

BYLAWS
OF THE
MOUNTAIN GREEN SECONDARY WATER COMPANY

ADOPTED APRIL 6, 2010

TABLE OF CONTENTS

ARTICLE I - NAME	1
ARTICLE II - DURATION	1
ARTICLE III - PURPOSE	1
ARTICLE IV - FISCAL YEAR	1
ARTICLE V - PRINCIPAL OFFICE & REGISTERED AGENT	1
ARTICLE VI - MEMBERSHIP SHARES	1
CLASSES OF SHARES	1
CLASS A SHARES	1
CLASS B SHARES	2
CLASS C SHARES	3
TRANSFER OF SHARES	3
DESCRIPTION OF SHARE CERTIFICATES	4
SHARE TRANSFER BOOKS	4
CONDITIONS AND RESTRICTIONS ON SHARES	5
LOST, STOLEN, OR DESTROYED CERTIFICATES	5
MEMBER OF RECORD	5
ARTICLE VII - MEMBERS	5
ANNUAL MEETINGS	5
SPECIAL MEETINGS	5
CALLING SPECIAL MEETINGS	5
NOTICE	5
MAILING NOTICE	5
WAIVER OF NOTICE	6
VOTING LIST & MEMBER OF RECORD DATE	6
VOTING	6
PROXY	6
VOTING BY CERTAIN TYPES OF MEMBERS	7
CORPORATE MEMBERS	7
REPRESENTATIVE MEMBERS	7
MEMBERS IN RECEIVERSHIP	7
MEMBERS OF PLEDGED SHARES	7
TREASURY SHARES	7
QUORUM	7
PRESUMPTION OF ASSENT	7
ORDER OF BUSINESS	8
ARTICLE VIII - BOARD OF DIRECTORS	8
APPOINTMENT OF DIRECTORS	8
TENURE & QUALIFICATIONS OF DIRECTORS	8
POWERS & DUTIES OF DIRECTORS	8
RESIGNATION OF DIRECTORS	8
REMOVAL OF DIRECTORS	8
VACANCIES	9
HANDLING OF FINANCIAL MATTERS	9
VOTING	9
QUORUM	9
REGULAR BOARD MEETINGS	9
SPECIAL BOARD MEETINGS	9
NOTICE OF BOARD MEETINGS	9
WAIVER OF NOTICE	9
PRESUMPTION OF ASSENT	10
ARTICLE IX - OFFICERS	10
ELECTION OF OFFICERS	10

DUTIES OF OFFICERS.....	10
PRESIDENT	10
VICE-PRESIDENT	10
SECRETARY.....	11
TREASURER.....	11
RESIGNATION OF OFFICERS	11
REMOVAL OF OFFICERS.....	12
VACANCIES	12
ARTICLE X - COMPENSATION.....	12
COMPENSATION OF DIRECTORS.....	12
COMPENSATION OF OFFICERS.....	12
COMPENSATION OF EMPLOYEES.....	12
ARTICLE XI - SERVICE AREA	12
ARTICLE XII - WATER DELIVERY.....	12
ARTICLE XIII - EXPANSION OF WATER SYSTEM.....	13
ARTICLE XIV - CHANGE APPLICATIONS.....	13
APPLICATIONS.....	13
APPLICATIONS TO THE STATE ENGINEER.....	13
ARTICLE XV - ASSESSMENTS AND FEES.....	14
ASSESSMENTS.....	14
WATER SERVICE FEES	14
NOTICE OF ASSESSMENT.....	14
DELINQUENCY.....	14
NOTICE OF SALE	15
JURISDICTION TO SELL SHARES	16
PURCHASE OF DELINQUENT SHARES BY COMPANY.....	16
EXTENSION OF TIME SPECIFIED IN NOTICES	17
ERRORS OR OMISSIONS IN PROCEEDINGS.....	17
ACTIONS TO RECOVER SHARES SOLD.....	17
AFFIDAVIT OF NOTICE PROVIDED.....	17
ARTICLE XVI - INDEMNIFICATION	17
ARTICLE XVII - INSURANCE	18
ARTICLE XVIII - ANNUAL BUDGET & FINANCIAL REPORT.....	18
ARTICLE XIX - TAX PROVISIONS.....	19
ARTICLE XX - AMENDMENTS TO THE BYLAWS	19
ARTICLE XXI - SEVERABILITY CLAUSE.....	19

ARTICLE I - NAME

The name of this non-profit mutual water company is the Mountain Green Secondary Water Company (hereinafter referred to as the "Company").

ARTICLE II - DURATION

The period of duration of the Company shall be perpetual.

ARTICLE III - PURPOSE

The Company is a non-profit mutual water company which operates or may in the future operate a secondary and irrigation water distribution system on behalf of its members. The Company may engage in any act or activity allowed by law in accordance with the provisions of the Utah Revised Nonprofit Corporation Act.

ARTICLE IV - FISCAL YEAR

The fiscal year of the Company shall be from January 1st to December 31st of each year.

ARTICLE V - PRINCIPAL OFFICE & REGISTERED AGENT

The principal place of business and registered agent of the Company shall be as provided in Articles XIII and XIV of the Company's Articles of Incorporation and may be changed from time to time by the Board of Directors in accordance with Utah Code Ann. §§ 16-6a-501 and 16-6a-502, as may be amended from time to time.

ARTICLE VI - MEMBERSHIP SHARES

A. **CLASSES OF SHARES.** All members of the Company shall be shareholders. There are presently three (3) classes of membership shares: (1) Class A Shares; (2) Class B Shares, (3) Class C Shares. The rights, obligations, and limitations on each class are as follows:

1. Class A Shares – Class A Shares shall only be issued upon a duly approved resolution by the Board of Directors upon terms and conditions assuring that the Company receives or has received adequate compensation in the form of money, water rights, facilities, land, easements, personal property, or such combination of the above to assure that the Company is able to provide secondary water service to the Class A members who will hold such Shares. The decision by the Board of Directors as to the issuance of Class A Shares shall be final. Class A

Shares may only be issued in the ratio of one Share per 0.50 acre-feet of water per year in the Cottonwood secondary water system (i.e., there shall be no more than 1 Class A Shares per each 0.50 acre-feet of water rights committed to the Cottonwood secondary water system). Class A Shares may be issued in no smaller than half share increments, and the total number of shares issued to a single connection shall be calculated according to the following formulas: for residential lots, $S = 6(L-0.1)$, where S is the minimum number of shares required and L equals the total size of the lot in acres on which the shares will be used; for all other properties on which water is used (e.g., agricultural property, schools, churches, and parks), $S = 6*A$, where S is the minimum number of shares required and A equals the acreage to be irrigated. No Class A Share may be issued unless (1) the proposed holder of the share owns property on which the A Share will be used, and (2) the Company owns all facilities, works, and rights necessary to serve the property designated on the Share with secondary water. In conformance with this requirement, however, a Class A Share may be issued at any time after (1) the Company has capacity to serve the relevant lot with secondary water, and (2) a secondary water main is installed in the street adjacent to that lot. Prior to a Class A member's receiving water service, the Board of Directors may assess a standby fee in lieu of the assessments or rates charged to holders of Class A Shares. Class A Shares shall represent water to be used exclusively for secondary purposes on the Cottonwoods secondary storage and distribution system. Class A Shares shall represent an actual and proportionate ownership in the water rights and facilities committed to this class of Shares and no interest whatsoever in the water rights, diversion facilities, water distribution works or storage facilities under the B Class or C Class of Shares. Holders of Class A Shares shall have one vote per Share in accordance with the provisions of these Articles and the duly adopted Bylaws, and as specifically limited by Article VII below. Class A Shares shall be fully assessable in such manner as may be authorized by law and as is specifically provided for in Utah Code Title 16, Chapter 4.

2. Class B Shares – Class B Shares shall only be issued upon a duly approved resolution by the Board of Directors upon terms and conditions assuring that the Company receives or has received adequate compensation in the form of money, water rights, facilities, land, easements, personal property or such combination of the above to assure that the Company is able to provide secondary water service to the Class B members who will hold such Shares. The decision by the Board of Directors as to the issuance of Class B Shares shall be final. Class B Shares may only be issued in the ratio of one Share for each share of Northwest Irrigation Company dedicated to the Company (i.e., there shall be no more than 1 Class B Shares for each share of Northwest Irrigation Company stock owned by the Company). Class B Shares may be issued in no smaller than half share increments, and the total number of shares issued to a single connection shall be calculated according to the following formulas: for residential lots, $S = 6(L-0.1)$, where S is the minimum number of shares required and L equals the total size of the lot in acres on which the shares will be used; for all other properties on which

water is used (e.g., agricultural property, schools, churches, and parks), $S = 6 * A$, where S is the minimum number of shares required and A equals the acreage to be irrigated. No Class B Share may be issued unless (1) the proposed holder owns the property on which the B Share will be used, and (2) the Company owns all facilities, works, and rights necessary to serve the property designated on the Share with secondary water. In conformance with this requirement, however, a Class B Share may be issued at any time after (1) the Company has capacity to serve the relevant lot with secondary water, and (2) a secondary water main is installed in the street adjacent to that lot. Prior to a Class B member's receiving water service, the Board of Directors may assess a standby fee in lieu of the assessments or rates charged to holders of Class B Shares. Class B Shares shall represent water to be used for secondary purposes on the Rollins Ranch secondary storage and distribution system. Class B Shares shall represent an actual and proportionate ownership in the water rights and facilities committed to this class of Shares and no interest whatsoever in the water rights, diversion facilities, water distribution works or storage facilities under the A Class or C Class of Shares. Holders of Class B Shares shall have one vote per Share in accordance with the provisions of these Articles and the duly adopted Bylaws, and as specifically limited by Article VII below. Class B Shares shall be fully assessable in such manner as may be authorized by law and as is specifically provided for in Utah Code Title 16, Chapter 4.

3. Class C Shares – In consideration of the facilities, water rights, infrastructure, and other expenditures incurred to form this Company and establish the secondary water systems, two thousand five hundred (2,500) Class C Shares were issued to the original incorporators of the Company and their successors and assigns. Holders of Class C Shares shall have one vote per Share in accordance with the provisions of these Articles and the duly adopted Bylaws, and as specifically limited by Article VII below. Class C Shares shall represent an actual and proportionate ownership in the water rights, facilities, and all other assets of the Company.

B. **TRANSFER OF SHARES.** The Company's membership shares are transferable on the books of the Company only in accordance with the following procedures and subject to approval of said transfer by the Board of Directors.

1. With respect to Class C Shares ("**Nonappurtenant Shares**"), the share certificate must be presented to the Company's Secretary signed by the person in whose name the share appears on the Company's books, by his or her legal representative(s), or by his or her duly authorized agent. The signing of the certificate shall be properly witnessed and the name of the new owner shall be included in the space provided. In the case of a transfer by an authorized agent, a copy of the duly executed and acknowledged power of attorney shall be deposited with the Secretary. Indemnification certificates are also available from the Secretary. The share certificate must be surrendered to the Secretary and canceled before a new certificate may be issued.

2. With respect to membership shares that are appurtenant to land (i.e., Class A Shares and Class B Shares) ("**Appurtenant Shares**"), the owner of the property to which the share is appurtenant or their duly authorized agent must present evidence of property ownership to the Secretary and must sign a Board-approved membership and water service agreement before a new certificate may be issued. Appurtenant Shares automatically transfer with the real property to which they are appurtenant. Appurtenant shares may not be transferred separate from such real property without prior written consent of the Board of Directors.
 2. The Board may, from time to time, set a fee for certificate changes. The change fee and all past due balances must be paid before a change can be made.
 3. The name, address, and telephone number of the new owner must be provided and the new owner, his or her legal representative(s), or his or her duly authorized agent must sign for the receipt of the new certificate. Where an authorized agent is used, a copy of the duly executed and acknowledged power of attorney shall be deposited with the Secretary.
 4. No transfer shall be made upon the books of the Company within ten (10) days immediately preceding the annual meeting of the members.
 5. It is the member's responsibility to bring transfers of shares to the attention of the Company. Until the above steps are taken, the owner of shares as recorded on the Company's books remains legally responsible to the Company for payment of all obligations owed to the Company. Upon transfer of property to which any membership share is appurtenant, the new owner shall promptly notify the Company and follow the process for getting a new share certificate. If a new owner fails to obtain a new certificate under this paragraph, the Company may, thirty days after mailing a written notice to the property, discontinue water service to the property until such new share certificate is issued.
- C. **DESCRIPTION OF SHARE CERTIFICATES.** The Board of Directors shall set, and may from time to time revise, the form of the Company's share certificates. The certificates shall be consecutively numbered and duly signed by the President, or such other officer authorized by law and by the Board of Directors, and countersigned by the Secretary and sealed with the seal of the Company. The certificates shall exhibit the member's name, the total number of membership shares represented thereby, any condition(s) or restriction(s) placed thereon, and any other information designated by the Board of Directors. Such information shall be perpetuated on any and all subsequent transfers of such shares.
- D. **SHARE TRANSFER BOOKS.** The name and address of the member, the number of shares, the nature and place of use, any condition(s) or restriction(s) placed thereon, and the date of issue shall be entered in the share transfer books of the Company which shall be kept at the principal office of the Company.

- E. **CONDITIONS AND RESTRICTIONS ON SHARES.** Upon written request and 15 days notice from the Company, share certificates shall be surrendered to the Company for re-issuance to the member with any reasonable condition(s) or restriction(s) written thereon.
- F. **LOST, STOLEN, OR DESTROYED CERTIFICATES.** If a member shall claim that a certificate has been lost, stolen, or destroyed, the Board of Directors may, at its discretion, direct that a new certificate be issued, upon the making of an affidavit of that fact by the person claiming the old certificate was lost, stolen, destroyed and upon the deposit of a bond or other indemnity in such form and amount and with such sureties, if any, as the Board may require.
- G. **MEMBER OF RECORD.** The Company shall be entitled to treat the holder of record according to the share transfer books of the Company of any share as the holder in fact thereof, and shall not be bound to recognize any equitable claim or other claim to, or interest in, such share on the part of any other person whether or not the Company shall have express or other notice thereof, except as expressly provided by the laws of this State.

ARTICLE VII - MEMBERS

- A. **ANNUAL MEETINGS.** The Annual Meeting of the members of the Company shall be held during March at a place designated by the Board of Directors, or at such other date and time as the Board of Directors may determine, with 15 to 30 days advance written notice of the date, time, and place of said meeting. Failure to hold this meeting as appointed herein shall not impair in any way any of the Company's corporate rights and any such missed meeting may be held thereafter with 15 to 30 days advance written notice of the date, time, and place of said meeting.
- B. **SPECIAL MEETINGS.** Special Meetings of the members of the Company or the members of a certain class may be held as necessary when properly called and upon reasonable notice under the circumstances of the date, time, and place of such meetings.
- C. **CALLING SPECIAL MEETINGS.** Special meetings shall be called by written request by the President, by a majority of all directors, or by the owners of at least 30% of the issued and outstanding shares of any one class of shares in the Company. The written request required herein shall be given to the President and shall specify the purpose(s) and a date, time, and place for the meeting that is reasonable under the circumstances.
- D. **NOTICE.** The Secretary shall provide notice by mail to all members of record as of the date that any notice is mailed to the members of the Company. The Notice shall specify the date, time, and place for the meeting, and if it is a special meeting, the general purpose(s) for which it is being called.
- E. **MAILING NOTICE.** The mailing of all required notices under the Articles of Incorporation and these Bylaws shall be deemed to be delivered when deposited in the

United States mail, addressed to the member at his address as it appears on the Company's share transfer books, and with postage provided thereon.

F. **WAIVER OF NOTICE.** Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member at any meeting shall constitute waiver of notice of such meeting except where such member attends a meeting for the express purpose of objecting to the transacting of any business at that meeting because the meeting is not lawfully called or convened, and where said purpose is duly announced on the record of the meeting.

G. **VOTING LIST & MEMBER OF RECORD DATE.** For voting purposes, the member of record date shall be ten (10) days prior to any member meeting. The Secretary shall close and bring current the share transfer books as of such date. The share transfer books shall be subject to inspection by any member at any time during usual business hours and shall also be subject to the inspection of any member during the whole time of the meeting. The share transfer books shall be prima facie evidence as to the list of members who are entitled to vote at the meeting. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall apply to any adjournment thereof. If, under emergency conditions, the share transfer books cannot be closed for ten (10) days prior to the meeting, the record date shall be fixed for the determination of members entitled to vote at such a meeting of members as the date on which notice of the meeting is mailed.

For the purpose of determining members entitled to receive notice of any meeting of members, or in order to make a determination of members for any other proper purpose, the Company's members as they are then listed on the share transfer books shall be the members of record and said books shall be closed for that event and the record date for that event shall be the date on which said books were closed.

H. **VOTING.** The Company's members are entitled to one (1) vote for each membership share issued and outstanding in the name of such member on the books of the Company on the date of record. In the case of fractional shares, the votes cast thereon shall be assigned the same fractional value as that of the fractional share and shall be counted accordingly. Cumulative voting shall not be allowed. In elections concerning the sale, transfer, or other conveyance of the assets of the Company and the operation of the Company's secondary water system to any other entity, the majority of all voting Shares in each class is required in order to take action on the matter being voted upon. In all other matters, only a majority vote of the Shares present or represented by proxy at the meeting of the members is required in order to take action on the matter being voted upon, unless otherwise provided for herein or in the Articles of the Company.

I. **PROXY.** Votes may be cast in person or by written, authorized proxy. Each proxy must be executed in writing by the member or the member's duly authorized attorney. The proxies shall be filed with the Secretary of the Company before or at the time of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless its duration shall have been specified therein. Every proxy shall

be revocable at the discretion of the person executing it or of his or her personal representative(s) or assign(s). If a member who has executed a proxy is present at any meeting of the members, the proxy shall be null and void for purposed of that meeting.

J. **VOTING BY CERTAIN TYPES OF MEMBERS.** Special voting rules and procedures apply to certain types of members as follows:

1. **CORPORATE MEMBERS.** Shares held in the name of a corporation may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provision, as the Board of Directors of such corporation may determine.
2. **REPRESENTATIVE MEMBERS.** Shares held by a personal representative, administrator, executor, guardian, or conservator may be voted either in person or by proxy without a transfer of such shares into his or her name. Shares held in the name of a trustee may be voted by the trustee either in person or by proxy, but no trustee shall be entitled to vote shares held by the trustee without a transfer of such shares into that trustee's name.
3. **MEMBERS IN RECEIVERSHIP.** Shares held in the name of a receiver may be voted by that receiver, and shares held by or under the control of a receiver may be voted by that receiver without the transfer thereof into the receiver's name if authority so to do be contained in an appropriate Order of the Court by which that receiver was appointed.
4. **MEMBERS OF PLEDGED SHARES.** A member whose shares are pledged shall be entitled to vote those shares until the shares have been transferred into the name of the pledgee and, thereafter, the pledgee shall be entitled to vote the shares so transferred.
5. **TREASURY SHARES.** Membership shares in this Company belonging to this 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.

K. **QUORUM.** The members present in person or by proxy at any duly called meeting of the members shall constitute a quorum and, except as otherwise provided for herein or in the Articles of Incorporation, a majority vote of such quorum shall be a majority vote of the members and shall be the action of the members on that matter, to the maximum extent allowed by law.

L. **PRESUMPTION OF ASSENT.** A member who is present at a meeting of the members at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that member's dissent is entered in the minutes of the meeting or unless he or she shall file written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent, by registered or certified mail, to the Secretary of the Company immediately after the

adjournment of the meeting. Such right to dissent shall not apply to a member who voted in favor of such action.

M. **ORDER OF BUSINESS.** The order of business at all annual meetings of the members, and at all special meetings as applicable, shall be as follows:

1. Roll Call.
2. Reading of the notice of the meeting.
3. Reading of the minutes of the preceding meeting and approval thereof.
4. Secretary's report on the number of membership shares present in person or by proxy.
5. President's Business Report.
6. Presentation of the Annual Report on Financial Condition of the Company.
7. Unfinished business.
8. New Business.
9. Elections.

ARTICLE VIII - BOARD OF DIRECTORS

- A. **APPOINTMENT OF DIRECTORS.** The Board of Directors shall consist of between three and seven directors elected by the Company's members. Elections for directorships shall be held at the annual meeting of the Company. The person receiving the highest number of votes for each position open shall be elected thereto. If there shall be a failure to elect the necessary director(s) at the annual meeting, or if there is a vacancy in the Board, the Board or President shall call and give notice of a special meeting of the members for the purpose of electing the necessary director(s).
- B. **TENURE & QUALIFICATIONS OF DIRECTORS.** Each director shall hold office for a term of three years and thereafter until a successor shall have been duly elected and qualified. The qualifications for a director include ownership of at least one membership share as shown on the books of the Company.
- C. **POWERS & DUTIES OF DIRECTORS.** The Board of Directors shall have the control and general management of the affairs and business of the Company. The directors shall in all cases act as a regularly convened Board and may adopt such rules and regulations for the conduct of meetings and the management of the Company as may be deemed proper, so long as they are not inconsistent with these Bylaws, the Company's Articles of Incorporation, and the laws of the State of Utah.
- D. **RESIGNATION OF DIRECTORS.** A director may resign at any time by giving written notice to the Board of Directors. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board, regardless of whether or not it is accepted by the Board.
- E. **REMOVAL OF DIRECTORS.** Any or all of the directors may be removed for cause by a majority vote of the members at a duly called meeting of the members where a quorum is present or by a majority vote of the Board of Directors at a duly called Board

meeting. A director may be removed without cause only by a majority vote of all members at a duly called meeting of the members.

- F. **VACANCIES.** A vacancy caused by the resignation, removal, or death of a director shall be filled by a director appointed and approved by a majority vote of the Board of Directors at a duly called Board meeting. The director so elected shall hold office for the unexpired term of his or her predecessor.
- G. **HANDLING OF FINANCIAL MATTERS.** No contract, loan, or other such obligation shall be executed in the name of, or on behalf of, the Company by any officer or agent of the Company unless specifically authorized to do so by a resolution of the Board of Directors, which authorization may be general or limited to specific conditions or circumstances. All contracts, loans, checks, notes, evidences of indebtedness, and other such documents shall be signed by the officers as specified in these Bylaws or by such persons as the Board of Directors may from time to time designate in such manner as shall be determined by the Board. All funds of the Company not otherwise employed shall be regularly deposited to the credit of the Company in such financial institution(s) as the Board of Directors shall designate.
- H. **VOTING.** At all meetings of the Board of Directors, each director is to have one (1) vote. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- I. **QUORUM.** A majority of the directors on the Board shall constitute a quorum of the Board. If a quorum shall not be present at any meeting of the Board of Directors, those present may adjourn the meeting, from time to time, until a quorum shall be present.
- J. **REGULAR BOARD MEETINGS.** A regular meeting of the Board of Directors may be held without any notice, other than that given by this Bylaw, immediately following and at the same location as the annual meeting of the members. The directors may provide by resolution, the time and place for additional regular meetings without any notice other than that given by such a resolution.
- K. **SPECIAL BOARD MEETINGS.** Special meetings of the Board of Directors may be called by the President or by the written request of any two directors given to the President. The President shall fix a time and place for the meeting that is reasonable under the circumstances.
- L. **NOTICE OF BOARD MEETINGS.** Meetings of the Board of Directors, regular or special, may be held upon such notice as the Board may prescribe by resolution. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.
- M. **WAIVER OF NOTICE.** Whenever any notice is required to be given, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a director at any meeting shall constitute waiver of notice of such meeting except where

such director attends a meeting for the express purpose of objecting to the transacting of any business at that meeting because the meeting is not lawfully called or convened.

- N. **PRESUMPTION OF ASSENT.** A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that director's dissent is entered in the minutes of the meeting or unless he or she shall file written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent, by registered or certified mail, to the Secretary of the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action. If a vote by the Board is not unanimous, the individual votes shall be recorded in the minutes of the meeting.

ARTICLE IX - OFFICERS

- A. **ELECTION OF OFFICERS.** The Board of Directors shall elect a President, a Vice-President, a Secretary, and a Treasurer. The President and Vice-President shall be directors. The President shall act as the Chairman of the Board of Directors. The Secretary and the Treasurer need not be members of the Board of Directors and may be the same person if so designated by the Board of Directors, but cannot be the same person as the President. The Board of Directors may also require the Secretary, the Treasurer, or any other officer or employee of the Company to give to the Company such security or bond for the faithful discharge of his or her duties as the Board may direct.
- B. **DUTIES OF OFFICERS.** The duties and powers of the Officers of the Company shall be as follows:
1. **PRESIDENT.** The President shall be the principal executive officer of the Company and, subject to the direction of the Board of Directors, shall supervise and control all of the business and affairs of the Company. The President shall preside at all meetings of the members and of the Board of Directors. The President shall: present a report of the condition of the business of the Company at each annual meeting of the members and directors; cause to be called regular and special meetings of the members and directors in accordance with these Bylaws and the Company's Articles of Incorporation; appoint and remove, employ and discharge, and fix the compensation of all employees and agents of the Company other than the duly appointed officers, subject to the approval of the Board of Directors; sign and make all contracts and agreements in the name of the Company, subject to the approval of the Board of Directors; see that the books, reports, statements and certificates required by the statutes are properly kept, made, and filed according to law; sign all share certificates, notes, drafts, or bills of exchange, warrants or other orders for the payment of money duly drawn by the Secretary and/or Treasurer; and enforce these Bylaws and perform all the duties incident to the position and office and which are required by law.
 2. **VICE-PRESIDENT.** During the absence or inability of the President to render and perform the President's duties or exercise the President's powers, as set forth

in these Bylaws or in the statutes under which the Company is organized, the same shall be performed and exercised by the Vice President and, when so acting, the Vice-President shall have all the powers and be subject to all the responsibilities hereby given to or imposed upon such President. The Vice-President shall also perform such other duties as are from time to time assigned by the President or the Board of Directors.

3. **SECRETARY.** The Secretary shall see that accurate minutes are kept of the meetings of the Board of Directors and of the members in appropriate books; shall give and serve all notices of the Company; and shall be custodian of the records and of the corporate seal and affix the latter when required. In addition, the Secretary shall keep the records of the names and addresses of each member and such other information as is appropriate; and keep such records open daily during the business hours of the office of the Company, subject to the inspection of any member of the Company, and permit such member to make copies of said records to the extent prescribed by law. The Secretary shall also present to the Board of Directors at their meetings all communications addressed to the Secretary officially, by the President, or any officer or member of the Company; and shall attend to all correspondence and perform all duties incident to the office of Secretary. The Secretary shall also perform such other duties as are from time to time assigned by the President or the Board of Directors. The Company may contract for commercial/professional services to assist the Secretary in any of these duties.

4. **TREASURER.** The Treasurer shall be responsible for: (1) the care and custody of all the funds and securities of the Company; (2) the deposit of all such funds in the name of the Company in such bank or banks, trust company or trust companies, or safe deposit vaults as the Board of Directors may designate; (3) exhibiting at all reasonable times the Company's books and accounts to any director or member of the Company upon application at the office of the Company during business hours; (4) rendering a statement of the conditions of the finances of the Company at each regular meeting of the Board of Directors and at such other times as shall be required, as well as a full financial report at the annual meeting of the members; (5) keeping, at the office of the Company, correct books of account of all its business and transactions and such other books of account as the Board of Directors may require; and (6) doing and performing all duties appertaining to the office of Treasurer. The Treasurer shall also perform such other duties as are from time to time assigned by the President or the Board of Directors. The Company may contract for commercial/professional services to assist the Treasurer in any of these duties.

C. **RESIGNATION OF OFFICERS.** An Officer may resign at any time by giving written notice to the Secretary, or to the President in the case of the Secretary. Unless otherwise specified in the notice, the resignation shall take effect upon receipt of said notice, regardless of whether or not it is accepted by the Company.

- D. **REMOVAL OF OFFICERS.** Any or all of the Officers may be removed by a majority vote of the Board of Directors whenever the Board determines it is in the best interests of the Company. The removal of an Officer shall not prejudice any contract rights of the removed Officer. However, election or appointment as an Officer, of itself, shall not create any contract rights. (Utah Code Ann. § 16-6a-821.)
- E. **VACANCIES.** A vacancy caused by the resignation, removal, or death of an Officer shall be filled by a majority vote of the Board of Directors.

ARTICLE X - COMPENSATION

- A. **COMPENSATION OF DIRECTORS.** By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors. No such payment shall preclude any director from serving the Company in any other capacity and receiving compensation therefore.
- B. **COMPENSATION OF OFFICERS.** By resolution of the Board of Directors, the Officers may be paid a reasonable stipend for their services. No such payment shall preclude any Officer from serving the Company in any other capacity and receiving compensation therefore.
- C. **COMPENSATION OF EMPLOYEES.** By resolution of the Board of Directors, the Company may hire employees and/or contract with independent contractors and may authorize the payment of appropriate compensation to the same.

ARTICLE XI - SERVICE AREA

The Board of Directors shall establish, and may from time to time change, enlarge, or reduce, the territory that is to be serviced by the Company, i.e., the Company's service area. No reduction of service territory shall be made which would cause the discontinuance of service to a member presently being served without the approval of said member, if said member is current on its accounts with the Company.

ARTICLE XII - WATER DELIVERY

Deliveries of water to Company customers shall be on such terms and conditions as the Board of Directors may from time to time establish, except in limited circumstances evidenced by special written agreements approved by the Board of Directors. It is the responsibility of the members to provide or arrange for the conveyance of water from the Company owned and operated delivery facilities to their respective places of use.

ARTICLE XIII - EXPANSION OF WATER SYSTEM

The Company has sufficient facilities and water rights to service the number of membership shares in the Company currently issued. The issuance of new shares to provide additional water service can only occur if the following requirements are met: (1) the Board of Directors must determine that there is sufficient capacity in the system to provide the requested additional service; (2) the Board of Directors must determine that the provision of the requested additional service will not be detrimental to the interests of the Company and/or its members as a group; (3) title to sufficient water rights to cover the requested additional service, with approved points of diversion and places of use that are consistent with the Company's system and service area, must be conveyed to the Company; and (4) a fee representing a proportionate share of the value of the existing facilities must be paid to the Company. Upon compliance with these requirements and upon resolution of the Board of Directors approving the same, the appropriate number of new membership shares of the appropriate class shall be issued. The appropriate number of new shares shall be determined in a manner that maintains the right to the same quantity of water per share that existed before the issuance of the new shares and the addition of the new water rights. The new members must bear the cost of any additions or changes to the Company's facilities needed to provide the additional service.

ARTICLE XIV - CHANGE APPLICATIONS

- A. **APPLICATIONS.** Any member proposing to change the point of diversion, the place of use, the period of use, and/or the nature of use must complete and submit a Request for Change Form to the Secretary of the Company and pay a \$100 Change Fee. The form will be reviewed and approved or denied by the Board of Directors at a duly called Board Meeting. In considering any change request, the directors shall consider all relevant facts, circumstances, and impacts and shall impose any and all reasonable conditions necessary to protect the Company and its members, including but not limited to, a specific condition that the member requesting the change bear all losses and expenses caused by the change through evaporation, percolation, or other shrinkage, and such other anticipated losses as the directors shall reasonably determine. If the application is approved, the member shall execute a Change Application Approval Agreement, with such special conditions and requirements as the Board may impose. After the Board has made its initial decision, the member requesting the change or any director may, by written request to the Secretary, ask that the initial decision be reconsidered at another duly noticed and called meeting. The decision of the Board upon reconsideration shall be final on the issue.
- B. **APPLICATIONS TO THE STATE ENGINEER.** If a change request approved by the Board requires the filing of a change application with the State Engineer's Office, the change application shall be filed by and in the name of the Company, and shall be prosecuted by the Company, with the member requesting the change paying all associated costs and providing all of the necessary information and evidence. However, the Company shall not be obligated to pursue any requests for reconsideration or appeals. If the member pursues a request for reconsideration or an appeal, it shall do so at its own

cost and shall pay all Company costs incurred by the Company's involvement in that proceeding.

ARTICLE XV – ASSESSMENTS AND FEES

- A. **ASSESSMENTS.** The membership shares of this Company may be assessed in such amounts and at such times and in such manner and for such uses and purposes pertaining to Company business, including the operation and maintenance of the water system, as the Board of Directors may from time to time determine.
- B. **WATER SERVICE FEES .** The Board may set water service fees for use of the secondary system. Water service fees may be charged to members on a monthly basis or any other increment authorized by the Board of Directors.
- C. **NOTICE OF ASSESSMENT.** The notice of assessment may be given either personally to each member and/or by mail addressed to the address of record for each member. It is the express duty of each member to timely notify the Company of any address changes. No other means of providing notice is required. The notice of assessment should contain substantially the following information:

MOUNTAIN GREEN SECONDARY WATER COMPANY
4000 West Old Highway Road
Mt. Green, Utah 84050

NOTICE OF ASSESSMENT

At a meeting of the Board of Directors held on (date), an assessment of (amount) per share was levied on the (here insert the description of the class or classes of shares assessed) of the Company, payable (when, to whom, and where). Any shares upon which this assessment may remain unpaid on the (day fixed) will be delinquent and advertised for sale at public auction, and unless payment is made before will be sold on the (day appointed) to pay the delinquent assessment and all accrued interest at the rate of 18% per year from the date of delinquency, together with the cost of advertising and expense of sale.

(Signature of Secretary)

- D. **DELINQUENCY.** If any portion of the assessment mentioned in the notice of assessment remains unpaid on the day specified therein as to when the shares shall be delinquent, the shares are hereby declared to be delinquent as of that day. Additionally, if a shareholder fails to pay the water service fee set by the Board within thirty days of the due date for payment of such fee, the shares supporting delivery of water are hereby declared to be delinquent as of that day. If the shares are Appurtenant Shares, the remedy available to the Company shall include immediate termination of water deliveries based on the delinquent shares and the recording of a notice of lien on the property to which the shares have been tied or dedicated in the amount of the delinquency and associated collection costs. Other than the bill seeking payment of water service fees that was mailed or delivered to the member's address of record, there shall be no requirement that

the Company provide any notice to the member before terminating water deliveries. In addition to terminating water deliveries, the Company may pursue the sale of the delinquent shares. If so directed by the Board of Directors, the Secretary shall give notice that the shares are delinquent either personally to each member and/or by mail addressed to the address of record for each member. The notice of delinquency should contain substantially the following information:

MOUNTAIN GREEN SECONDARY WATER COMPANY
4000 West Old Highway Road
Mt. Green, Utah 84050

NOTICE OF DELINQUENCY

The assessment levied by the Board of Directors on (date) on certain membership shares in the Company for which you are the owner of record has not been paid in full by the due date of (date) and therefore said shares are delinquent. More specifically, the (no. of shares) Class __ Shares represented by Share Certificate No. ___ are delinquent in the amount of \$(amount), plus accrued interest. Therefore, in accordance with the applicable laws of the State of Utah and the Company's Articles and Bylaws, as many shares as are necessary will be sold at (place of sale) on the ____ day of _____, ____, at the hour of _____, in order to pay the above-referenced delinquent assessments and all accrued interest thereon at the rate of 18% per year from the date of delinquency, together with the cost of advertising and expense of sale, unless such amounts are paid in full by the close of business on the day prior to said sale.

(Signature of Secretary)

- E. **NOTICE OF SALE.** The notice of the sale when published in a daily newspaper must be published for ten days previous to the day of sale; when published in a weekly or semiweekly paper it must be published in each issue thereof for two weeks previous to the day of sale. The first publication of all delinquent sales must be at least fifteen days prior to the day of sale. The notice of delinquency should contain substantially the following information:

MOUNTAIN GREEN SECONDARY WATER COMPANY
4000 West Old Highway Road
Mt. Green, Utah 84050

NOTICE OF SALE OF DELINQUENT SHARES

The assessments on the following described membership shares in the Company are delinquent in the amount indicated, exclusive of accrued interest and costs of advertising and sale.

<u>Name</u>	<u>Certificate No.</u>
<u>No. of Shares</u>	<u>Amount</u>

Therefore, in accordance with the applicable laws of the State of Utah and the Company's Articles and Bylaws, so many shares as may be necessary will be sold to the highest qualified bidder over the minimum bid at the (particular place) on the _____ day of _____, _____, at the hour of _____, to pay the delinquent assessments thereon and all accrued interest thereon at the rate of 18% per year from the date of delinquency, together with the cost of advertising and expense of sale, unless such amounts are paid in full by the close of business on the day prior to said sale. Bidders must be able to utilize the water represented by these shares in accordance with the Articles and Bylaws of this Company.

(Name of Secretary)

- F. **JURISDICTION TO SELL SHARES.** By giving the notices of delinquency and sale as required by these Bylaws, the Company acquires jurisdiction to sell and convey a perfect title to all of the membership shares described in said notices upon which any portion of the assessment, any accrued interest, or any expenses of advertising remains unpaid at the close of business on the day before the sale, along with any assessments subsequently levied. However, the Company shall not sell any more membership shares than is necessary to pay the assessments due and expenses of advertising and sale. The sale of such shares shall be in increments of full shares first and then a pre-existing fractional share, if any.
- G. **PURCHASE OF DELINQUENT SHARES BY COMPANY.** The Company, through any officer or director, may make an opening minimum bid at the sale of shares in the amount of the assessment, the accrued interest, and the expenses due. Thereafter, the Company, if authorized by the Board of Directors, may enter higher bids as so authorized. If the Company is the highest bidder, the amount of the assessment, interest, and expenses shall be credited as paid in full on the Company's books and entry of the transfer of the shares to the Company shall be made on the books thereof. While the shares remain the property of the Company, it is not assessable, nor shall any dividends be declared thereon, but all assessments and dividends shall be apportioned upon the shares held by the members of the Company. Such shares may be subsequently sold at

fair market value to a qualified buyer or buyers in accordance with the Company's Articles and Bylaws.

- H. **EXTENSION OF TIME SPECIFIED IN NOTICES.** The dates set forth in any notice of assessment, notice of delinquency, or notice of sale served or published according to the provisions hereof may be extended from time to time by motion and order of the Board of Directors entered on the records of the Company for any period or periods aggregating not more than six months, but no order extending the time for the performance of any act specified in any notice shall be effective unless a new notice is timely served or published reflecting the extension.
- I. **ERRORS OR OMISSIONS IN PROCEEDINGS.** No assessment is invalidated by a failure to give the notices provided for herein, nor by the nonperformance of any act required in order to enforce payment of the same, but in case of any substantial error or omission in the course of proceedings for collection, the defective proceedings, except the levying of the assessment, are void and notice must be begun anew for that proceeding and all subsequent proceedings.
- J. **ACTIONS TO RECOVER SHARES SOLD.** No action shall be sustained to recover shares sold for delinquent assessment upon the ground of irregularity or defect of the notice of the sale or defect or irregularity in the sale, unless the person seeking to maintain such action first pays or tenders to the Company or to the person holding the shares sold the sum for which the same was sold, together with all subsequent assessments which may have been paid thereon, or in the case of shares sold to the Company, all subsequent assessments levied upon the outstanding shares of the Company, and interest on such sums from the time they were paid or payable; and no such action shall be sustained unless the same is commenced by the filing of a complaint within six months after such sale was made.
- K. **AFFIDAVIT OF NOTICE PROVIDED.** Affidavits made by the Secretary of personal service or of the mailing of notices shall be prima-facie evidence thereof. The publication of notices relating to assessments may be proved by the affidavit of the printer foreman or principal clerk of the newspaper in which the same were published; and the affidavit of the Secretary or auctioneer shall be prima-facie evidence of the time and place of sale, of the quantity and particular description of the shares sold, and to whom and for what price, and of the fact of the purchase money being paid. The affidavits shall be filed in the office of the Company and copies of the same certified by the Secretary thereof shall be prima-facie evidence of the facts stated therein.

ARTICLE XVI - INDEMNIFICATION

Any person made a party to or involved in any civil, criminal, or administrative action by reason of the fact that this person or his or her testator or intestate is or was a director, officer, or employee of the Company, or of any other Company where such service was at the request of the Company, shall be indemnified by the Company against expenses reasonably incurred by him or her or imposed on him or her in connection with or resulting from the defense of such action and in connection with or resulting from any appeal thereon, except with respect to matters as to

which it is adjudged in such action that such officer, director, or employee was liable to the Company, or to such other corporation, for negligence or misconduct in the performance of his or her duty. As used herein, the term "expense" shall include all obligations incurred by such person for the payment of money, including without limitation attorney's fees, judgments, awards, fines, penalties, and amounts paid in satisfaction of judgment or in settlement of any such action, except amounts paid to the Company or such other corporation by him or her.

A judgment or conviction whether based on plea of guilty or nolo contendere or its equivalent, or after trial, shall not of itself be deemed an adjudication that such director, officer or employee is liable to the Company, or such other corporation, for negligence or misconduct in the performance of his or her duties. Determination of the rights of such indemnification and the amount thereof may be made at the option of the person to be indemnified pursuant to procedure set forth, from time to time, in the Bylaws, or by any of the following procedures: (a) order of the Court or administrative body or agency having jurisdiction of the action; (b) resolution adopted by a majority of the quorum of the Board of Directors without counting in such majority any directors who have incurred expenses in connection with such action; (c) if there is no quorum of directors who have not incurred expense in connection with such action, then by resolution adopted by a majority of the committee of members and directors who have not incurred such expenses appointed by the Board of Directors; (d) resolution adopted by a majority of the quorum of the directors entitled to vote at any meeting; or (e) Order of any Court having jurisdiction over the Company. Any such determination that a payment by way of indemnity should be made will be binding upon the Company. Such right of indemnification shall not be exclusive of any other right which such directors, officers, and employees of the Company and the other persons above mentioned may have or hereafter acquire, and without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, Agreement, vote of members, provision of law, or otherwise in addition to their rights under this Article. The provisions of this Article shall apply to any member of any committee appointed by the Board of Directors as fully as though each person had been a director, officer or employee of the Company.

ARTICLE XVII - INSURANCE

The Company shall maintain reasonable amounts of errors and omissions liability insurance on the officers, directors, and employees of the Company. The Company shall also maintain a reasonable amount of general liability insurance on its real property and all water distribution facilities, with a minimum coverage level of one million dollars.

ARTICLE XVIII - ANNUAL BUDGET & FINANCIAL REPORT

The President and the Board of Directors shall prepare an annual budget prior to, or at the beginning of, each fiscal year. The President and the Board of Directors shall also prepare, or cause to be prepared by a qualified accountant, an annual report on the financial condition of the Company at the end of each fiscal year. The President or his designee shall present this report to the members at the annual meeting. Any member, at its own expense, may cause an independent audit of the financial records of the Company.

ARTICLE XIX - TAX PROVISIONS

The rights and interests of members in the annual savings of the Company shall be determined in proportion to the quantity of services purchased from the Company. Funds in excess of those needed to meet current losses and operating expenses may be retained to meet the Company's reasonable needs for normal business purposes such as retiring indebtedness, expansion, or maintaining reserves. The Company shall keep records that show each member's rights and interests in the funds which it retains.

Upon dissolution, the members' and former members' interests in retained savings shall be distributed on a pro rata basis. Gains from the sale of an appreciated asset upon dissolution shall be distributed, to the extent practicable, on a pro rata basis to all persons who were members during the period when the asset was owned by the Company. Notwithstanding this provision, no asset of the Company shall be distributed to the members upon dissolution if such dissolution occurs as part of a plan approved by the members to convert the Company into a governmental entity. Under such circumstances, the members' shares shall be surrendered without consideration, except that (1) the governmental entity shall continue to provide water service to members receiving water service from the company at the time of dissolution, and (2) the governmental entity shall honor any will serve letter issued by the Company for future development.

ARTICLE XX - AMENDMENTS TO THE BYLAWS

These bylaws may be amended as set forth in Article XVI of the existing Articles of Incorporation.

ARTICLE XXI - SEVERABILITY CLAUSE

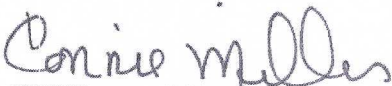
If any provision of these bylaws, or the application of any provision to any person or circumstance, is held invalid, the remainder of the bylaws shall be given effect without the invalid provision or application.

DULY ADOPTED by a two-thirds vote of the Board of Directors of the Company at a meeting of the Directors held this 6th day of April, 2010.

Mountain Green Secondary Water Company

By: 
Rulon C. Gardner, President


Attested by:


Secretary

CERTIFICATE OF SECRETARY

I do hereby certify:

1. That I am the duly appointed and acting Secretary of the Mountain Green Secondary Water Company, a Utah nonprofit corporation; and
2. That the foregoing Bylaws, comprised of 20 numbered pages (excluding the cover page and the table of contents pages but including this page), constitute the Bylaws of this Company as duly adopted by its Board of Directors at a meeting held on the 6th day of April, 2010.



Connie Miller, Secretary