

**AMENDED AND RESTATED BYLAWS
OF
HIGH VALLEY WATER COMPANY**

**ARTICLE I
PRINCIPAL OFFICE**

The principal office and place of business of High Valley Water Company (the "Corporation") shall be in Summit County, Utah. The Board of Directors has the full power and authority to change, from time to time, said principal office from one location to another in said county.

**ARTICLE II
STOCKHOLDER/MEMBERS**

(a) **Qualifications.** The stockholders shall be the members of the Corporation. To qualify as a member, the person(s) must be the owner of one or more of the approved buildable subdivision lots situated within Highland Estates Plats A and B as recorded in the Summit County Recorder's office. There are 265 approved buildable subdivision lots within Highland Estates Plats A and B. By becoming a member of the Corporation, a Stockholder creates a binding contractual obligation and is conclusively presumed to have unconditionally assented to the Articles and Bylaws of the Corporation as then in force or thereafter duly promulgated.

(b) **Stock Issuance.** Upon the effective date of the adoption of the "2nd Amended and Restated Articles of Incorporation of High Valley Water Company", all shares of stock shall be subject to the Utah Division of Water regulation, permitting only one vote per owner of share(s) of stock. Regardless of the number of recorded lots owned by a stockholder, there shall be only one vote per stockholder("one owner one vote").

(c) **No Delivery of Stock Certificates.** The ownership of stock by a member shall be recorded in the books and records of the Corporation. Evidence of membership shall no longer be in the form of a certificate but shall be available for inspection and/or verification in book entry form in the Corporate physical and computer generated records. All stock is subject to the following restriction and covenants:

(i) The shares of stock of this Corporation are deemed appurtenant to the lands within the Corporation's present water service area. Stock may be owned only by owners of an approved buildable subdivision lot within Highland Estates Plats A and B as recorded in the Summit County Recorder's office. The sale or transfer in ownership of a lot in Highland Estates Plats A and B shall carry with it a transfer in ownership of the stock appurtenant to such lot unless the Board of Directors has approved otherwise. The rights of the owner of this certificate shall at all times be subject to the limitations of the Corporation's Articles of

Incorporation and Bylaws of the Corporation, as amended.

(d) **Water Delivery.** One (1) full share of High Valley Water Company stock shall entitle the owner to one culinary or domestic connection to the Corporation's water system upon payment of any applicable connection and monthly usage fees, provided there exists no past due assessments, monthly usage fees or other costs owed to the Corporation. The stockholders shall be entitled to the beneficial use of waters available for delivery in the same proportion that each stockholder's total number of shares of stock bears to the total number of shares of stock issued and outstanding.

(e) **Connection/Monthly Fees.** No stockholder shall be allowed to connect onto the Corporation's water system, nor take water therefrom, until he or she has paid the required connection fee and is current on assessments. The connection fees shall be set from time to time by the Board of Directors. In determining the appropriate connection fee, the Board of Directors may consider, among other things, the number of shares of stock to be served through the connection, the size of the connection, the cost of running any connecting pipelines, installing valves, meters and related facilities or any other costs to the Corporation incidental to said connection. Monthly usage fees shall be charged to each Stockholder per connection and such fee amount shall be determined by the usage and/or consumption rates as set by the Board.

(f) **Assessments.** The shares of stock of the Corporation shall be assessable for the purpose of providing funds reasonably necessary to accomplish the purposes of the Corporation, to pay all lawful obligations, and to maintain a sufficient reserve fund for emergency expenditures. The assessments shall be levied and collected in the manner prescribed by the Board of Directors and the Bylaws. Assessments need not be equal among all stockholders. The amount of any assessment may vary among stockholders where the stockholders receive unequal benefits or where the cost of providing benefits are unequal.

(g) **Delinquent Assessments/Fees/Costs.** All monthly usage fees shall be due and payable on or before the thirtieth (30th) day of the month following that month in which such indebtedness was incurred. In the manner prescribed by the Board, the Office Manager shall send a statement to every Stockholder. On or after the thirtieth (30th) day of each month, the Office Manager shall notify each Stockholder whose account for the preceding month has not been paid, that unless the delinquency is paid, his or her Stockholdership will become subject to suspension or forfeiture pursuant to these Bylaws and the question whether to suspend or to forfeit will be a continuing Board agenda item until the delinquency is paid.

If at the end of the thirty (30) days from the monthly due date, such indebtedness remains unpaid, or a stockholder becomes delinquent in the payment of assessments, for more than ninety days, in addition to any other remedy which the laws of Utah may provide, the Board of Directors may lien and/or collect upon the delinquent stock as

follows:

- (i) by imposing an interest charge of one and one-half percent (1 1/2 %) interest compounded monthly; and/or
 - (ii) by recording a lien with the Summit County Recorder's office; and/or
 - (iii) by recording a Notice of Intent to Terminate Services with the Summit County Recorder's office; and/or
 - (iv) if the assessment remains delinquent for ninety (90) days, by disconnecting the delinquent stockholders' service line from the Corporation's water system after providing reasonable notice; and/or
 - (v) by offering the delinquent shares of stock for sale to other members at a private auction in the manner provided by Utah law, and
 - (vi) the delinquent Stockholder shall be responsible to pay a collection fee, charge or commission of fifty (50%) percent of the account balance, in addition to the outstanding balance, if the account is turned over to an agency for collection. Stockholders are further responsible to pay attorney fees and court costs associated with the collection of any outstanding balance.
- (h) Assessments for Frivolous Litigation/Actions. The shares of stock of a stockholder who brings a legal or administrative action against the Corporation, its Directors or Officers shall be assessable to recover the expense incurred by the Corporation (including costs and attorney's fees), when in the judgment of the Board of Directors it would be inequitable to assess all stockholders for such expense because the legal or administrative action was without merit and not brought in good faith.
- (i) Stock Not Transferable From The Land. The shares of stock shall be deemed appurtenant to the lands within the Corporation's present water service area which is limited to the lands included in Highland Estates Plats A and B as recorded in the Summit County Recorder's office. The sale or transfer in ownership of a lot in Highland Estates Plats A or B shall carry with it the stock appurtenant to such lot unless the Board of Directors has approved a transfer of the stock to a different lot within the Corporation's water service area.

ARTICLE III CORPORATE RECORDS

A stockholder of the Corporation may inspect and copy the books and records of the Corporation upon reasonable notice in writing and payment of a reasonable fee to cover the administrative costs and copying costs incurred by the Corporation. A stockholder is entitled to inspect and copy the corporate records only if:

- (a) the Board of Directors determine that the demand to inspect is made in good faith and for a proper purpose;
- (b) the demand to inspect describes with reasonable particularity the purpose of the inspection and the records desired to be inspected;
- (c) the records are directly connected with his or her purpose, and
- (d) the stockholder signs a statement acknowledging the confidentiality of the records of the Corporation.

ARTICLE IV RECORD STOCKHOLDERS

The Corporation shall have the right to treat the record holder of any share of stock in the Corporation, as determined by the books and records of the Corporation, as the owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person. Any notice required to be given to stockholders shall be deemed given when mailed to the stockholders at their last known address as shown on the records of the Corporation. It shall be the stockholders' duty to notify the Corporation of their current mailing address and any changes thereto.

ARTICLE V STOCKHOLDER MEETINGS

(a) Annual Meetings. There shall be held an annual meeting of the stockholders of this Corporation during March on the day and at the time to be determined by the Board of Directors each year. The place of said meetings shall be in Summit County, Utah, unless otherwise designated by the Board of Directors.

(b) Special Meetings. Any and all special meetings of the stockholders may be called by the Board of Directors, the President of the Corporation, or at the written request of not less than ten percent (10%) of the stockholders of the Corporation as shown by the books and records of the Corporation for any purposes described in the notice of the meeting, and shall be held within thirty (30) days thereafter.

(c) Quorum. At any meeting of the stockholders of this Corporation, a quorum shall consist of 10% of the outstanding stock of the Corporation. The holders of a majority of the stock represented at such meeting, either in person or by proxy, shall be authorized to transact any and all business which could be transacted at such meeting subject only to other provisions of the Articles of Incorporation, these Bylaws, and to the provisions of applicable law. If a Quorum exists, action on a matter (other than the election of or removal of one or more Directors) by the Shareholders is approved if the votes cast favoring the action exceed the votes cast opposing the

action, except in the case of assessment where a 2/3-majority vote is required. The removal of one or more of the Directors by the Shareholders shall require a 3/4 majority vote of no less than fifty percent (50%) of all Shareholders entitled to vote.

(d) **Notice.** Written or printed notice of all annual and special meetings of the stockholders of this Corporation, stating the place, date and hour of all meetings of stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fourteen (14) days before the date of meeting, either personally or by mail addressed to each stockholder at the address shown on the records of Corporation.

(e) **Fixing of Record Date.** For the purpose of determining Stockholders entitled to notice of or to vote at any meeting of Stockholders, or to demand a special meeting, or in order to make a determination of Stockholders for any other proper purpose, the Board may fix in advance a date as the record date. Such record date shall not be more than seventy (70) days prior to the date on which the particular action, requiring such determination of Stockholders is to be taken. If no record date is so fixed by the Board, the record date shall be:

(i) With respect to an annual meeting of the Stockholders or any special meeting of the Stockholders called by the Board or any person or group specifically authorized by these Bylaws to call a meeting of the Stockholders, as of the close of business on the day before the first notice is delivered to Stockholders.

(ii) With respect to a special Shareholder meeting demanded by the Stockholders, on the earliest date of any of the demands pursuant to which the meeting is called, or sixty (60) days prior to the date the first of the written demands is received by the Club, whichever is later.

(iii) With respect to actions taken in writing without a meeting, on the date the first Shareholder delivers to the Club a signed written consent upon which the action is taken.

When a determination of Stockholders entitled to vote at any meeting of Stockholders has been made as provided in this Section, such determination shall apply to any adjournment thereof unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

ARTICLE VI STOCKHOLDERS' DUTY TO REPORT A TRANSFER OF SHARES

Each current stockholder or purchaser of a share of stock of the Corporation

shall immediately report, in writing, to the Corporation's business office, the sale of the recorded lot and evidence of new ownership so that the transfer in ownership of stock will be reflected on the corporate books and records. The subsequent purchaser shall acquire the rights and obligations of the previous member in the Corporation, and shall be responsible for the payment of any past due assessments or costs owed to the Corporation.

ARTICLE VII OWNERSHIP OF WATER RIGHTS AND WATER SYSTEM

(a) Water Rights. The Corporation shall hold title to the water rights for and on behalf of its stockholders. The Corporation is the owner of Exchange Application No. E2846 (35-AREA), which application is a matter of public record on file with the Utah State Engineer and entitles the Corporation to the diversion and beneficial use of up to 285.0 acre-feet of water annually for use by its stockholders.

(b) Water System. The Corporation shall own, operate and maintain the water delivery system of the Corporation on behalf of its stockholders. The Corporation's water system generally includes culinary water wells, a 500,000 gallon storage reservoir, main distribution lines, valves, pumps, meters, service lateral lines from the water mains to the lot boundary connection of each stockholder, and other related water distribution facilities installed or purchased by the Corporation. The service laterals and related facilities on the stockholder's side of the lot boundary connection shall be owned, operated and maintained by the stockholder.

(c) Location of Water Use. The waters of the Corporation to which the stockholders are entitled shall not be distributed or delivered for use on lands located outside the present service without the approval of a two thirds majority vote of the stockholders at a duly called meeting. The ownership of stock does not include the right to file an application with the Utah State Engineer's office to change the point of diversion, place or manner of use of water and water rights owned or controlled by the Corporation. Any application to change the point of diversion, place or manner of use of such waters and water rights shall be filed by the Corporation, and only when the Board of Directors determines the same to be in the best interest of the Corporation.

(d) Emergency Water Conservation. The allocation, administration, and distribution of all waters owned or controlled by the Corporation for delivery to the stockholders shall be governed by the Board of Directors. The maximum amounts of water to which stockholders are entitled are at all times subject to the availability of sufficient water. In the event the Corporation's water supply becomes insufficient, the Board of Directors may impose emergency conservation measures in the manner provided in the Bylaws, which may include adoption of a reasonable water rate schedule which encourages water conservation.

(e) Cross Connection Control. The Corporation shall comply with and enforce the requirements of Chapter 6 of the 2000 International Plumbing Code and its amendments as adopted by the Utah Department of Commerce under Rules 309-15-12 and 156-56. A copy of said Rules and requirements shall be maintained in the records of the Corporation.

ARTICLE VIII VOTING

Each stockholder who is not delinquent in the payment of assessments or other costs to the Corporation shall be entitled to vote. Each full share of stock, subject to the "one owner one vote" restriction, shall be entitled to one vote upon each matter submitted to a vote at a meeting of the stockholders. There are no fractional shares of stock. The majority vote of shares of stock represented at the meeting entitled to vote on the subject matter shall be the act of the membership unless a greater number of votes is otherwise required by the laws of the State of Utah, or the 2nd Amended and Restated Articles of Incorporation or these Bylaws. Every stockholder entitled to vote shall have the right to do so either in person or through one or more agents authorized by a written proxy executed by such person or his or her duly authorized agent.

ARTICLE IX DIRECTORS

There shall be five (5) directors. At each annual stockholders meeting of the Corporation there shall be an election of either one or two directors, depending upon the number of vacancies then occurring caused by the expiration of the terms for which the directors were elected. All directors shall be elected for a term of three (3) years. The successful candidate(s) shall be the owner who receives the highest number of votes for each vacancy. A vacancy in the office of director may be filled by the Board of Directors and the person appointed to fill such vacancy shall serve until the next annual meeting of the stockholders and until his/her successor is duly elected and qualified subject to the qualifications herein. The majority of the directors elected or appointed and qualified shall be authorized to transact the business and exercise the corporate powers of the Corporation.

ARTICLE X OFFICERS

The officers of the Corporation shall be a President, Vice President, Secretary and Treasurer. The Board of Directors shall appoint from their members a President and Vice-President, and shall appoint a Treasurer and Secretary who need not be a director or stockholder of the Corporation. One person may hold the office of Secretary and Treasurer. The offices of President and Secretary shall not be held by the same person. Any officer may be removed, either with or without cause, by a majority of

directors in office at the time of the removal, at any regular or special meeting of the Board of Directors called for that purpose.

(a) **President.** The President, or in his/her absence, the Vice President, shall preside at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business and officers of the Corporation and shall have such other powers and perform such other duties as from time to time shall be prescribed or required by the Board of Directors.

(b) **Vice President.** In the absence or disability of the President, the Vice-President shall perform all of the duties of the President, and when so acting shall have all of the powers of, and be subject to all of the restrictions upon the President. The Vice-President shall have such other powers and perform such other duties as from time to time shall be prescribed or required by the Board of Directors.

(c) **Secretary.** The Secretary shall countersign papers and instruments requiring the signature of the Secretary, and shall keep the minutes and records of the Corporation and such other books as the Board of Directors may require. The Secretary shall give notice of all of the meetings of the stockholders and of the Board of Directors required by the Bylaws or by law, and shall have such other powers and perform such other duties as shall be prescribed or required by the Board of Directors.

(d) **Treasurer.** The Treasurer shall be the custodian of the funds of the Corporation and shall keep and maintain adequate and correct accounts of the properties and business transactions of the Corporation and shall have such other powers and perform such other duties as from time to time shall be prescribed or required by the Board of Directors.

ARTICLE XI OFFICE MANAGER

Office Manager. There shall be an Office Manager (OM), who shall be appointed by and hold office at the pleasure of the Board. The duties and responsibilities of the OM shall include:

- (a) the right to implement and enforce all policies and rules promulgated by the Board;
- (b) shall be accountable for all funds and monies received by the Corporation, and shall see that they are placed in such depository as directed by the Board;
- (c) shall sign all accounts payable checks drawn on the Corporation bank account, provided that in his/her absence another officer may sign in his/her stead;
- (d) shall make a monthly report to the Board of Directors, which may be either

oral or written, concerning the affairs of the Corporation and any current problems;

(e) shall maintain and supervise books of account and records of all financial transactions in a form satisfactory to the Board using current technology and methods available to Corporations and organizations of like size and nature to the full extent possible;

(f) shall attend Stockholder meetings, meetings of the Board and meetings of all standing committees (to the extent requested by the Board or the committee Chairs), and furnish such information concerning Corporation affairs as may be requested by any officer or by the Board;

(g) shall be responsible for the safeguarding of the Corporation's property at all times; and

(h) subject to the approval of the Board, shall make arrangements for insurance adequate to protect the Corporation from liability claims and loss, damage or destruction of property.

ARTICLE XII WATER MASTER

Water Master. There shall be a Water Master, who shall be appointed by and hold office at the pleasure of the Board. The duties and responsibilities of the Water Master shall include:

(a) general supervision and control of all physical facilities of the Corporation;

ARTICLE XIII INDEMNITY

The Corporation shall indemnify its Directors and Officers for any act performed in pursuit of the business of the Corporation to the maximum extent permissible by law, including payment of attorney's fees.

ARTICLE XIV STOCKHOLDERS LIABILITY

The private property of the stockholders of the Corporation shall not be liable for any of its debts or obligations.

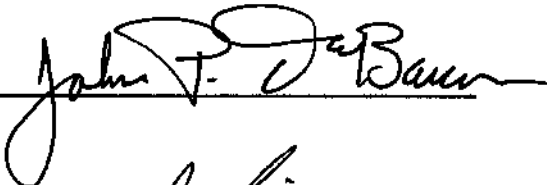
**ARTICLE XV
DISSOLUTION**

To the extent required by law to maintain the Corporation's tax exempt status, upon dissolution gains from the sale of any assets of the Corporation shall be distributed to all persons who were stockholders during the period the assets were owned by the Corporation in proportion to the amount of business done by such stockholders during that period insofar as is practicable and consistent with Federal and State law.

**ARTICLE XVI
AMENDMENT TO BYLAWS**

All prior Bylaws are hereby revoked and superseded by these Bylaws. These Bylaws may be amended or repealed by the vote of a majority of the Board of Directors.

IN WITNESS WHEREOF, the undersigned Directors duly adopted these Amended and Restated Bylaws this ___ day of ___, 2009.




John Debaun,



Brian Jenkins



Dan Obradovich



Jean Glaser