

AMENDED AND RESTATED BYLAWS AND RULES AND REGULATIONS  
OF  
COOL SPRINGS MUTUAL WATER COMPANY

The Board of Directors (the "Board"), of Cool Springs Mutual 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 shares and procedures for the collection of delinquent assessments, and related matters for the purpose of insuring the orderly governance of the Company and a fair and equitable distribution of water to shareholders.

As used herein, all words in any gender shall be deemed to include the masculine, feminine, or neuter gender, all singular words shall include the plural, and all plural words shall include the singular, as the context may require.

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. (the "Act"), and pursuant to authority granted to the Board as set forth in the Company's Articles of Amendment and Restatement to the Articles of Incorporation of Cool Springs Mutual Water Company (the "Articles").

ARTICLE II

2.1. Books and Records. The Company shall keep as permanent records, at its principal office, the following books, records and documents:

- a. It's Articles;
- b. these Bylaws and other rules and regulations;
- c. resolutions adopted by its Board;
- d. the minutes of all shareholders' meetings, for a period of three years;
- e. records of al action taken by shareholders without a meeting, for a period of three years;
- f. All written communications to shareholders generally as shareholders, for a period of three years;
- g. a list of the names and business or home addresses of its current directors and officers;
- h. a copy of its most recent annual report delivered to the Utah Division of Corporations annually;
- l. 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 shareholders and of the Board or any committee of the Board;
- n. a record of its shareholders in a form that permits preparation of a list of the name and address of all shareholders in alphabetical order, showing the number of votes each shareholder is entitled to cast;
- o. stock transfer books and records; and
- p. appropriate accounting records.

2.2. Inspection of Records. A director or shareholder is entitled to inspect and copy any of the records of the Company during regular business hours, at the Company's principal office, so long as the director or shareholder gives the Company written demand, at least ten (10) business days before the date on which the director or shareholder wishes to inspect and copy the records. A director or shareholder may inspect and copy the records only if the demand is made in good faith, for a proper purpose, the director or shareholder describes with reasonable particularity the purpose and the records the director or shareholder desires to inspect, and the records are directly connected with the described purpose.

### ARTICLE III MEMBERSHIP; STOCK

3.1. Membership and Authorized Shares. The Company shall issue shares of the capital stock of the Company as evidencing membership therein and the members shall be referred to as shareholders or Stockholders. There shall be one (1) class of stock in the Company. The Company shall have authority to issue up to 500 shares.

3.2. Issuance of Shares. Shares of stock shall be issued to the owners of lots within service area of the Company located in Beaver Springs Ranch Subdivision in Summit County, Utah, and such other location as shall first be approved by the Board in conformance with these Bylaws.

3.3. Entitlement. Except in the case of multiple connections existing prior to the date hereof which have been duly approved by written agreement of the Board, the holders of shares of Company stock shall hereafter be entitled to the use of Company water solely for the inside domestic use of one (1) single-family residence, building, structure or trailer per lot. In the event the Company shall acquire additional water rights which authorize the use of water for irrigation and stock watering purposes, the Board, in its discretion, may allow the use of Company water for such purposes subject to and in conformance with the provisions of Section 9.2 a. (1) below.

3.4. Issuance of Stock Certificates. Certificates of stock shall be issued in numerical order, and each shareholder shall be entitled to a certificate signed by the president and the secretary, or an assistant secretary. In the event any officer who has signed a certificate has ceased to be an

officer before the certificate has been delivered, such certificate may, nevertheless, be adopted and issued and delivered by the Company as though the officer who signed such certificate or certificates had not ceased to be such officer of the Company.

d. Fractional Shares. It is declared to be the policy of the Company not to issue stock for any fractional share.

3.5. Holder of Stock. Only registered shareholders shall be entitled to be treated by the Company as the holders in fact of the stock standing in their respective names, and the Company shall not be 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 provide by the laws of the State of Utah.

3.6. Appurtenance. To facilitate more effective management and control of the Company's water supply, to facilitate water delivery, and to protect the Company and its shareholders, the water rights of the Company, represented with respect to each shareholder by the Company's stock issued to each shareholder, shall be deemed to be appurtenant to the lot upon which water under each share of Company stock is being used as of the effective date hereof. The secretary of the Company shall keep and maintain a record of the lot upon which the water represented by the shares of stock is used.

3.7. Transfers of Stock.

a. No share of stock shall be separated from the lot or property to which it is deemed an appurtenance and transferred for use on any other lot or property without the express prior written approval of the Board. The Board shall have the power and authority to make all such rules and regulations as it may deem necessary and expedient concerning the transfer of shares of Company stock not inconsistent with the Articles and the Act. Should any shareholder refuse to transfer the share of stock with the shareholder's lot to which the stock is appurtenant, the Board may elect to cancel the stock of the shareholder/grantor of said lot and issue new stock to the lawful grantee of the lot; whereupon, said grantee shall then be entitled to all rights of a shareholder in the Company as provided in the Articles and these Bylaws.

b. Transfers of stock shall be made only upon the stock transfer records of the Company. In order to effectuate a transfer of shares upon the stock transfer records of the Company, the shareholder requesting the transfer shall present to the secretary such documentation as shall be legally sufficient, in the opinion of the Board and the Company's legal counsel, to justify the transfer of title of shares, including, but not limited to the following documents, as applicable:

(1) a properly endorsed, original stock certificate as shown on the stock records of the Company (see Section 3.9 of this Article, below, regarding lost or mutilated stock);

(2) a death certificate and other probate records, as necessary to demonstrate a right to the stock by reason of inheritance;

(3) deeds or other documents signed by the record owner of the shares in which the intention of the owner to transfer the shares to the grantee named in the deed or other documentation is clearly and unequivocally set forth; or

(4) any combination of the foregoing.

Upon receipt by the Secretary of the necessary documentation, the Secretary shall date and mark as cancelled any stock certificate that is presented for transfer and issue a new certificate to the new owner thereof.

c. The Board shall establish, by separate resolution, a stock transfer fee which is to be paid by the shareholder requesting the transfer prior and as a condition to the transfer of the shares on the stock transfer records. The amount of the fee, which may be changed by the Board from time-to-time shall be sufficient to cover all actual out-of-pocket costs, including printing costs, administrative costs, and legal costs, if any, incurred by the Company in connection with making the transfer.

### 3.8. Leased Shares.

Shares of stock of the Company may be leased by any shareholder to any lessee of the lot to which the stock is appurtenant, in conformance with the following:

a. Any shareholder desiring to lease stock pursuant hereto shall first be required to submit a written lease application to the Board which sets forth the lessor/shareholder's name and address and the lessee/shareholder's name, address and description of the lot or property upon which water pursuant to the leased share is to be used. Approval of all lease applications by the Board shall not be unreasonably withheld or delayed.

b. All voting rights with respect to any leased shares of the Company shall be exercised by the owner/lessor of said shares unless otherwise designated by written proxy as provided herein. All leases of Company stock shall be subject to all provisions of the Articles and these Bylaws, and the lessee thereof shall agree to abide by all bylaws, rules and regulations of the Company as a condition to the delivery of water to a lessee of the shares.

c. The payment of all assessments levied by the Company against leased shares shall be the responsibility of the owner/lessor of the leased shares, who shall pay the assessments as billed by the Company. It shall thereupon be the sole and separate responsibility of the owner/lessor of the leased share to seek and obtain reimbursement, if applicable, from the lessee of the shares.

d. The lessee of any stock of the Company shall be subject to and agree to abide by all lawful bylaws and rules and regulations of the Company as a condition to delivery of water.

3.9. Lost or Mutilated Certificates. In case of loss or destruction of any certificate of stock, another certificate may be issued in its place upon filing with the Board proof of such loss or destruction including an affidavit, duly sworn and acknowledged before a notary public, representing that the affiant is the owner of the shares to be transferred; that the original stock certificate or certificates have become mutilated or lost, and that after diligent search the certificate or certificates cannot be found; that the shares of stock represented by the certificate or certificates have not been sold or transferred; that the affiant is requesting that the Company issue new certificates; and that in the event lost stock certificates are later found, the same will be immediately surrendered to the Company for insertion in the stock transfer records. In addition, the Board may require the posting of a satisfactory bond of indemnity to the Company and/or to the transfer agent and registrar of such stock, in such sum as the Board, on a case-by-case basis, may reasonably provide.

3.10. Rules. The Board shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, lease, conversion and registration of certificates for shares of the capital stock of the Company, not inconsistent with the Act, the Articles and these Bylaws.

#### ARTICLE IV SHAREHOLDER'S MEETINGS

4.1. Place of Meetings. All meetings of the shareholders shall be held at such place as shall be determined from time-to-time by the Board, and the place at which such meeting shall be held shall be stated in the notice and call of the meeting. The Board will provide the option to attend any shareholder meeting via electronic means, which means must allow all participants the opportunity to both hear and contribute to the meeting.

4.2. Annual Meeting.

a. Schedule. An annual meeting of the shareholders of the Company shall be held at such time and on such date as shall be stated in or fixed in accordance with a resolution of the Board. 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 shareholders shall be as follows:

- (1) Call the meeting to order;
- (2) Ascertain the presence of a quorum.
- (3) Reading of summary and action on any unapproved minutes;
- (4) Reports of officers, committee, etc;
- (5) Election of Directors;
- (6) Other business;
- (7) Adjournment.

c. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, including emergencies, unless otherwise prescribed by state law, 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, and shall be called at any time by the president or vice president, or the secretary or treasurer, upon the request of shareholders owning not less than fifty percent (50%) of the outstanding stock of the Company entitled to vote at such meeting. Business transacted at all special meetings shall 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 shareholders shall be given to each shareholder of record of the Company entitled to vote, in conformance with the following:

- (1) Notice shall be given by mailing or electronically by written notice of the same at least ten (10) days prior to the meeting, by regular United States mail, not less than ten (10) days nor

more than thirty (30) days prior to the date of such meeting. Such notice shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, and addressed to the shareholder's last known post office address or to the address appearing on the stock transfer books of the Company. Notice may be waived in writing, signed by the shareholder entitled to the notice and delivered to the Company for inclusion within the minutes or for filing with the corporate records. Any shareholder may opt into receiving electronic notice, by providing written notice to the board with their consent and the email address to which they would like communications directed.

(2) An emergency meeting may be called, with the most notice possible under the circumstances, using the most reasonable means of notice possible, including notice communicated in person, by telephone, by any form of electronic communication, by regular mail, by private carrier or any combination of the above.

b. Contents of the Notice. In addition to other matters which may be included, the notice shall include, as applicable, a description of any matter or matters that must be approved by the shareholders, and matters for which approval is sought in connection with conflict of interest transactions, indemnification of directors and officers, amendments to the articles of incorporation and bylaws, any merger plan, sale of Company property other than in the ordinary course of business, and/or dissolution of the Company. The Company shall give notice of a matter a shareholder intends to raise at the meeting if requested in writing to do so by a person entitled to call a special meeting and the request is received by the secretary or president of the Company at least 10 days before the Company gives notice of the meeting. The notice of a special meeting shall include a description of the purpose or purposes for which the meeting is called.

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

4.5. Quorum. Except as provided in Section 5.2(i) herein, at any annual or special meeting of shareholders, one third (1/3) of the issued and outstanding shares of Company stock present at the meeting in person or virtually or represented by proxy shall constitute a quorum for action on any matter. Once a shareholder is represented

#### 4.6. Voting at Meetings.

a. Shareholder Voting List. A complete list of the shareholders entitled to vote, arranged in alphabetical order, showing the address of each shareholder entitled to notice of and to vote at the meeting, and the number of voting shares held by each, shall be prepared by the secretary who shall have charge of the stock ledger and be filed in the principal office of the Company, at least ten (10) days before every election. The shareholder voting list shall, during normal business hours and during the proceedings of the election, be open to the examination of any shareholder. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to the shareholders who are entitled to examine such list or transfer book or to vote at the meeting of shareholders.

b. Personal and Proxy Vote. At the meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person, electronically, or by proxy appointed by an instrument in writing subscribed by such shareholder and bearing a date not more than eleven months prior to said meeting, unless said instrument provides for a longer period.

c. Manner of Voting. Except as provided in Section 4.7.g. below, voting at all meetings of shareholders shall be by written and/or electronic ballot unless the presiding officer directs that a vote may be taken by voice vote, by vote indicated by raise of hand, or otherwise.

d. Votes Per Share. Each shareholder shall have one (1) vote per share of stock registered in the shareholder's name on the books of the Company, regardless of class. If stock stands of record in the name of two or more persons, only one person may vote the share and that share shall still be entitled to only one vote.

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

f. Voting of Shares by Fiduciaries.

(1) Shares held by an administrator, executor, guardian, or conservator may be voted by him either in person or by proxy without a transfer of such stock into his name.

(2) Shares standing in the name of a trustee may be voted by said trustee either in person or by proxy without a transfer of such shares into his name.

(3) Shares standing in the name of a receiver may be voted by such receiver, and shares held by, or under the control of a receiver, may be voted by such receiver without the transfer thereof into his name, if authorization to do so is contained in an appropriate order of the court by which such receiver was appointed.

(4) A shareholder whose shares are pledged shall be entitled to vote such shares until the shares shall have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

(5) Shares of Company stock belonging to the Company, or held by it in a fiduciary capacity, shall not be voted, directly or indirectly, at any meeting, and shall 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 shareholders at which any vote shall be taken. The secretary of the Company and one other person appointed by the Board before or at the meeting shall serve as the inspectors. The inspectors shall receive and take charge of all proxies and shall decide all questions touching upon 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 shall decide the matter.

4.7. Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Company delivers a written or electronic ballot to every member entitled to vote on the matter. For purposes of the Section a

written ballot shall include ballots delivered by electronic means. All written ballots shall be delivered subject to and in conformance with the following:

a. Written Ballots. A written ballot shall:

- (1) set forth each proposed action; and
- (2) provide an opportunity to vote for or against each proposed action.

b. Approval by Written Ballot.

Approval by written ballot pursuant to this section shall be valid only when:

- (1) the time, as determined under Subsection 4.7.h. by which all ballots must be received by the nonprofit corporation has passed so that a quorum can be determined; and
- (2) the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

c. Determination of a Quorum. For purposes of taking action by written and / or electronic ballot the number of votes cast by written ballot shall constitute a quorum for action on the matter.

d. Solicitation for Votes by Written Ballot. All solicitations for votes by written ballot shall:

- (1) indicate the number of responses needed to meet the quorum requirements as provided in Subsection 4.7.c. above;
- (2) state the percentage of approvals necessary to approve each matter other than election of directors;
- (3) specify the time by which a ballot must be received by the nonprofit corporation in order to be counted; and
- (4) be accompanied by written information sufficient to permit each person casting the ballot to reach an informed decision on the matter.

e. Written Ballots Non-Revocable. A written ballot may not be revoked.

f. Effect of Action Taken. Action taken under this Section 4.7 has the same effect as action taken at a meeting of members and may be described as such in any document.

g. Use of Written Ballots in Connection with Annual or Special Meetings. A written ballot delivered to every member entitled to vote on the matter or matters therein, as described in this Section, may also be used in connection with any annual, regular, or special meeting of members, thereby allowing members the choice of either voting in person or by written ballot delivered by a member to the Company in lieu of attendance at such meeting. Any written ballot shall comply with the requirements of Subsection 4.7.a. and shall be counted equally with the votes of members in attendance at any meeting for every purpose, including satisfaction of a quorum requirement.

h. Time for Receiving Ballots. Members shall be provided a fair and reasonable amount of time before the day on which the Company must receive ballots. An amount of time is considered to be fair and reasonable if:

(1) members are given at least 15 days from the day on which the notice is mailed by regular mail; and

(2) considering all the circumstances, the amount of time is otherwise reasonable.

i. Members List for Meeting and Action by Written Ballot

(1) After fixing a record date for a notice of a meeting or for determining the members entitled to take action by written ballot, the Company shall prepare a list of the names of all its members who are entitled to notice of the meeting and to vote at the meeting, or to take the action by written ballot.

(2) The list required by Subsection 4.7.i. shall be arranged alphabetically, show the address of each member entitled to notice of, and to vote at, the meeting or to take such action by written ballot, and show the number of votes each member is entitled to vote at the meeting or by written ballot.

(3) If prepared in connection with a meeting of the members, the members' list required by Subsection 4.7.i. shall be available for inspection by any member entitled to vote at the meeting:

(A) beginning the earlier of 10 days before the meeting for which the list was prepared, or two business days after notice of the meeting is given, and continuing through the meeting, and any adjournment of the meeting; and

(B) at the Company's principal office, or at a place identified in the notice of the meeting in the city where the meeting will be held.

(4) The Company shall make said members' list available at the meeting.

(5) Any member entitled to vote at the meeting or an agent or attorney of a member entitled to vote at the meeting is entitled to inspect the members' list at any time during the meeting or any adjournment.

(6) A member entitled to vote at the meeting, or an agent or attorney of a member entitled to vote at the meeting, is entitled on written demand to inspect and to copy a members' list required by Subsection 4.7.i. during regular business hours, the period it is available for inspection, at the member's sole expense.

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 the Board consisting of seven (7) directors, each of whom shall be elected for a term of three (3) years and shall 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 may be modified from time-to-time by a duly enacted written resolution of the Board or by vote of the shareholders.

c. All directors must be natural persons of 18 years of age or older and be shareholders of the Company; provided, however, with regard to corporations or other business entities or trusts which own shares of stock in the Company, one natural person who is an officer, director, manager or partner of any such shareholder, who is designated in writing by said shareholder as the corporate or business representative of said shareholder, shall be eligible to serve as a director on the Board. For shares held jointly in the name of a husband and wife, either the husband or the wife would be eligible to serve as a director on the Board but not both at the same time.

5.2. General Powers. In addition to the powers and authority which by these Bylaws and the Articles are expressly conferred upon it, the Board may exercise all such powers of the Company and do all such lawful acts and things as are not by statute, the Articles, or these Bylaws directed or required to be exercised or done by the shareholders. Without limiting the general powers of the Board to exercise control of the Company set forth above, the Board shall have the power, among other things: (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 all or substantially all of the assets of the Company (other than as a pledge as security for a loan) shall be valid unless and until approved by a majority vote at a regular or a special meeting of the shareholders called for that purpose at which a quorum constituting 50% of the outstanding stock of the Company is present; (ii) to regulate the transfer of Company stock; (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 spring areas, wells, pipelines, dams, storage reservoirs, canals, ditches, head gates and diversions to provide for the storage and delivery of waters to the shareholders 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 shareholders, including the rationing of water in times of scarcity; (vi) to levy assessments on all shares of Company stock 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. Each shareholder in the Company entitled to vote 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: Action without a Meeting. The Board shall be authorized to meet in conformance with the following:

a. Regular Meetings. A regular meeting of the Board may be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the shareholders. The board may elect to hold any or all meetings electronically, provided that each Director is able to both hear and participate in all discussions before the Board. The Board may provide, by separate resolution, for holding additional regular meetings. Each regular meeting shall be preceded by at least ten (10) day's notice of the date, time and place of the meeting. Such notice shall be delivered by telephone or any other form of electronic communication, 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, which waiver shall be in writing, signed by the director entitled to notice.

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 the principal office of the Company or at such other place or places, within or without the State of Utah, as the person or persons authorized to call the special meeting shall designate. Special meetings of the Board shall be preceded by at least ten (10) day's notice of the date, time and place of the meeting, by telephone or any other 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, which waiver shall be in writing, signed by the director entitled to notice.

c. Emergency Meetings. An emergency meeting 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 the principal office of the Company or at such other place or places, within or without the State of Utah, as the person or persons authorized to call the special meeting shall designate. An emergency meeting shall be preceded with the most notice possible under the circumstances, using the most reasonable means of notice possible, including notice communicated in person, by telephone, by any form of electronic communication, by regular mail, by private carrier or any combination of the above.

d. 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 abstains from voting; and waives the right to demand that action not be taken without a meeting. For the purpose of this Section writing shall include electronic communications sent to the Directors.

(2) Action is taken under this Subsection 5.4.d. only if the affirmative vote 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 d. is not effective unless the Company receives a written document satisfying the requirements hereof, signed by all directors, and which is not revoked pursuant hereto. The writing may be received by electronically transmitted facsimile or other form of wire or wireless communication providing the Company with a complete copy of the document, including a copy of the signature on the document. A director's right to demand that action not be taken without a meeting shall be considered to have been waived if the Company receives a writing satisfying the requirements of this Subsection that has been signed by the director and not revoked pursuant hereto. Action taken pursuant to this Subsection shall

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

(4) If the writing is received by the Company 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 the 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. Quorum and Voting. At any meeting of the Board, a quorum consisting of not fewer than three (3) directors in office immediately prior to the beginning of the meeting, in person or electronically, shall be required to transact the business of the meeting. Each director shall be entitled to one (1) vote on all matters brought before the Board. For the purposes of this Section, a Director is considered present at a meeting if they appear electronically and are able to hear and participate in the meeting.

5.6. Manner of Acting. If a quorum is present when the vote is taken, the affirmative vote of the majority of the directors present at a meeting shall be the act of the Board. For the purpose of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, 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 and which authorizes the other director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of one or more directors, if any action taken is approved by at least a majority of the required quorum for the meeting.

5.7. Waiver of Notice: Presumption of Assent. A director's attendance at or participation in a meeting waives any required notice to that director of the meeting 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; or if special notice was required of a particular purpose the director objects to transacting business with respect to the purpose for which the special notice was required; and after objecting, the director does not vote for or assent to action taken at the meeting with respect to the purpose.

5.8. 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 may be filled by an affirmative vote of the majority of the directors then in office, although less than a quorum may exist.

5.9. 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 shall not be necessary to make it effective.

5.10. Removal. The shareholders may remove one or more directors elected by them, for cause. A director or directors may be removed only at a shareholder's meeting called for the purpose of removing that director or those directors and if the meeting notice states 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 shareholders may be removed for cause only by the shareholders, and not by the Board.

5.11. Compensation. Compensation to directors for their service on the Board may be authorized and fixed as determined, from time-to-time, by written resolution of the Board. Directors shall be reimbursed, with approval of the Board, for any actual and reasonable expenses incurred by a director in the performance of his duties as a director. Members of special or standing committees may likewise be reimbursed upon the prior approval of the Board.

5.12. Committees. An executive committee may be appointed by resolution passed by a vote of the Board and shall 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 among the members of the Board or from among the shareholders, which committees shall be invested with such power as the Board may see fit, subject to such conditions as may be prescribed by such Board. All committees so appointed shall keep regular minutes of the transactions of their meetings, and shall cause them to be recorded in books kept for that purpose in the office of the Company and shall 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 shall be a president, a vice-president, a secretary and a treasurer. An officer shall be a natural person 18 years of age or older.

a. The president, vice-president and secretary shall be members of the Board and be elected annually for a term of one (1) year by the directors at their first meeting after the annual meeting of shareholders, and shall hold office until their successors are elected and qualify

b. The treasurer may but need not be a director. If the treasurer is a director, the treasurer shall be elected in the same manner and for the same term of office as the president, vice-president and secretary. If the treasurer is not a director, the treasurer shall be appointed by the Board and serve at the pleasure of the Board. The Board may combine the offices and duties of secretary and treasurer which office shall be referred as the office of secretary/treasurer. In such event, the secretary/treasurer shall be appointed in the same manner as the secretary.

c. A single person may hold more than one office, except that the offices of president and secretary may not be held by the same person.

6.2. Duties.

a. President. The president shall be the principal executive officer of the Company and, subject to the control of the directors, shall have 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.a. herein. The president may hire employees when he deems such action necessary to assist him in carrying out the day-to-day management and control of the Company

Water System. The president shall, when present, preside at all meetings of shareholders and directors. He may sign or countersign, with the secretary or any other proper officer of the Company thereunto authorized by the directors any and all deeds, mortgages, bonds, contracts and other instruments of the Company as authorized by the Board, and shall perform all such other duties as are incident to his office or are properly required of him, from time to time, by the Board. He shall 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 or employees.

b. Vice-president. In the absence of the president, or in the event of his death, inability or refusal to act, the vice-president shall 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 shall perform and discharge such other and further duties as may be assigned from time to time by the president or by the Board.

c. Secretary. The secretary shall perform the duties of secretary, which shall include: i) keeping and maintaining, as custodian, the books, records and documents set forth in Article I 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 stock assessments, delinquencies and stock sales are duly given in accordance with the provisions of these By-laws; (iii) having general charge of the stock transfer books of the Company; and (iv) in general performing all duties incident to the office of secretary and such other duties as from time-to-time may be assigned by the president or the Board.

d. Treasurer. The treasurer shall perform the duties of the office of treasurer which shall include: (i) having the charge and custody of and being responsible for all the funds and securities of the Company from any source whatsoever, and in such capacity depositing all such funds in the name of the Company in such banks, trust companies or other depositories as shall be selected in accordance with these By-laws; (ii) keeping regular books of account; (iii) disbursing the funds of the Company in payment of the just demands against the Company, or as may be ordered by the Board, and taking proper vouchers for such disbursements; (iv) 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; and (v) 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 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 shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time-to-time by the Board.

6.6. Fidelity Bonds. The Board may require the president, vice-president, secretary and treasurer, 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 shall be paid by the Company. The Company shall further be required to provide general liability and directors and officers insurance coverage to insure members of the Board during and after the period of their service, as determined by the Board.

6.7 Tenure and Removal from Office. The officers of the Company shall 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 whole Board then in office. An officer or officers may be removed without cause by a 2/3 majority vote of the stock represented either in person or by proxy at a meeting of shareholders called for that purpose pursuant to notice.

6.8 Resignation. Any officer may resign his 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 officers for their service may be authorized and fixed as determined, from time-to-time, by written resolution of 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 fullest extent authorized by law, shall indemnify and defend any and all persons who may serve or who have served at any time as directors or officers, or both, or who at the request of the Board may serve or at any time have served as directors or officers or both, of any other Company in which the Company at such time owned or may own shares of stock or of which it was or may be creditor, 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, counsel 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, or any of them, are, or may be, involved in or made parties, or a party, or which may be asserted against them, or any of them by reason of being, or having been, directors and officers, or 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 shall be liable for negligence or misconduct in the performance of his or her duty to such Company if he, she or they 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 the director's 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 shall 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 shall 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 Shareholders. If the Company indemnifies or advances expenses to a director or officer under this Article in connection with a proceeding by or in the right of the Company, the Company shall give written notice of the indemnification or advance to the shareholders in conformance with the requirements of the Act.

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

## ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DRAFTS

8.1. Contracts. Subject to the provisions of Section 8.2. below, the directors may authorize any officer or officers, agent or agents, 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.

a. The Board, upon resolution duly adopted, shall have the authority to incur indebtedness on behalf of the Company, in an amount not to exceed \$100,000. Any loans or indebtedness in excess of that amount shall be incurred by the Company only upon a majority vote of shareholders of the Company.

b. The Board shall be authorized to issue notes, bonds, and/or make and perform contracts with the United States, the State of Utah and other governmental entities and agencies and/or private lenders, pursuant to which the Company shall be authorized to sell, lease, exchange, mortgage and/or pledge all or substantially all of the assets of the Company as and for security for loans, or otherwise, for the purpose of acquiring water, water rights, water stock, sources of water supply, and real and personal property, and for the development of and/or improvements to the Company's water diversion and distribution systems and related appurtenances and equipment or otherwise for the purpose of attaining or furthering any of its lawful purposes and objectives; provided, however, that no such note, bond, contract or other evidence of

indebtedness which exceeds \$100,000 and/or which requires a pledge of all or substantially all of the assets of the Company as and for security therefor shall be authorized or valid unless: (i) the Board shall adopt a resolution recommending the same to the shareholders and directing that the resolution be submitted to a vote at a meeting of shareholders having voting rights, which may be either an annual or special meeting, (ii) written notice of such meeting shall have been duly given in conformance with the requirements of these Bylaws, and (iii) said resolution shall be approved by a majority vote of all the shareholders in person or by proxy at a meeting in which a quorum is present as provided in Section 5.2(i) above.

c. No loan shall be made by the Company to any member of the Board or officer of the Company.

8.3. Checks and Drafts. All officers of the Company shall have authority to sign the checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company, and the signatures of two officers shall be required on each.

8.4. Deposits. All funds of the Company not otherwise employed shall be deposited from time-to-time 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 SHAREHOLDERS

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

a. Company Water System. The water system of the Company shall include the Beaver Springs spring area and all underground wells, well houses, storage reservoirs, pumps, pump stations, chlorinators and other treatment facilities, main water distribution pipelines, water meters and shut-off valves serving the lot or property of each shareholder, and all equipment and facilities related thereto, extending up to the Company's shut-off valve (the "Company Water System").

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

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

b. Individual Water System. The individual water system of each shareholder shall consist of the shareholder's individual service lateral beginning on the shareholder's side of the Company's shut-off valve, and extending from there to and including the shareholder's individual place of use, and all equipment and facilities related thereto (the "Individual Water System"). Water service laterals within each Individual Water System shall be constructed and installed by the shareholder at the location nearest to the Company Water System.

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

(2) Each shareholder shall bear the sole responsibility for operating, maintaining, repairing and replacing said shareholder's Individual Water System. The shareholder's Individual Water System shall at all times be maintained in good condition and repair.

(3) The Company may shut off water and make emergency repairs to a shareholder'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 particular shareholder involved shall be obligated to reimburse the Company for all expenses incurred by it in making such emergency repairs. All such expenses incurred by the Company shall be billed to the shareholder as a special assessment on said shareholder's share of Company stock. Each shareholder, by acceptance of a share of Company stock, grants to the Company, and its duly authorized agents, employees and contractors, the right of ingress and egress to the shareholder's lot to which stock is appurtenant as defined herein, for the purpose of inspecting, and making emergency repairs to the shareholder's Individual Water System as provided herein. Each shareholder, by acceptance of a share of Company stock agrees, to the fullest extent allowed by law, to indemnify and save the Company, its officers, directors, employees, agents and representatives, harmless, from and against any and all losses, expenses, costs (including, without limitation, attorneys' fees), claims, actions, demands, damages, and liabilities imposed or claimed to be imposed upon the Company, its officers, directors, employees, agents and representatives, for bodily injuries, including death, or for damage to property, real or personal, sustained by any person, including without limitation third parties, which arise out of or are otherwise attributable to leakage in the shareholder's Individual Water System and any emergency repair which the Company is required to make as provided in this Subsection.

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

a. Water Entitlement and Authorized Use.

(1) Each share of Company stock shall entitle the holder thereof to one residential connection to the Company Water System, which represents the right to receive and use, in a normal water year, a base amount of water per month in conformance with the provisions of Section 9.2.a. (2) below (the "Base Water Entitlement") for water diverted and used under the Company's water rights and sources of water supply through the Company Water System.

(A) The only use of water which is currently authorized under the Company's water rights is inside, domestic use and stock watering. Accordingly, subject to the provisions of Subsection (B) of this Section 9.2.a.(1), water delivered by the Company to the shareholders shall be used solely for inside domestic purposes within the residence, building or structure on the lot to which the share is appurtenant, and shall not be used for outside irrigation.

(B) At such time as: (i) the Company owns water rights and sources of water supply which authorize and are sufficient for outdoor irrigation uses within the service area of the Company, (ii) the Company has sources of water supply and facilities sufficient to provide water for outdoor irrigation uses, and (iii) the Board, in its discretion, determines to authorize use of the Company's water for outdoor irrigation purposes; then, and only then, may Company water be utilized for outdoor irrigation purposes consistent with such rules and regulations as shall then be promulgated by the Board with respect thereto.

(2) The Company shall, to the extent reasonably possible, provide potable culinary water to

each shareholder; however, the Company does not warrant either the quality or quantity of water to be furnished. The amount of water to be delivered to a shareholder under the Base Water Entitlement shall be determined annually by the Board and be adjusted depending upon the water supply estimated to be available that year. In the event of a shortage due to any failure or insufficiency of the Company's water supply, any failure or insufficiency of the Company Water System, and any insufficiency arising by virtue of acts of God and/or other acts and circumstances which are beyond the control of the Company, the Company's available water supply shall be pro-rated by the Board among the shareholders so that each shareholder shall be entitled to receive the same quantity of water per share on a reduced basis, as each and every other shareholder.

b. Restriction on Number of Service Connections. The Board, subject to the provisions of Section 9.2.a.(1) above, shall have 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 shareholders. In making such determination, the Board may retain the advice of such engineers, attorneys and other consultants as it deems advisable.

c. Use Only On Appurtenant Lot or Property. Company water shall only be authorized for use by a shareholder on the lot or property to which the water is appurtenant according to the books and records of the Company as provided in Section 3.6 of these Bylaws.

9.3. Water Service to a New Lot or Property. No individual, firm, corporation or company desiring to connect to the Company Water System ("Applicant"), shall be permitted to connect to the Company Water System and receive water service from the Company for any new lot or property not currently being served by water through the Company Water System except upon compliance with conditions imposed by the Board sufficient to insure that no interest of any shareholder in the water rights shall be diluted thereby. The Board shall not issue any new share of Company stock 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 Service to New Lot or Property. Each Applicant, as a condition to receiving a water service for the lot or property proposed by the Applicant, shall make formal written application to the Company for service on a form provided by the Company, 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, subject to the following:

(1) Payment of a Buy-in Fee if Company Water Rights and System Capacity are Sufficient. In the event 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, pursuant to written agreement between the Applicant and the Company, shall be required to pay a buy-in fee in an 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.

(2) 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. No shareholder shall be allowed to connect onto the Company Water System, nor 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 shall be determined from time-to-time by separate resolution of the Board. The connection fee shall be due and payable at the time of submitting the application for service.

b. Conditions Precedent to Issuance of Shares. The payment of buy-in fees for water rights and/or system capacity, as provided in Section 9.3.a.(1), as applicable and payment of the applicable connection fee as provided in Section 9.3.a.(2), shall be express conditions precedent to: (i) the issuance of a share of stock for the lot or property proposed to be connected, and ii) connection of the lot or property to the Company Water System by the Applicant.

9.4. Procedure Upon Sale of a Shareholder's Lot. Each shareholder intending to sell his or her lot or property shall immediately send written notice thereof to the Company, setting forth the date upon which such transfer shall occur. The subsequent purchaser of the lot or property shall be required to make formal written application for initial service or renewed service to the lot or property on a form provided by the company, and shall agree therein to comply with these and all other lawfully adopted bylaws and rules and regulations of the Company. The subsequent purchaser shall present to the The completed application form and evidence acceptable to the Board of the subsequent purchaser's acquisition of the lot or property. The Board may charge a subsequent purchaser an administrative fee to cover the costs incurred by the Company in administering the renewal of water service to the particular lot or property involved, the amount of which shall be subject to change from time-to-time by the Board. 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 shall record the transfer of ownership of the stock upon the stock transfer books of the Company.

9.5. Company Water System Maintenance and Service Contracts. The Board shall have authority to appoint and employ supervisory, clerical, operation and maintenance and other employees as deemed necessary by the Board, and/or it 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 not be limited to, monitoring and maintaining, on a regular basis, all water supply, storage, distribution and treatment facilities and equipment, and performing all other activities and functions as may be required, by the Board and otherwise, to effectively and efficiently operate and manage the Company Water System. Remuneration and other terms and conditions pertaining to such employees and contracts shall be determined by the Board in its sole discretion.

9.6. Emergency Situations. In the event of a failure within the Company Water System, and in times of water shortage due to drought or any other natural or man made conditions or occurrences, the Board shall have 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.a.(2) hereof.

9.7. Connection to Any Other System Prohibited. A shareholder'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; Schedule of Fines. The Board may adopt other rules and regulations, and promulgate a reasonable schedule of fines to be imposed in the event of a violation by a member of the rules and regulations pertaining to the distribution of water as set forth herein, not otherwise inconsistent with the laws of the State of Utah, the Articles and these Bylaws.

9.9 Shareholder Responsibility for Beneficial Use. Subject to the provisions of Article X herein, each shareholder shall be 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 shareholder is entitled from year-to-year pursuant to the shareholder's shares of stock as set forth in Section 9.2 a. hereof.

#### ARTICLE X APPORTIONMENT OF WATER RIGHTS LOST BY FORFEITURE OR NONUSE

10.1. Apportionment of Water Rights. If all or any portion of the water rights to which the Company holds title ceases or is 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, shall apportion the loss to each shareholder whose failure to make beneficial use of the water to which the shareholder was entitled under his or her stock caused the loss of the water right, subject to the following:

a. Such an apportionment shall be made at such time as 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 shareholders, a sufficient number of shares to account for the water right lost shall be treated by the Company as shares redeemed by the Company from each of the respective shareholders responsible for the loss; whereupon, the number of shares owned by each such shareholder shall be reduced accordingly on the records of the Company.

c. Upon redemption, the total authorized shares of the Company shall be reduced by the amount of shares redeemed pursuant to this Article.

d. The redemption and retirement of shares belonging to a shareholder pursuant to this Article shall not relieve the shareholder of liability for unpaid assessments on the stock or debts the shareholder may owe to the Company.

10.2. Reduction in Delivery Pending Appeal. In making the apportionment, the Company shall reduce the amount of water provided to the shareholder 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 XI  
STOCK ASSESSMENTS

11.1. Assessment of Shares. Each shareholder shall be obligated to pay regular and special assessments which are hereby levied by the Board against all shares of Company stock, in conformance with the following:

a. Power to Levy and Enforce Payment of Assessments. The Company shall have the power to levy the assessments herein provided, to shut off the water to the lot or property to which the share of stock is appurtenant and on which an assessment remains unpaid, to place a lien on the property or lot to which the share of stock is appurtenant and on which an assessment remains unpaid, and to take all steps necessary to collect assessments, including giving public notice of delinquencies and the sale of stock to the Company for the amount of unpaid assessments and foreclosing on any property lien.

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) a base usage assessment due and payable for usage of water for the Base Water entitlement, as determined by the Board from year-to-year, which assessment shall be required to be paid in full by the shareholder as provided herein whether the full Base Water Entitlement is fully utilized by the shareholder, or not; and

(B) additional assessments due and payable for usage of any of the Company's water by a shareholder in excess of the Base Water Entitlement, as determined by the Board, in those situations where additional water is available for use.

(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 assessment against the Company's outstanding stock to generate the funds determined to be necessary to pay said costs. The treasurer shall issue a Notice of Regular Assessment. The notice shall be mailed to each shareholder or designated person at the address of said shareholder as set forth in the Company's records.

(3) Payment of Regular Assessments. The regular assessment may be paid by a shareholder in any given year in a single lump sum payment or in monthly installments, at the discretion of the shareholder as approved by the Board.

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, 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 treasurer shall issue a Notice of Special Assessment which shall be mailed to each shareholder or designated person at the address of said shareholder as set forth in the Company's records.

d. Company Repair of Individual Water Systems. Notwithstanding the provisions of Section 11.1.c. above, any cost and expense incurred by the Company under Section 9.1.b.(3) herein shall be billed to the shareholder as a special assessment on said shareholder's Company stock, and shall upon such billing automatically constitute a special assessment against said shareholder's shares.

11.2. 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 shareholders.

11.3. Other than Pro-rata Assessment. Ordinarily all assessments shall be levied on an equal and pro rata basis according to the number of shares owned as set forth above. 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 on other than an equal and pro-rata basis.

11.4. Assessment Lien. All unpaid regular and special assessments shall constitute a lien against the delinquent stock which shall have priority over any mortgage, lien, pledge, sales contract, escrow contract, charges, or interests, all of which are and shall be inferior and subordinate to the assessments levied upon the stock and for reason that the assessments constitute an improvement to the Company Water System for which assessments may be levied.

11.5. Delinquent Assessments.

a. Interest and Late Fees. If any shareholder shall fail to pay any regular or special assessment within 45 days of the date when the same is due, the delinquent shareholder may be charged interest on the unpaid assessment from said date at the a uniform rate per month until paid. The board will determine the uniform rate. A lump sum late fee in an amount up to 25% of the amount of the unpaid assessment may also be charged on delinquencies in excess of 60 days, as determined from time to time by the Board.

b. Enforcement Rights and Remedies. In the event any assessment remains delinquent for more than 60 days, upon written notice to the delinquent shareholder, 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 stock to the Company under the provisions of Title 16, Chapter 4, Utah Code Annotated, 1953, as amended, (i) foreclosure of its assessment lien, and (iv) any and all other rights and remedies afforded to the Company for the collection of delinquent stock assessments under Utah law.

c. Discontinuance of Service. In the event water service is disconnected pursuant to Subparagraph b., water service shall not be restored unless and until all unpaid assessments, together with interest, late fees and a 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 shareholder 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.

## ARTICLE XII 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 XIII CROSS-CONNECTION CONTROL, BACKFLOW PREVENTION

13.1. Definitions. The following definitions shall apply to this Article.

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 shall include, but not be 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.

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

a. To protect the public 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 shareholder'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 public drinking water within the Company Water System.

13.3. Responsibility of the Company: Vesting of Authority. The Company shall be 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 hereby 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.

13.4. Regulations.

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

b. Inspection and Survey. The shareholder's Individual Water System shall 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 shall schedule and notify all shareholders, in writing, of such periodic inspections and surveys.

(2) A record of all periodic inspections and surveys of the shareholder'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 shareholder's usage of water through the shareholder's water service connection contributes a sufficient hazard to the Company's water supply, the System Operator shall order that a backflow prevention assembly be installed on the service line of the identified shareholder'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 shall be the responsibility of the shareholder, at his 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 back flow prevention assembly required under this section shall 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 shall 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 shall 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 have been properly maintained, shall, except for the inspection and maintenance requirements under Subsection 13.4.b. be excluded from the requirements of this Article so long as the System Operator is assured that said backflow prevention assembly will satisfactorily protect the Company Water System. Whenever an existing backflow prevention assembly is moved from its present location, or of said assembly requires more than minimum maintenance, or when the System Operator finds that the operation of said assembly constitutes a hazard to health, the assembly shall 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 shall be the responsibility of the shareholder 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, at least once per year, all at the shareholder's sole expense.

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

(2) It shall be 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 shall report the results of the inspection and test to the System Operator who shall report the results to the shareholder and to the Company.

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

### 13.5. 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, shall be performed and or supervised by a certified backflow prevention technician.

b. Certified backflow technicians performing services for the Company shall be 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 shareholder 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.

### 13.6. Compliance; Violations.

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

b. Shareholder Violations. A shareholder shall be 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 shareholders 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 shareholder's premises;

(4) The periodic system survey has not been conducted; or

(5) The shareholder is otherwise in violation of the requirements of this Article.

c. Notice of Violation. Any shareholder found to be in violation of this Article shall 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 shareholder within ten (10) days of the date of written notice pursuant to Section 13.6.c. above, the System Operator shall deny or immediately discontinue service to the shareholder's premises by providing for a physical break in the shareholder's service line. The Company shall continue to deny service to the shareholder unless and until the shareholder has corrected the deficiencies or cured the violations and is otherwise in full compliance with the requirements of this Article and the Rules.

#### ARTICLE XIV FISCAL YEAR

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

#### ARTICLE XV AMENDMENT OF BY-LAWS

15.1. Amendment by Shareholders. This Article may be repealed or amended, or new bylaws may be adopted, by the affirmative vote of a majority of the shares in attendance and entitled to vote at a meeting called for that purpose and at which a quorum is present, or by written ballot as provided herein, subject however, to any restrictions on such amendments imposed by the Articles, other provisions of this Article or by the Act.

15.2. Amendment by Directors. Subject to the right of shareholders as provided in Section 15.1 of this Article, the Board may adopt, amend or repeal bylaws; however, bylaws pertaining to the qualification of voting rights and property rights of stockholders and the termination or forfeiture of stock shall not be amended or repealed except by the affirmative vote of a majority of the

shares in attendance and entitled to vote at a meeting called for that purpose and at which a quorum is present.

15.3. Record of Amendments. Any amendment or new bylaws adopted by the shareholders 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. The original or a copy of the Bylaws as amended to date shall be open to inspection by the shareholders at the Company's principal office at all reasonable time during office hours.

WE, THE BOARD, HEREBY CERTIFY that the foregoing constitutes the Amended and Restated By-Laws and Rules and Regulations adopted by Cool Springs Mutual Water Company this 9th day of October 2024.

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These Amendments are hereby adopted by a majority vote of the Directors, this 9<sup>TH</sup> day of October 2024.

Mark, PRESIDENT

Jefferys, Treasurer

E. Byall

Jay Jay, VP

J. L. Park

Bigh L

John H





