

**AMENDED AND RESTATED BYLAWS**  
**OF**  
**BOULDER FARMSTEAD WATER COMPANY**

ADOPTED Sept 16, 2011

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## ARTICLE I - NAME

The name of this nonprofit mutual water company is Boulder Farmstead 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 nonprofit mutual water company which operates a 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. *C.R.*

*Sept 17, Sept 16 following year*

## ARTICLE V - PRINCIPAL OFFICE AND REGISTERED AGENT

The principal office of the Company shall be 90 West Highway 12, PO Box 1356, Boulder, Utah, 84716. The location of the principal office may be changed from time to time by the Board of Directors. The registered agent of the Company shall be Evonne Roundy, 90 West Highway 12, PO Box 1356, Boulder, Utah, 84716. The registered agent may be changed from time to time by the Board of Directors in accordance with Utah Code Annotated section 16-17-206, as may be amended.

## ARTICLE VI - STOCK

- a. **CLASSES OF STOCK.** All members of the Company shall be stockholders, and there is presently one class of stock consisting of all shares of stock held by any individual or entity as of the date of the adoption of these Bylaws. Each share of issued stock shall entitle the holder thereof to delivery of water in accordance with the terms of these Bylaws and/or any special written agreement with the Company.
- b. **TRANSFER OF STOCK.** The Company's stock is 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. Shares are appurtenant to the real property served by the shareholder's connection to the system. Shares automatically transfer with the real property to which they are appurtenant. Shares may not be transferred separate from such real property without prior written consent of the Board of Directors.
  2. Shares can be transferred only to persons eligible to become stockholders.
  3. The stock certificate must be presented to the Company's Secretary-Treasurer signed by the person in whose name the stock 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-Treasurer. The stock certificate must be surrendered to the Secretary-Treasurer and canceled before a new certificate may be issued. A \$20.00 share transfer fee must be paid for each new certificate to be issued. All past due balances and the share transfer fee must be paid before a change can be made.
  4. The name, mailing address, email 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-Treasurer.
  5. Shares of stock may be transferred only in increments of full shares. Shares of stock may not be transferred or divided so as to create fractional shares.
  6. No transfer shall be made upon the books of the Company within ten (10) days immediately preceding the annual meeting of the members.
  7. It is the member's responsibility to bring transfers of stock to the attention of the Company. Until the above steps are taken, the owner of stock as recorded on the Company's books remains legally responsible to the Company for payment of all obligations owed to the Company.
- c. **DESCRIPTION OF STOCK CERTIFICATES.** The Board of Directors shall set, and may from time to time revise, the form of the Company's stock certificates. The certificates shall be consecutively numbered and duly signed by the President, countersigned by the Secretary-Treasurer, and sealed with the seal of the Company. The certificates shall exhibit the member's name, the total number of shares of stock 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 stock.

- d. **STOCK TRANSFER BOOKS.** The name, mailing address, and email 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 stock transfer books of the Company which shall be kept at the principal office of the Company.
- e. **CONDITIONS AND RESTRICTIONS ON STOCK.** Upon written request and 15 days notice from the Company, stock 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 person 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, but only if the person requesting the new certificate has met the requirements of Utah Code section 70A-8-409.1, as may be amended. The person must provide a signed and notarized affidavit declaring that the old certificate was lost, stolen, or destroyed and, if necessary, providing evidence that establishes that the person is the rightful owner of the shares represented by the old certificate. The Board shall have the right and power to determine whether the person requesting the new certificate must file with the Company an indemnity bond or other acceptable security, as provided in Utah Code section 70A-8-409.1(3)(d), or whether the Company will accept the alternative notice procedures, as provided in Utah Code section 70A-8-409.1(5). The form and amount of the indemnity bond or other acceptable security shall be determined by the Board. If the Board chooses to accept the alternative notice procedures, the person requesting the new certificate shall bear all costs of the notice procedures incurred by the Company, including legal and other professional fees, and the Board may require the person to pay the estimated costs prior to initiating the alternative notice procedures.
- g. **MEMBER OF RECORD.** The Company shall be entitled to treat the holder of record of any share according to the stock transfer books of the Company 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 on September 16th of each year, or at such other date and time as the Board of Directors may fix by resolution, with 15 to 30 days advance written notice of the date, time, and place of said meeting. Annual meetings shall be at a place in the Town of Boulder, as fixed by resolution of the Board of Directors. Failure to hold annual meetings as appointed herein shall not impair in any way any of the Company's corporate rights or affect in any way the validity of any corporate action, 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 may be held as necessary when properly called and upon reasonable notice under the circumstances of the date, time, and place of such meetings. Special meetings shall be held at a place fixed by resolution of the Board of Directors.
- 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 25% of the shareholders of 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-Treasurer shall provide notice by mail or email 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. Notice shall be provided at least 10 days prior to the meeting.
- 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 stock transfer books, and with postage provided thereon. The emailing of all required notices under the Articles of Incorporation and these Bylaws shall be deemed to be delivered when sent to the email address as it appears on the Company's stock transfer books.
- 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 AND MEMBER OF RECORD DATE.** For voting purposes, the member of record date shall be ten (10) days prior to any member meeting. The Secretary-Treasurer shall close and bring current the stock transfer books as of such date. The stock transfer books shall be subject to inspection by any member during usual business hours for ten days preceding the meeting and shall also be subject to the inspection of any member during the whole time of the meeting. The stock 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 stock 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 stock 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.** All voting shall be done on a shareholder basis rather than by the number of shares of stock held by each shareholder. Each shareholder is entitled to only one (1) vote, regardless of the number of shares owned by each shareholder. Cumulative voting shall not be allowed.
- 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-Treasurer 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).
- j. VOTING BY CERTAIN TYPES OF MEMBERS.** Special voting rules and procedures apply to certain types members as follows:

  - i. 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.
  - ii. 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.
  - iii. 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.

- iv. **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.
- v. **TREASURY SHARES.** Shares of stock 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-Treasurer of the meeting before the adjournment thereof or shall forward such dissent, by registered or certified mail, to the Secretary-Treasurer 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 meeting as applicable, shall be as follows:
  - 1. Call to order and roll call.
  - 2. Reading of the notice of the meeting.
  - 3. Reading of the minutes of the preceding meeting and approval thereof.
  - 4. Secretary-Treasurer's report on the number shareholders present in person or by proxy.
  - 5. Reports of officers, directors, and committees
  - 6. Election of directors.
  - 7. Unfinished business.
  - 8. New Business.

#### **ARTICLE VIII - BENEFITS AND DUTIES OF SHAREHOLDERS**

- a. **WATER SERVICE.** Each shareholder shall be entitled to purchase water from the Company in accordance with the Articles of Incorporation; these Amended and Restated Bylaws; and resolutions, policies, and procedures adopted by the Board of Directors. Only shareholders are entitled to purchase water from the Company, and non-shareholders are strictly prohibited from connecting to the Company's system or

receiving water service from the Company. Deliveries of water to Company customers shall be on such terms and conditions as the Board of Directors may from time to time establish.

- b. **FEES AND SERVICE CHARGES.** The Board of Directors shall, by resolution, establish the connection fees, user fees, reconnection fees, and other fees. The fees may be different for residential connections and commercial connections. The Board may, by resolution, modify and adjust the fees as is necessary. Any fees that are not paid within 30 days of invoice shall be deemed assessments on the delinquent shareholder's shares, and may be collected as provided in Article XV.
- c. **SPECIAL AND ADDITIONAL WATER RATES.** Commercial hook-ups are limited to the size of the business unit, such as a motel or RV Park, to the size of the unit at the time the Application for Water Service was approved. Any expansion of the business unit shall require an additional Application for Water Service and approval from the Board of Directors.
- d. **EXCESSIVE WATER USE.** The Board of Directors may from time to time fix, by agreement or resolution, special rates and conditions for shareholders using exceptionally large amounts of water or making use of the system under exceptional circumstances, upon such terms and conditions as the Board may deem proper.
- e. **PROHIBITED USES.** Residential customers shall not expand use of water for the benefit of other family units, such as mobile homes or home expansions for use of one or more families. No shareholder shall be permitted to convey or use water on premises other than the appurtenant property identified in the Application for Water Service without the prior written approval of the Board of Directors. A combination of residential and commercial use is prohibited. No equipment, such as pressure pumps, shall be installed by a shareholder without the prior written approval of the Board of Directors.
- f. **INSTALLATION AND EXTENSION OF WATER LINES.** The Company shall not be required to extend water lines beyond the maintained system. A member shall bear the full cost of any line extensions take the water from the existing lines to the place of use, and all such line extensions shall be performed by the Company to ensure that the extensions are installed correctly.
- g. **PIPE REQUIREMENTS.** All service pipe maintained by the shareholders and which are connected to the Company's water system shall be maintained in good repair and be protected from frost. The Company has the right to shut off water service if water losses are occurring by reason of leaky service pipes or system components. Water service will be restored only (1) upon a showing that the leaky service pipes or system components have been properly repaired or replaced, and (2) upon payment of a reconnection fee.

- h. **PLACE OF USE.** If not hooked up to a permanent structure, a shareholder may change the place of use only upon the written approval of the Board of Directors. Such approval shall be granted if the proposed change does not overburden the water delivery line or otherwise create water delivery problems at the proposed place of use.
- i. **CONSERVATION.** Shareholders shall use due efforts to conserve water, and shall not permit water to run wastefully. If, in the judgment of the Board of Directors, a shareholder engages in practices which result in needless waste of water and continues to do so after written notice to discontinue the wastefulness has been given, the Board may consider terminating the shareholder's right to use water. If the Board elects to consider the matter of termination, the Board shall give notice to the shareholder of the intention to terminate the water connection at least five days prior to the meeting of the Board at which termination of water service will be considered. The notice shall inform the water user of the time and place of the meeting, and shall provide the charges which lead to the consideration of the termination.
- j. **WATER METERS.** Water meters shall be furnished by the Company, at no cost, upon approval of an Application for Water Service and payment of connection fees and other costs. Meters shall at all times be deemed to be and remain the property of the Company.
- k. **CONNECTIONS FOR MULTIPLE BUILDINGS.** If a commercial water share is currently being used to provide water to a residential building and a commercial building, and if one building is sold separately to another person or if the buildings are sold to two separate persons, the share must be transferred to the owner of one building and the other building must be disconnected. The disconnected building may receive water service only after an Application for Water Service has been filed and approved, and connection fees and other costs have been paid.
- l. **DISCONNECTION AND RECONNECTION.** If a member is in violation of the Company's Articles of Incorporation, these Bylaws, or other policies and procedures of the Company, including if the member has failed to pay assessments or fees, the Company shall be permitted to turn off or disconnect the member's water connection, provided that (1) the Company has provided written notice to the member of the violation and notice that the water connection will be turned off or disconnected if the violation is not fully remedied within 30 days, or other reasonable time period determined by the Board of Directors; (2) the Company has given the member the notified time period to remedy the violation; and (3) the violation has not been fully remedied. The connection shall remain turned off or disconnected until the violation has been fully remedied. Once the Board of Directors has determined that the violation has been fully remedied and the reconnection fee has been paid, the Company will turn on or reconnect the connection.

## ARTICLE IX - BOARD OF DIRECTORS

- a. **ELECTION OF DIRECTORS.** The Board of Directors shall consist of five directors elected by the Company's members. Elections for directorships shall be held at the annual meetings 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, the Board of Directors or President shall call and give notice of a special meeting of the members for the purpose of electing the necessary director(s).
- b. **CURRENT DIRECTORS.** The directors in office at the time these Bylaws are enacted are as follows:
  - Connie Reid
  - Randy Catmull
  - Camille Hall
  - Elaine Roundy
  - Evonne Roundy
- c. **TENURE AND QUALIFICATIONS OF DIRECTORS.** Each director shall hold office for a term of two years and thereafter until a successor shall have been duly elected and qualified. A director must be a natural person who is eighteen (18) years of age or older and must be a citizen of Boulder, Utah. The qualifications for a director include ownership of at least one share of Company stock as shown on the books of the Company.
- d. **DIRECTORSHIPS FOLLOWING MERGER.** Beginning at the effective date of the merger with Boulder King Ranch Estates Water Company ("BKRE"), there shall be seven directors on the Board of Directors: the five Boulder Farmstead Directors serving as of the effective date of the merger, and two directors selected by the former BKRE shareholders. These seven directors shall serve as the Board of Directors until the third annual shareholder meeting following the effective date of the merger. At this meeting, all shareholders shall elect five new directors, three of whom shall be elected to a two-year term and two of whom shall be elected to a one-year term. Thereafter, all directors shall be elected at the annual stockholder meeting for a term of two years, in order that all of the directorships are not vacated in any one year.
- e. **POWERS AND 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 of Directors 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.
- f. **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 of Directors, regardless of whether or not it is accepted by the Board of Directors.

- g. 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. A director may be removed **without cause** only by a majority vote of all members at a duly called meeting of the members.
- h. 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.
- i. 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.
- j. 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.
- k. QUORUM.** A majority of the directors on the Board of Directors 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.
- l. 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 date, time, and place for additional regular meetings without any notice other than that given by such a resolution.
- m. 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 date, time, and place for the meeting that is reasonable under the circumstances.

- n. **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 of Directors need be specified in the notice or waiver of notice of such meeting.
- o. **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.
- p. **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-Treasurer of the meeting before the adjournment thereof or shall forward such dissent, by registered or certified mail, to the Secretary-Treasurer 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 of Directors is not unanimous, the individual votes of the directors shall be recorded in the minutes of the meeting.

## **ARTICLE X - OFFICERS**

- a. **APPOINTMENT OF OFFICERS.** The Board of Directors shall appoint a President and a Secretary-Treasurer. Each officer must be a director. The President shall act as the Chairperson of the Board of Directors. The Secretary-Treasurer cannot be the same person as the President. The Board of Directors may also require the Secretary-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:
  - i. **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 certificates of stock, notes, drafts, or bills of exchange, warrants, or other orders for the payment of money duly drawn by the Secretary-Treasurer; and enforce these Bylaws and perform all the duties incident to the position and office and which are required by law.

- ii. **SECRETARY-TREASURER.** The Secretary-Treasurer 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-Treasurer shall keep the records of the names, mailing addresses, and email addresses of each member and such other information as is appropriate; and keep Company records open during the business hours of the office of the Company, subject to the inspection rights of members of the Company, as permitted by law and these Bylaws. The Secretary-Treasurer shall also present to the Board of Directors at their meetings all communications addressed to the Secretary-Treasurer 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-Treasurer.

The Secretary-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, as permitted by law and these Bylaws, 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 Secretary-Treasurer.

The Secretary-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 Secretary-Treasurer in any of these duties.

- c. **RESIGNATION OF OFFICERS.** An Officer may resign at any time by giving written notice to the Secretary-Treasurer, or to the President in the case of the Secretary-



Treasurer. 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, with or without cause, 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.
- 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 XI - 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 XII - 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 customer presently being served without the approval of said customer, if said customer is current on its accounts with the Company.

#### **ARTICLE XIII - ISSUANCE OF STOCK**

- a. **APPLICATION FOR WATER SERVICE.** Any person having reasonable accessibility to the Company water system may apply to become a shareholder and receive water service from the Company by submitting an Application for Water Service to the Board of Directors. Applications will be considered by the Board of Directors, and

will be approved if the Board of Directors determines (1) that there is sufficient capacity in the system to provide the requested additional service; (2) that the Company has title to sufficient water rights to cover the requested additional service; and (3) that the proposed place of use and type of use are consistent with the Company's water rights, system, and service area; and (4) 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.

- b. **ISSUANCE OF SHARES.** If the Board of Directors approves the Application for Water Service, the applicant must pay in full the required connection fee and meet any other conditions outlined in the Application for Water Service prior to the Company issuing a share to the applicant. Upon issuance of the share certificate, the person shall be a shareholder of the Company, shall be entitled to the benefits of membership in the Company, and shall be obligated to perform the duties of membership, including payment of monthly user fees.

#### **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 complete and submit a "Shareholder Request for Change" form to the Secretary-Treasurer 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. The Company may adopt a more detailed Change Application Policy detailing this procedure. If the application is approved, the member shall execute the Company's Change Application Approval Agreement, with such special conditions and requirements as the Board of Directors may impose. After the Board has made its initial decision, the member requesting the change, any shareholder affected by the decision, or any director may, by written request to the Secretary-Treasurer, ask that the initial decision be reconsidered at another duly noticed and called meeting. The decision of the Board of Directors upon reconsideration shall be final on the issue.
- b. **APPLICATIONS TO THE STATE ENGINEER.** If a change request approved by the Board of Directors requires the filing of a change application with the State Engineer's Office, the change application shall be filed in the name of both the member requesting the change and the Company, and shall be prosecuted by the Company, unless it is determined in the sole discretion of the Board of Directors that it is in the best interest of the Company for the member to prosecute the change application. In either event, 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 costs incurred by the Company's involvement therein.

## **ARTICLE XV - ASSESSMENTS**

- a. **ASSESSMENTS.** The stock 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. The Board of Directors shall issue an order levying the assessment, which shall specify the amount of the levy on each share; specify when, to whom, and where the assessment is payable; and identify the day on which an unpaid assessment becomes delinquent, which shall be at least thirty days after notice of assessment is given. The Board of Directors may also set user fees that shall be billed to each shareholder on a monthly basis.
- b. **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 be substantially similar to the form attached as Exhibit A.
- c. **NOTICE OF DELINQUENCY.** If any portion of the assessment mentioned in the notice of assessment remains unpaid on the day specified therein, the stock shall be declared to be delinquent as of that day, and a \$10.00 delinquency fee shall be added to the assessment. Additionally, if a shareholder fails to pay the user fee set by the Board of Directors within thirty days of the due date for payment of such fee in the monthly water bill sent by the Company, the shares supporting delivery of water are deemed to be delinquent as of that day. A notice of delinquency shall be given personally and/or by mail addressed to the address of record for the delinquent member. The notice of delinquency shall specify the amount owed; specify when, to whom, and where the amount is payable; and identify the day on which the delinquent shareholder shall be declared in default and a lien will be filed on the delinquent shareholder's property, which shall be at least thirty days after notice of delinquency is given. The notice of delinquency should be substantially similar to the form attached as Exhibit B.
- d. **NOTICE OF FILING OF LIEN.** If any portion of the assessment and/or delinquency fee remains unpaid on the date specified in the notice of delinquency, the shareholder shall be declared to be in default and interest shall begin to accrue at the rate of 18% per annum. Additionally, as provided in the Articles of Incorporation, the Company shall have the power to file a lien on the property served under the stock. The lien shall be recorded with the Summit County Recorder's Office, and a notice of filing of lien shall be given personally and/or by mail addressed to the address of record for the member in default. The notice of lien should be substantially similar to the form attached as Exhibit

- C. The lien shall not be released by the Company unless and until the Company receives full payment of the assessment, delinquency fee, and any accrued interest.
- e. **OTHER ENFORCEMENT OF ASSESSMENT.** In addition to the Company's power to lien, as provided in the Articles of Incorporation and these Bylaws, the Company has the right to enforce payment of a delinquent assessment in any manner provided by law, including but not limited to (1) imposition of a late charge, penalty, or interest; (2) suspension of one or more benefits of share ownership, including the right to vote, to transfer shares, or to delivery of water; or (3) sale at public auction of the shares on which payment is delinquent. If the Board of Directors elects to sell shares at a public auction, the Board shall follow the procedures required by Utah Code Annotated sections 16-4-302 to -312, as may be amended. In an enforcement action, the Company may recover the delinquent assessment, any late charge, penalty, or accrued interest, and all costs of collection, including attorney fees.
- f. **EXTENSION OF TIME SPECIFIED IN NOTICES.** The dates set forth in any notice of assessment, notice of delinquency, or notice of lien 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 in the same manner as the original notice.
- g. **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.
- h. **AFFIDAVIT OF NOTICE PROVIDED.** Affidavits made by the Secretary-Treasurer of personal service or of the mailing of notices shall be prima facie evidence thereof. The affidavits shall be filed in the office of the Company and copies of the same certified by the Secretary-Treasurer 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 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 may maintain reasonable amounts of errors and omissions liability insurance on the officers, directors, and employees of the Company. The Company may also maintain a reasonable amount of property and casualty insurance as well as general liability insurance on its real property, vehicles or other personal property, and all water distribution facilities.

## **ARTICLE XVIII - ANNUAL BUDGET AND 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 - CORPORATE RECORDS**

Only voting members of the Company are entitled to inspect and/or receive copies of Company records. Any member who wishes to inspect and/or receive copies of Company records shall complete and deliver to the Company's Secretary-Treasurer a "Demand to Inspect and/or Receive Copies of Company Records" form. The form must be completed and delivered to the Company's Secretary-Treasurer at least five business days before the date on which the member wishes to inspect and/or copy the Company records. The Company shall permit members to inspect and/or receive copies of Company records as permitted under Utah Code Annotated sections 16-6a-1601 to -1606. The member requesting to inspect and/or receive copies of Company records shall be responsible for and pay all copy expenses and other expenses associated with the inspection or copying. Expenses may include, but are not limited to, a reasonable hourly charge for retrieving and/or copying records.

#### **ARTICLE XX - DISSOLUTION**

The Company may be dissolved only as provided in the Utah Nonprofit Corporation Act, Title 16, Chapter 6a of the Utah Code, as may be amended or replaced.

#### **ARTICLE XXI - AMENDMENTS TO THE BYLAWS**

These bylaws may be amended as set forth in Article X of the Company's Articles of Incorporation.

#### **ARTICLE XXII - 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 majority vote of the Board of Directors at a meeting held this  
16 day of Sept, 2011.

Boulder Farmstead Water Company

By: Connie L. Reid  
Connie Reid, President

Attested by:

Evonne Roundy  
Evonne Roundy, Secretary-Treasurer

#### CERTIFICATE OF SECRETARY-TREASURER

I do hereby certify:

1. That I am the duly appointed and acting Secretary-Treasurer of Boulder Farmstead Water Company, a Utah nonprofit corporation; and

2. That the foregoing Bylaws, comprised of eighteen 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 duly noticed and held on the 22 day of September 2011.

Evonne Roundy  
Evonne Roundy, Secretary-Treasurer