah Code Annotated Section 73-1-4.5, will apportion the loss to each member whose failure to make beneficial use of the water to which the member was entitled under his or her membership caused the loss of the water right, subject to the following:

a. such an apportionment will be made at the time the Utah Division of Water Rights or a court of proper jurisdiction makes a final decision that a loss has occurred under Utah Code Annotated Section 73-1-4, including losses that occur as part of a general determination under Title 73, Chapter 4, Determination of Water Rights, or by any other decision of a court of proper jurisdiction.

b. in making an apportionment of the loss among the responsible members, a sufficient number of membership shares to account for the water right lost, including necessary transport or "carrier water" losses, as applicable, shall be treated by the Company as shares redeemed by the Company from each of the respective members responsible for the loss;

whereupon, the number of membership shares owned by each such member will be reduced accordingly on the records of the Company.

c. upon redemption, the total authorized membership shares of the Company will be reduced by the amount of membership shares redeemed pursuant to this Article.

d. the redemption and retirement of membership shares belonging to a member pursuant to this Article will not relieve the member of liability for unpaid assessments or debts the member may owe to the Company.

11.2 Reduction in Delivery Pending Appeal. In making the apportionment, the Company will reduce the amount of water provided to the member in proportion to the amount of the lost water right during an appeal of a decision that reduced the Company water rights, unless otherwise ordered by a court of proper jurisdiction.

ARTICLE XII ASSESSMENTS

12.1 Assessment of Shares. Each member is obligated to pay regular and special assessments which are levied by the Board against all membership shares, in conformance with the following:

a. Power to Levy and Enforce Payment of Assessments. The Company has the power to levy the assessments herein provided, to shut off the water to the lot or property to which the membership share is appurtenant if an assessment remains unpaid and to take all steps necessary to collect assessments, including foreclosing a lien against the membership share, giving public notice of delinquencies, limiting the right to transfer the delinquent share and the sale of membership shares for the amount of unpaid assessments.

b. Levy of Regular Assessments. The Board shall annually determine the amount of money necessary to cover the Company's estimated costs for the coming year including, without limitation, costs of: (i) purchasing, using, leasing or obtaining water, (ii) operating, repairing and maintaining the Company Water System, (iii) establishing and funding a reserve fund to cover major repairs, improvements and replacement of the Company Water System, (iv) taxes and insurance on the Company and the Company Water System, and (v) other items or services necessary or desirable to enable the Company to perform or fulfill its obligations, functions and purposes under the Articles and these Bylaws, in conformance with the following:

(1) The Company's regular assessment shall consist of:

(a) for Class A, Class B, and Class C membership shares a base usage assessment due and payable for use of water up to the Base Water Entitlement for each class as provided in Section 9.2 hereof, the assessment must be paid in full by the member as provided herein whether the full Base Water Entitlement is fully utilized by the member or not; and

(b) for Class A, Class B, and Class C membership shares an overage assessment due and payable for usage of any of the Company's water by a member in

excess of the Base Water Entitlement for each class as provided in Section 9.2 hereof, when additional water is available for use.

(c) Class C membership share assessments shall be as determined by the Board.

(d) Class D membership share assessments shall be determined by the Board each year.

(2) Assessment Resolution and Notice. Each year, upon determining the amount to be levied, the Board, by a separate resolution, shall make and levy a regular monthly assessment against the Company's outstanding membership shares by Class. The secretary will issue the notice in the form attached as EXHIBIT "A" hereto. The notice shall be mailed to each member or designated person at the address of the member as set forth in the Company's records.

c. Levy of Special Assessments. The Company may levy special assessments for the purpose of defraying, in whole or in part, any extraordinary expenses not reasonably capable of being fully paid with funds generated by regular assessments, the costs of any unexpectedly required repair or replacement of any part of the Company Water System, and for the construction, reconstruction, repair of, or the making of any improvement to the Company Water System for the common benefit of all of the properties served by the water system. The Board shall levy a special assessment by a separate resolution. The secretary will issue the notice in the form attached as EXHIBIT "B" hereto. The notice shall be mailed to each member or designated person at the address of the member as set forth in the Company's records.

d. Company Repair of Individual Water Systems. Notwithstanding the provisions of Section 12.1.c. herein, any cost and expense incurred by the Company under Section 9.1.b.(2) herein shall be billed to the member as a special assessment on said member's membership shares, and shall upon such billing automatically constitute a special assessment against said member's membership shares.

12.2 Modification of Assessments. Regular and special assessments may be modified at any time during the year by the Board at a meeting called for that purpose, where such action is reasonably necessary, upon notice to the Members.

12.3 Other than Pro-rata Assessment. All assessments will be levied on an equitable basis. However, the Board, in its discretion, may levy or otherwise apportion assessments, particularly with respect to special assessments, and impose fees and charges when the equities appear to justify the levy of assessments and imposition of fees and charges.

12.4 Assessment Lien. All unpaid assessments will constitute a lien against the delinquent share which shall have priority over any mortgage, lien, pledge, sales contract, escrow contract, lease, conditional or unconditional transfer, or any other encumbrance, lien, claim, attachment, execution, or other charge or interest in or upon or deemed or claimed to be against the share, and the right of the Company to assess the share will be paramount and superior to all those liens, claims, charges, or interests, all of which are and will be inferior and subordinate to the assessments levied upon the share.

12.5 Delinquent Assessments.

a. Interest and Late Fees. If any member fails to pay any regular or special assessment within 60 days from the monthly due dates, the delinquent member may be charged interest on the unpaid assessment from said date at the uniform rate of 2% per month until paid. The Board may modify this rate from time to time.

b. Enforcement Rights and Remedies. In the event any assessment remains delinquent for more than 90 days, upon written notice to the delinquent member, the Company shall be entitled to exercise all rights of enforcement including, individually or cumulatively: (i) termination of water service, (ii) sale of the delinquent membership share pursuant to the Act, (iii) denial of transfer of the delinquent membership share, (iv) foreclosure of its assessment lien, and (v) any and all other rights and remedies afforded to the Company for the collection of delinquent assessments under Utah law.

c. Discontinuance of Service. In the event water service is disconnected pursuant to Subparagraph b., water service will not be restored unless and until all unpaid assessments, together with interest, late fees and a re-connection fee of \$50.00 have been paid in full. In the event the Company is required to retain an attorney in connection with the exercise of its rights of enforcement, the delinquent member will also be required to reimburse the Company for all attorney's fees and costs incurred by it as a condition to restoration of water service.

ARTICLE XIII WATER RIGHTS

13.1 Acquisition of Water and Water Rights. The Board may pursue the acquisition of additional water and water rights upon such conditions as are deemed favorable to the Company through the execution of appropriate contracts with individual well owners, entities with storage rights and/or any other individual or entity that owns water rights.

ARTICLE XIV CROSS-CONNECTION CONTROL, BACKFLOW PREVENTION

14.1 Definitions. The following definitions apply to this Article XIV.

a. Auxiliary Water Supply: Any water supply on or available to the premises other than through the Company Water System. An Auxiliary Water Supply may include water from another purveyor's public potable water supply or any natural source such as a well, spring, river, stream, etc., and shall include "used waters" and "industrial fluids." An Auxiliary Water Supply may be contaminated or polluted or it may be objectionable and constitute an unacceptable water source over which the System Operator (as defined below) has no authority for sanitary control.

b. Backflow: The reversal of the normal flow of water caused either by back-pressure or back-siphonage.

c. Backflow Prevention Assembly: An assembly or means designed to prevent Backflow which is accepted by the Utah State Department of Environmental Quality,

Division of Drinking Water, as meeting an applicable specification or as suitable for the proposed use. Specifications for Backflow Prevention Assemblies are contained within the Uniform Plumbing Code, Chapter 10, Section 1003, and in the Rules.

d. Back-Pressure: The flow of water or other liquids, mixtures, or substances from a region of high pressure to a region of lower pressure into the water distribution pipes of a potable water supply system from any source other than the intended source.

e. Back-Siphonage: The flow of water or other liquids, mixtures, or substances under vacuum conditions into the distribution pipes of the Company Water System from any source other than the intended source, caused by the reduction of pressure in the Company Water System.

f. Contamination: A degradation of the quality of the Company water supply by sewage, industrial fluids or waste liquids, compounds or other materials or substances that may create a health hazard.

g. Cross Connection: Any physical connection or arrangement of piping or fixtures which may allow non-potable water including, without limitation, industrial fluids or waste liquids, compounds or other materials or substances of questionable quality to come into contact with Company water inside the Company Water System. This includes, but is not limited to, temporary conditions such as swing connections, removable sections, four-way plug valves, spools, dummy sections of pipe, swivel or change-over devices, sliding multiport tubes or any other such plumbing arrangements.

h. Rules: The administrative rules of the Utah Division of Drinking Water, R309-105, Utah Administrative Code.

i. System Operator: The person designated by the Board to be in charge of the operation of the Company Water System.

14.2 Purpose. This Article is enacted to accomplish the following purposes:

a. To protect the drinking water supply of the Company from the possibility of contamination by requiring cross connection and back flow control protection in conformance with the Rules. Compliance with the minimum safety requirements of the Rules will be considered reasonable and due diligence in preventing the backflow of contaminants into the Company Water System.

b. To promote the reasonable elimination or control of cross connections within the piping and plumbing fixtures of the member's Individual Water System as required by the Rules.

c. To provide for the administration of a continuing program of cross connection and backflow prevention which will systematically examine the risk and effectively prevent the contamination of the Company's drinking water within the Company Water System.

14.3 Responsibility of the Company; Vesting of Authority. The Company is responsible for the protection of the Company Water System from the foreseeable conditions leading to the possible contamination or pollution of the Company Water System due to the backflow of contaminants or pollutants into the Company's drinking water supply. In order to accomplish the purposes of this Article, the System Operator is vested with the authority and responsibility to implement an effective cross connection and backflow prevention control program in conformance with the provisions of this Article and to enforce the same.

14.4 Regulations.

a. Member Compliance. A member's Individual Water System will not be allowed to be connected to the Company Water System, and no existing connection to the Company Water System will be allowed to be maintained, unless the water supply of the Company is protected as required by the Rules and this Article.

b. Inspection and Survey. The member's Individual Water System must be sufficiently open and available, at all reasonable times, in order to allow Company officials to inspect and conduct period system surveys to determine whether cross connections or other structural or sanitary hazards, including violation of this Article, exist and to audit the results of the required survey.

(1) The Company may schedule and notify all members, in writing, of such periodic inspections and surveys.

(2) A record of any periodic inspections and surveys of the member's Individual Water System shall be maintained by the System Operator in the records of the Company.

c. Required Installation of Backflow Prevention Assembly. Whenever the System Operator deems a member's usage of water through the member's water service connection contributes a sufficient hazard to the Company's water supply, a backflow prevention assembly must be installed on the service line of the identified member's Individual Water System, at or near the property line or immediately inside the building being served; but, in all cases, before the first branch line leading off the service line.

(1) It is the responsibility of the member, at his/her expense, to purchase, install, and maintain any backflow prevention assembly required to be installed by the System Operator in compliance with this Article.

(2) The type of backflow prevention assembly required under this Section will depend upon the degree of hazard which exists at the point of cross connection (whether direct or indirect), according to the results of the survey, based upon the Rules and other applicable state and local requirements.

(3) No backflow prevention assembly will be installed so as to create a safety hazard. For example, installing a backflow prevention assembly over an electrical panel, steam pipes, boilers, or above ceiling level.

(4) All backflow prevention assemblies must be tested within ten (10) working days of their initial installation.

(5) All backflow prevention assemblies presently installed prior to the effective date of this Article which do not meet the requirements of this Article, but which were approved backflow prevention assemblies for the purposes described herein at the time of installation and which, in the opinion of the system operator, have been properly maintained, shall, except for the inspection and maintenance requirements under Subsection 14.4.b. be excluded from the requirements of this Article so long as the System Operator is assured that the backflow prevention assembly will satisfactorily protect the Company Water System. Whenever an existing backflow prevention assembly is moved from its present location, or if the assembly requires more than minimum maintenance, or when the System Operator finds that the operation of the assembly constitutes a hazard to health, the assembly must be replaced, in conformance with the requirements of this Article, with an approved backflow prevention assembly which meets the requirements of the Rules.

d. Continued Inspection of Installed Backflow Prevention Assemblies. It is the responsibility of the member residing on or having the right of possession of any premises receiving water from the Company Water System where a backflow prevention assembly has been installed to obtain certified inspections and to conduct tests of said assemblies as required by the Company at the member's sole expense.

(1) In those instances where the System Operator deems the hazard to be great, he/she may require certified inspections and tests at more frequent intervals.

(2) It is the duty of the System Operator to see that all inspections are performed, and all tests are made according to the standards set forth by the Utah Division of Drinking Water.

(3) Inspection and testing of backflow prevention assemblies shall only be accomplished by a certified backflow assembly technician authorized to make the inspection and/or take the test. The certified technician must report the results of the inspection and test to the System Operator who will report the results to the member and to the Company.

e. Repair of Backflow Prevention Assemblies. If any commercially tested backflow prevention assembly is in need of repair, the repairs must be made by a plumber licensed pursuant to the Construction Trade License Act, Title 58, Chapter 55-2-(21).

14.5 Certified Backflow Prevention Technician.

a. All initial and on-going inspections, surveys, testing and determinations with respect to the need for, and the continued adequacy, operation, maintenance, repair and replacement of backflow prevention assemblies required to be installed pursuant to this Article, must be performed and or supervised by a certified backflow prevention technician.

b. Certified backflow technicians performing services for the Company are required to:

- (1) Insure that acceptable equipment and procedures are used for inspecting, testing, operating, maintaining, repairing or replacing backflow prevention assemblies;
- (2) Make reports of such inspections, testing, operations, maintenance, repairs or replacements to the member and the system operator on forms approved by the system operator and within time frames as described by the Utah Division of Drinking Water;
- (3) Include in the report the list of materials or replacement parts being used;
- (4) Insure that replacement parts are equal in quality to parts originally supplied by the manufacturer of the assembly being repaired;
- (5) Refrain from changing the design, material or operational characteristics of the assembly during testing, repair, maintenance or replacement;
- (6) Perform all tests of the assemblies and be responsible for the competence and accuracy of all tests and reports;
- (7) Insure that the technician's license is current and in good standing;
- (8) Insure that the testing equipment being used is acceptable to the State of Utah, and is in proper operating condition;
- (9) Be equipped with, and be competent to use, all necessary tools, gauges, and other equipment necessary to properly inspect, test, operate, maintain, repair and replace all backflow prevention assemblies; and
- (10) Tag each double check valve, pressure vacuum breaker, reduced pressure backflow assembly and high hazard air gap, showing the serial number, date tested and by whom, and to include the technician's license number on the tag.

14.6 Compliance; Violations.

a. Compliance a Condition to Service. All members must comply with the requirements of this Article as a condition to receiving water service from the Company, and the member's acceptance of water service constitutes an acknowledgment and representation by the member that the member is familiar with and agrees to be bound by the requirements of this Article.

b. Member Violations. A member is in violation of this Article if:

- (1) A backflow prevention assembly determined to be required for the control of backflow and cross connections is not installed, tested and maintained, by a member in conformance with the requirements of this Article;
- (2) It is found that a required backflow prevention assembly has been removed or by-passed without the prior consent of the Company;

- (3) An unprotected cross connection exists on the member's premises;
- (4) A required system survey has not been conducted; or
- (5) The member is otherwise in violation of the requirements of this

Article.

c. Notice of Violation. Any member found to be in violation of this Article will receive written notice from the System Operator of any and all deficiencies constituting a violation.

d. Suspension of Service. If any deficiency or other violation of this Article exists or if there has not been any corrective action taken by the member within ten (10) days of the date of written notice pursuant to Section 14.6.c. above, the System Operator will deny or immediately discontinue service to the member's premises by providing for a physical break in the member's service line. The Company will continue to deny service to the member unless and until the member has corrected the deficiencies or cured the violations and is otherwise in full compliance with the requirements of this Article and the Rules.

ARTICLE XV CALENDAR YEAR

The Company shall operate on a calendar year basis, January 1 through December 31.

ARTICLE XVI AMENDMENT OF BY-LAWS

16.1 Amendment by Members. This Article may be repealed or amended, or new bylaws may be adopted, by the affirmative vote of a majority of the membership shares represented, in person or by proxy, and entitled to vote at a meeting called for that purpose and at which a quorum is present, subject however, to any restrictions on such amendments imposed by the Articles, other provisions of this Article or by the Act.

16.2 Amendment by Directors. Subject to the right of members as provided herein, the Board may adopt, amend or repeal bylaws. However, bylaws pertaining to (i) the qualification of voting rights and property rights of members and the termination or forfeiture of membership shares may only be amended or repealed by an affirmative vote of a majority of the membership shares represented, in person or by proxy, and entitled to vote at a meeting called for that purpose and at which a quorum is present.

16.3 Record of Amendments. Any amendment or new bylaws adopted by the members or the Board shall be copied in the appropriate place in the minute book with the original Bylaws, and the repeal of any bylaw shall be entered on the original Bylaws together with the date and manner of such repeal.

WE, THE BOARD, HEREBY CERTIFY that the foregoing constitutes the Amended and Restated Bylaws and Rules and Regulations adopted by West Corinne Water Company this _____ day of May, 2020.

EXHIBIT "A"
WEST CORINNE WATER COMPANY
NOTICE OF REGULAR CLASS A ASSESSMENT

(Name)
(Address)

Notice is hereby given that at a meeting of the Board of Directors (the "Board"), of the West Corinne Water Company (the "Company"), held on the ____ day of _____, 20__, at _____, the Board levied a regular assessment on all Class A membership shares in the amount of \$_____ per share per month for the first 10,000 gallons of water service and an additional \$_____ for each 1,000 gallons used per month in excess of 10,000 gallons.

The current amount due is \$_____

The assessment shall be due and payable to the Secretary of the Company in a single lump sum payment on or before the 15th day of _____.

If any member shall fail to pay this assessment within 60 days from the monthly due date the delinquent member may be charged interest on the unpaid assessment from said date at the rate of 2% per month until paid. In the event any assessment remains delinquent for more than 90 days, upon written notice to the delinquent member the Company shall be entitled to exercise all rights of enforcement including, individually or cumulatively: (i) termination of water service, (ii) sale of the delinquent share under the provisions of Utah law, (iii) denial of transfer of the delinquent share, (iv) foreclosure of the Company's assessment lien, and (v) any and all other rights and remedies afforded to the Company for the collection of delinquent assessments under Utah law. In the event water service is disconnected, water service shall not be restored unless and until all unpaid assessments, together with interest, late fees and the re-connection fee of \$50.00 shall have been paid in full. In the event the Company shall be required to retain an attorney in connection with the exercise of its rights of enforcement, the delinquent member shall also be required to reimburse the Company for all attorney fees and costs incurred by it as a condition to restoration of water service.

DATED this ____ day of _____, 20__.

Secretary

EXHIBIT "B"
WEST CORINNE WATER COMPANY
NOTICE OF SPECIAL CLASS A ASSESSMENT

(Name)
(Address)

Notice is hereby given that at a meeting of the Board of Directors (the "Board"), of the West Corinne Water Company (the "Company"), held on the ____ day of _____, 200__, at _____, the Board levied a special assessment in the amount of \$_____ per share per year on all Class A membership shares of the Company. The special assessment shall be due and payable to the Secretary of the Company in a single lump sum payment on or before the ____ day of _____, 200__.

If any member shall fail to pay this assessment within 60 days from the due date the delinquent member may be charged interest on the unpaid assessment from said date at the rate of 2% per month until paid. In the event any assessment remains delinquent for more than 90 days, upon written notice to the delinquent member the Company shall be entitled to exercise all rights of enforcement including, individually or cumulatively: (i) termination of water service, (ii) sale of the delinquent share under the provisions of Utah law, (iii) denial of transfer of the delinquent share, (iv) foreclosure of the Company's assessment lien, and (v) any and all other rights and remedies afforded to the Company for the collection of delinquent assessments under Utah law. In the event water service is disconnected, water service shall not be restored unless and until all unpaid assessments, together with interest, late fees and the \$50.00 re-connection fee, if any, shall have been paid in full. In the event the Company shall be required to retain an attorney in connection with the exercise of its rights of enforcement, the delinquent member shall also be required to reimburse the Company for all attorney's fees and costs incurred by it as a condition to restoration of water service.

DATED this ____ day of _____, 20__.

Secretary

EXHIBIT "C"
WEST CORINNE WATER COMPANY

APPLICATION FOR SERVICE TO NEW LOT OR PROPERTY

Applicant Name: _____

Service Address: _____

Mailing Address (if different than Service Address): _____

Primary Phone: _____ Secondary Phone: _____

Email Address: _____ Social Security No: _____

Driver's License Number: _____ Birth Date: _____

Employer Name: _____ Employer Phone: _____

Emergency Contact: _____ Emergency Contact Phone: _____

The above-named applicant hereby applies for the following service: Class A __, Class B ____, Class C ____.

By submitting this applications the undersigned certifies that he/she is the legal owner of the property to be served by West Corinne Water Company and agrees to be bound by and comply with the bylaws and rules and regulations of West Corinne Water Company as may be promulgated by the board of West Corinne Water Company, including but not limited to the provisions of Section 9.3(a).

Applicant

By: