

16-2567-01

ORIGINAL



UTAH PUBLIC
SERVICE COMMISSION
2016 FEB -9 A 10:05

January 23, 2016

RECEIVED

Utah Division of Public Utilities
Heber Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111

Re: *Historical Operating Statement of Bumblebee Water System, Inc.*

Dear Messrs:

Bumblebee Water System, Inc., was established for the purpose of providing water services for 58 lots in the Sunset Subdivision. There are no additional phases. The most recent Corporation for the water company was formed by Iron Dirt, LLC, which was filed with the State of Utah on July 31, 2012. This water company is to service the Sunset Subdivision which was approved to be subdivided by Iron County on December 1, 1981. A brief history of the subdivision and water system is as set forth hereafter.

The Sunset Subdivision is located in Iron County, Utah in the Southwesterly end of Cedar Valley in the vicinity of Quitchipa Lake, but was never developed until many years after its approval by Iron County. In effect, it was a paper-lot subdivision. It is located near the East bench of Bumblebee Mountain Range in a rural agricultural area surrounded by farms, real property owned by Cedar City for protection of well zones, and large rural estates. Its legal location is generally described as portions of Section 31 & 32, T36S R12W and Sec 5 & 6, T37S and R12W, SLB&M, Iron County, Utah.

The water system was initially constructed by Bryce Rowley in the mid-2000, as part of the Sunset Subdivision, which later financially failed due to a downturn in the economy during the 2007 real estate market collapse. The water system and subdivision was ultimately foreclosed by a banking institution and purchased as an entire unit by Iron Dirt, LLC. Iron Dirt, LLC is not the developer, but acquired the lots and water system after the foreclosure process was completed. Prior to foreclosure, a majority of the water system had been constructed with a few minor improvements lacking to finalize the system. Iron Dirt, LLC completed the water system in 2013, which is now fully capable of delivering sufficient water to service the entire subdivision, and is completely functional at the present time. It has been tested on a regular basis and serves several lots which currently has homes. The water system has been fully approved by the Utah Division of Drinking Water and is now currently operated by the Bumblebee Water System, Inc.

Bumblebee Water System, Inc. is the successor-in-interest to Hunter Ridge Mutual Water

• 51 EAST 400 NORTH, BLDG. 1 • CEDAR CITY, UTAH 84721 •
• TELEPHONE: 435-586-3300 • FAX: 435-586-4288 • EMAIL: LEGAL@SUHDUTSINGLLC.COM •

Company, and both corporations were established for the sole purpose of water delivery to the residents of Sunset Subdivision. It serves no other purpose. As the lots are sold, each lot owner will become a member of the water company and will continue to be operated through the association. Iron Dirt, LLC does not intend on maintaining a long-term ownership of Bumblebee Water System, Inc., and the same will be operated as a non-profit corporation with the single purpose of providing water to Sunset Subdivision residents, to which all lot owners will become members.

Lots consist of a minimum of seven to twenty acres and are on a septic system. The water system well produces well over 100 gallons per minute, and the tank capacity is 280,000 gallons. The water system is on a well, with a pump house, water storage tank and delivery system. At the present time, the water system furnishes water to eight homes and is tested and operated by George Mason, a certified operator having over 15 years of experience working in the water industry, with his most recent experience being an employee of the Central Iron County Water Conservancy District. He was employed shortly after he retired from the Navy Civil Service. His extensive experience has produced a water system that is clean, and has had never had a single issue related to water contamination or other concerns. While the law does not require testing at the present time due to insufficient hook-ups and subdivision population, it is still tested monthly and maintained according to the standards of the division of drinking water. All tests have been negative for bacteria and the water quality is excellent which is why Cedar City has its wells in the same vicinity. To the knowledge of this applicant, there has never been any expressed concerns related to the water system except that "as built" were never obtained from prior owners.

Based upon the forgoing, my clients are requesting a Letter of Exemption and request that it be exempt from PSC regulation through its self-governing board established through the Board of Directors.

If you have any comments, questions or concerns, please feel free to contact me at the number herein. Should you require any additional information, please let me know and we will provide the necessary information you request to finalize this matter.

Very Truly Yours,



JUSTIN W. WAYMENT
Attorney at Law

JWW:
enclosures

Legal name of applicant (company name): Bumblebee Water System, Inc.



Questionnaire

Please fill out the following questionnaire to assist you in determining if you are subject to PSC regulation. *(Please check only one for each question.)*

Q1. Is this company providing water to anyone other than the owner (2 houses or more)?:

Yes

If **"Yes"** then please provide the information requested in **Section A**, and continue to **Question Q2**.

No

If **"No"**: then this company or water distribution system is not subject to PSC regulation. You are not required to register with the PSC as this time. If you circumstances change you may be required to register with the PSC at a later time.

Q2. Is the company a non-profit serving its members only such as a HOA and mutually owned water companies?

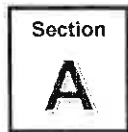
Yes

If **"Yes"** then this company appears to meets the criteria to be exempt from PSC regulation and is considered to be self-governing through their Boards of Directors. Please continue to **Section C** and fill out the **"Application."**

No

If **"No"** then this company meets the criteria requiring it to be regulated by the PSC. In addition to providing the information in **Section A**, Please also provide the information requested in **Section B**, and then continue to **Section C** and fill out the **"Application."**

Legal name of applicant (company name): Bumblebee Water System, Inc.



Items to be included with this application for ALL applicants, both regulated and exempt.

The following documentation **MUST** be provided with this application to be considered complete. Incomplete applications will **NOT** be considered.

- A copy of your Business License verifying proof of authority to conduct business in Utah.
- Verification of the review and approval of the water system by the Division of Drinking Water.
- Certified copy of the articles of incorporation and by-laws. (Whatever restrictions there are in use of water on an annual basis should be explained in by-laws, restrictive covenants and protective covenants.)
- Proof of ownership of water rights, in the name of the company sufficient to provide the water promised to each customer. (Water rights must be held by the water company for the use of the shareholders or customers of the company. Water rights must stay with the water company in the event a lot is sold rather than with the lot owner.)
- Proof of ownership of sufficient water storage.
- Proof of ownership of an approved water source with sufficient water flow.
- A balance sheet for the water company.
- An historical operating statement if the water company is already operating, a projected statement if not yet operating.
- All phases of a proposed development should be identified in the application whether they are to be developed immediately or not. Otherwise an additional application may be required for each additional phase before the Public Service commission will give plan approval.
- Maps (8 1/2" by 11") showing location of water system relative to nearby towns and highways and the proposed platted subdivision.

The above list covers the items of interest to the Division of Public Utilities. The list does not necessarily include all items the Public Service Commission and the Division of Public Utilities need to review in the application procedure. Additional items may be requested as the Division and Commission become more familiar with the applicant's particular circumstances.



Application

The following information **MUST** be provided with this application to be considered complete. Incomplete applications will **NOT** be considered.

1. Legal name of applicant (company name): Bumblebee Water System, Inc.

2. Principal office address, phone number and email address:

Address: 352 East Reiverside Dr., Ste A3

Address: _____

City: St. George State: UT ZIP: 84790

Phone No.: (702) 406-5747 Email address: dillonjensen@me.com

3. Name of the state in which applicant is incorporated and date of incorporation

Name of State: Ut Date of Incorporation: 07/31/2012

(A certified copy of the Articles of Incorporation and By-laws should accompany this application).

If not incorporated, describe the type of organization and state in which it is organized.

This is a non-profit corporation.

4. The officers and directors (or partners) of applicant are as follows:

Name	Title	Phone #	Email
Dillon Jensen	Director	(702) 406-5747	dillonjensen@me.com
George Mason	Director	(435) 590-8169	georm@aol.com
David Bolton	Director	(801) 244-3241	boultons0377@gmail.com

5. The type of service (water, sewer or both) which applicant proposes to render is:
(Please check the services that apply.)

Water Only Sewer Only Both Water and Sewer

6. If the applicant is conducting operations at the present time, please enter the date applicant commenced rendering such service: _____

7. How Many Connections will the company serve and type (residential / commercial)?

Residential Customers: 58

Commercial Customers: 0

Total Number of Customers: 58

8. The names of any water companies that are providing (or proposing to provide) similar service near or in any part of the area covered by this applicant are as follows:

None. Cedar City is the closest system.



Applicant Must Sign and Date below:

I certify that to the best of my knowledge the above information is true, accurate and complete. I am in compliance with and agree to comply with all regulations and requirements of all State and local government agencies.

Legal name of applicant (company name): Bumblebee Water System, Inc.

Sign Here:  _____ Date: 01/22/2016

Your Name: Justin W. Wayment Title: Attorney For Applicant
(Please enter electronically or print clearly)

This Application covers the items of interest to the Division of Public Utilities. The list does not necessarily include all items the Public Service Commission and the Division of Public Utilities need to review in the application procedure. Additional items may be requested as the Division and Commission become more familiar with the applicant's particular circumstances.

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

IN THE MATTER OF THE APPLICATION OF)
ALLARD RANCH WATER COMPANY FOR) DOCKET NO. _____
AN EXEMPTION FROM PUBLIC SERVICE)
COMMISSION REGULATION)
)

APPLICATION

To the Public Service Commission of Utah Salt Lake City, Utah.

1. Exact name of applicant (company name): **Bumblebee Water System, Inc.**
2. Principal office address, phone number and email address:

**Bumblebee Water System, Inc.,
352 East Riverside Dr., Ste A3
St. George, Utah 84790
(702) 406-5747
dillonjensen@me.com**

3. Name of state in which applicant is incorporated and date of incorporation.

**Corporate Documents: See Exhibit "A".
State of Incorporation: State of Utah
Date of Incorporation: July 31, 2012.
Copy of the Certified Articles of Incorporation
Certificate of Existence
Bylaws**

4. The officers and directors (or partners) of applicant are as follows:

Name and Principal Office Held	Business Address
Dillon Jensen (Trustee) (President)	740 Chaparral Dr Mesquite, NV 89027
George Mason (Trustee) (Vice-President)	3278 South 8800 West Cedar City, UT 84720
David Bolton (Trustee) (Secretary)	2560 Fairway Circle Bountiful, UT 89027

5. The type of service (water, sewer or both) which applicant proposes to render is:

Water Only. Subdivision Services by Sceptic System.

6. Applicant is in compliance with and agrees to comply with all regulations and requirements of all state and local government agencies. Copies of all required permits and approvals are made a part of this application. Applicant will be receiving through its water distribution system water from a Commission approved supplier or has attached to this application proof of ownership of sufficient water rights, of sufficient storage, of an approved source with sufficient water flow and of an approved point of diversion.

(See Attached Exhibit "B": Government Documents)

Compliance with HOA Filing: HOA091035171592

Water Certificate of Beneficial Use

Tank Size: 280,000 Gallons

Pump Rate: 100 GPM and flow capacity of 133GPM.

Water Rights: 73-3540; 58 Acft.

Water Right Documents

7. If the applicant is conducting operations at the present time, furnish the following information:

(a). A description of the nature and extent of the service rendered.

The services currently being rendered are for the supplying of water to all lot owners located within the Sunset Subdivision. The total number of lots are 58 and the total number of water rights are 58 acre feet of water.

(b). The date applicant commenced rendering such service.

Water services were commenced shortly after the sale of the first lot which occurred on or about early part of the year 2013, and after the system was completed. Although the exact date of water delivery is unknown, actual water service commenced in October, 2013.

8. The areas which the applicant proposes to serve, and those presently served, if any, are as described below (legal description) and as shown on a map attached hereto (for public utilities a map should also be part of the tariff).

Bumblebee Water System, Inc. will service the lots located within the Sunset Subdivision. A copy of the map is attached hereto as Exhibit "C".

9. How Many Connections will the company serve and type (residential / commercial)?

All service connections are residential only and the total number and names of those individual owners having connections is not intended to exceed 58.

10. The names of any water companies that are providing (or proposing to provide) similar service near or in any part of the area covered by this applicant are as follows:

None. Cedar City Municipal Corporation has wells located approximately one mile North of Sunset Subdivision, which pipes water into town for approximately 10 miles. A distance map is located therein. (See Exhibit "D")

WHEREFORE, applicant prays that the Commission grant an Exemption from Public Service Commission Regulation to the water company as described above.

I, DILLON JENSEN, swear that the information provided in this application is complete and accurate to the best of my knowledge.

Signature, Title, [Signature] PRESIDENT

Dated this 26 day of JANUARY, 2016.

Subscribed and sworn to before me this 26th day of JANUARY, 2016.



Notary Public: Marissa B. Carter

Residing at: ST. GEORGE, UT

My Commission Expires: 11/21/2019

Name, address, phone number, and signature of attorney representing application:

JUSTIN W. WAYMENT
P.O. BOX 1808
51 EAST 400 NORTH BULDING #1,
CEDAR CITY, UTAH 84721
TELEPHONE: (435) 586-3300
FACSIMILE: (435) 586-4288

[Signature]
JUSTIN W. WAYMENT

LEGAL@SUHDUTSINGLLC.COM

EXHIBIT “A”

Certified Articles of Incorporation
Certificate of Existence
Bylaws



Utah Department of Commerce
Division of Corporations & Commercial Code
160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: <http://www.commerce.utah.gov>

01/19/2016
8393178-014001192016-667340

CERTIFICATE OF EXISTENCE

Registration Number: 8393178-0140
Business Name: BUMBLEBEE WATER SYSTEM, INC.
Registered Date: July 31, 2012
Entity Type: Corporation - Domestic - Non-Profit
Current Status: Good Standing

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division (unless Delinquent); and, that Articles of Dissolution have not been filed.



Kathy Berg
Director
Division of Corporations and Commercial Code

BUMBLEBEE WATER SYSTEM, INC.

Entity Number: 8393178-0140

Company Type: Corporation - Domestic - Non-Profit

Address: 352 E Riverside Dr Ste A3 Saint George, UT 84790

State of Origin:

Registered Agent: Iron Dirt LLC

Registered Agent Address:

352 E RIVERSIDE DR STE A3

Saint George, UT 84790

[View Management Team](#)

Status: Active

[Purchase Certificate of Existence](#)

Status: Active  as of 07/31/2012

Renew By: 07/31/2016

Status Description: Good Standing

The "Good Standing" status represents that a renewal has been filed, within the most recent renewal period, with the Division of Corporations and Commercial Code.

Employment Verification: Not Registered with Verify Utah

History

[View Filed Documents](#)

Registration Date: 07/31/2012

Last Renewed: 05/29/2015

Additional Information

NAICS Code: 8134 **NAICS Title:** 8134-Civic and Social Organizations

Former Business Names

HUNTER RIDGE MUTUAL WATER COMPANY

<< Back to Search Results

Search by: Business Name Number Executive Name Search Hints

Business Name:



State of Utah
DEPARTMENT OF COMMERCE
Division of Corporations & Commercial Code
Articles of Amendment to Articles of Incorporation (Non-Profit)

Date: 07/17/2013
Receipt Number: 5266741
Amount Paid: \$92.00

AMENDMENT

Entity Number: 8393178-0140 **EXPEDITE**

Non-Refundable Processing Fee: \$17.00

Pursuant to UCA §16-6a part 10, the individual named below causes this Amendment to the Articles of Incorporation to be delivered to the Utah Division of Corporations for filing, and states as follows:

- 1. The name of the corporation is: Hunter Ridge Mutual Water Company
- 2. The date the following amendment(s) was adopted: July 16, 2013
- 3. If changing the corporation name, the new name of the corporation is:
Bumblebee Water System, Inc.

4. The text of each amendment adopted (include attachment if additional space needed):
RESOLVED, that the name of the Company shall be changed to:

Bumblebee Water System, Inc.

and that the Secretary direct legal counsel to coordinate all filings with the Utah Department of Commerce, Division of Corporations and Commercial Code, to effect this amendment to the Articles of Incorporation to effect this change.

5. Indicate the manner in which the amendment(s) was adopted (mark only one):

- The amendment was adopted by the board of directors or incorporators without member action and member action was not required.
- The amendment was adopted by the members AND the number of votes cast for the amendment by each voting group entitled to vote separately on the amendment was sufficient for approval by that voting group.

6. Delayed effective date (if not to be effective upon filing) -NA- (not to exceed 90 days)

Under penalties of perjury, I declare that this Amendment of Articles of Incorporation has been examined by me and is, to the best of my knowledge and belief, true, correct and complete.

By: B. A. Blumhard Title: Incorporator
~~ATTORNEY FOR CORPORATION~~

Dated this 16th day of July, 2013

Under GRAMA (63-2-201), all registration information maintained by the Division is classified as public record. For confidentiality purposes, you may use the business entity physical address rather than the residential or private address of any individual affiliated with the entity.

Mailing/Faxing Information: www.corporations.utah.gov/contactus.html Division's Website: www.corporations.utah.gov

07-17-13A07:30 RCVD

State of Utah
Department of Commerce
Division of Corporations and Commercial Code
I hereby certified that the foregoing has been filed
and approved on this 17 day of July 2013
in this office of this Division and hereby issued
This Certificate thereof.

Examiner: h Date 7-18-13



Kathy Berg
Kathy Berg
Division Director

Non-Profit Corporation Articles
ARTICLES OF INCORPORATION
OF
Hunter Ridge Mutual Water Company

We, the undersigned natural persons all being of the age of eighteen years or more, acting as incorporators under the Utah Revised Nonprofit Corporation Act, adopt the following Articles of Incorporation for such Corporation:

Article I
Name

The name of the corporation is Hunter Ridge Mutual Water Company

Article II
Purpose

Delivery of water and maintenance of equipment used to deliver water.

To engage in any and all other lawful purposes, activities and pursuits, which are substantially similar to the foregoing and which are or may hereafter be authorized by Section 501(c)(3) of the Internal Revenue Code and are consistent with those powers described in the Utah Nonprofit Corporation and Cooperation Association Act, as amended and supplemented.

Article III
Name and Address of Registered Agent

The address of the corporation's initial registered office shall be:

352 E RIVERSIDE DR STE A3
Saint George, UT 84790

The corporation's initial registered agent at such address shall be:

Iron Dirt LLC



Article IV
Names and Addresses of Incorporators

The name(s) and address(es) of the incorporators are:

Incorporator #1
Brent A Blanchard
321 N Mall Dr Ste R201
Saint George, UT 84765
B A Blanchard (POA or AIF)
Signature

Incorporator #2
Iron Dirt LLC
352 E RIVERSIDE DR STE A3
Saint George, UT 84790
~~B A Blanchard (POA or AIF)~~
Signature

In Witness Whereof I / We have executed these Articles of Incorporation on 31 July, 2012 and say:

That they are all incorporators herein; that they have read the above and foregoing Articles of Incorporation; know the contents thereof and that the same is true to the best of their knowledge and belief, excepting as to matters herein alleged upon information and belief and as to those matters they believe to be true.

Article V
Members

The nonprofit corporation will have voting members

Article VI
Shares

The nonprofit corporation will issue shares evidencing membership or interests in water or other property rights.

The aggregate number of shares that the nonprofit corporation has authority to issue shall be 136.

Capital Stock

Class of Shares	Number of Shares	Description
Type 1: Class A Development Shares	58	In exchange for water rights transferred to Company; No right to current use of water
Type 2: Class B Use Shares	78	
		Shares with rights to use water; fractional shares authorized.

Article VII

Directors/Trustees

The name(s), address(es) and signature(s) of the director(s)/trustee(s) are:

Article VIII

The period of duration of this corporation is Perpetual

Article IX

Principal Place of Business

The street address of the principal place of the business is:

352 E Riverside Dr Ste A3
Saint George, UT, 84790

Article X

Purposes

The purposes of the Company shall include: (A) To acquire by purchase, exchange, lease, appropriation or any other means, and to own and use water rights of all types and character, including, without limitation rights to the use of water for culinary, domestic and irrigation purposes. (B) To acquire, own, develop, operate, maintain, repair, replace and renew equipment, infrastructure and facilities for the diversion, treatment, storage, conveyance and distribution of water to the corporation's stockholders. (C) To distribute water to its stockholders for their own personal use and for use on lands owned and used by the stockholders within the geographical area of the Hunter Ridge subdivision located in Iron County, Utah, as described by the plat map thereof in file in the office of the County Recorder of Iron County, Utah, and no other lands. (D) To acquire, own, hold, improve, develop, lease, mortgage, operate, maintain, sell, dispose of, and otherwise deal with all real property, personal property, fixtures, intangible property or other assets as may be necessary or useful in carrying out any purposes of the corporation. (E) To do each and every thing necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which may at any time appear conducive to or expedient for the protection or benefit of this corporation, and to do said acts as fully and to the same extent as natural persons might, or could do, in any part of the world as principals, agents, partners, trustees, or otherwise, either along or in conjunction with any other person, partnership (whether limited or general and whether as limited or general partners), association, joint venture, or corporation.

Article XI

Classes of Stock

(A) There shall be two classes of stock in the Company, namely Class A "Development Shares", and Class B "Use Shares". (B) Class A Development Shares shall be issued to landowners in the Hunter Ridge Subdivision in exchange for their deeding of water rights to the Company. Class A Shares shall have no rights of current use of water, but shall be subject to fees and assessments as set forth in the Bylaws. Upon sale of a lot to a prospective homeowner/owner-builder, the holder of Class A Shares shall transfer to the buyer sufficient Class A shares (including any fractional share) to meet the water needs of the property conveyed. Upon such sale of the lot, the Class A Development Shares shall convert to Class B Use shares. Class B shares shall be appurtenant to and inseparable from the land to which they provide a right to receive water from the Company. (C) Class B Use Shares shall carry the right to receive and use from the Company water up to the amount of one acre-foot per share, at rates set from time to time by the Board of Trustees, but subject to temporary proportional restriction in the event of drought or water-use restrictions put in place by any governmental entity or the Company. Class B Use Shares shall also be subject to assessments and fees as set forth in the Bylaws.

Under GRAMA (63-2-201), all registration information maintained by the Division is classified as public record. For confidentiality purposes, the business entity physical address may be provided rather than the residential or private address of any individual affiliated with the entity.

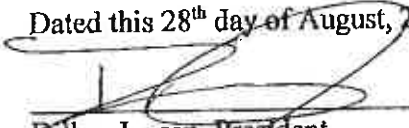
CERTIFICATION OF AMENDED BYLAWS

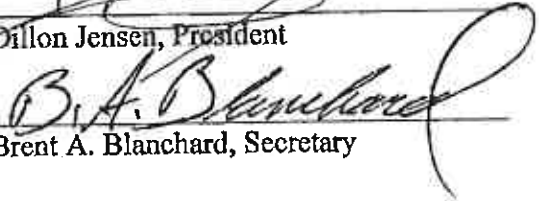
of
BUMBLEBEE WATER SYSTEM, INC.

formerly known as
Hunter Ridge Mutual Water Company

WE EACH HEREBY CERTIFY that the following Amended Bylaws of the Bumblebee Water System, Inc. (the "Company"), adopted July 30, 2013, are the current governing documents of the Company as of today's date, duly adopted and valid, and that the Company at this time is and shall be governed by them.

Dated this 28th day of August, 2013.


Dillon Jensen, President


Brent A. Blanchard, Secretary

Amended BYLAWS of BUMBLEBEE WATER SYSTEM, INC.

formerly known as
Hunter Ridge Mutual Water Company

a non-profit mutual water company
Organized under the Laws of the State of Utah

THE BYLAWS of Bumblebee Water System, Inc., a non-profit mutual water company (the "Company"), by which the Company shall be governed, are amended as follows to replace all instances of its former name to the new name of Bumblebee Water System, Inc.:

ARTICLE I

OFFICES, PURPOSE, RECORDS AND SERVICE AREA

Section 1.1 Offices. The registered office and principal place of business of the Company is:

352 E Riverside Dr Ste A3
Saint George, UT, 84790

The Board of Trustees may establish other offices from time to time, and may also change the registered office and principal place of business of the Company, from time to time by proper resolution and majority vote.

Section 1.2 Registered Agent. The registered agent of the Company is:

Iron Dirt, LLC
352 E Riverside Dr Ste A3
Saint George, UT, 84790

Section 1.3 Purpose. In addition to the general purposes listed in Articles II and X of the Company's Articles of Incorporation, the Company is committed to improving the Company's assets with the primary objective of providing the facilities and capacity to provide service to all shareholders, considering present and future fiscal and engineering constraints. All decisions regarding the timing, sequence and funding of specific improvements will be made by the Board of Trustees on the basis of professional studies and advice.

Section 1.4 Books and Records. The Company shall keep at its principal place of business the following books and records and any shareholder of record, upon written request stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose, the same and to make extracts therefrom:

(a) Its books and records of account.

(b) Its minutes of meetings of the Board of Trustees and any committees thereof.

(c) Its minutes of meetings of the shareholders.

(d) Its record of shareholders which shall give their names and addresses and the number of the shares held by each (shares shall be issued on the basis of one share per lot).

(e) Copies of its Articles of Incorporation and Bylaws as originally executed and adopted together with all subsequent amendments thereto.

Section 1.5 Financial Statements. Upon the written request of any shareholder of the Company, the Company shall mail to such shareholder its most recent annual or quarterly financial statements showing in reasonable detail its assets and liabilities and the results of its operation unless the shareholder has already received the same. Neither the Company nor any Trustee, officer, employee or agent of the Company shall be liable to the shareholder or anyone to whom the shareholder discloses the financial statement or any information contained therein for any error or omission therein whether caused without fault, by negligence or by gross negligence, unless (1) the error or omission is material, (2) the Trustee, officer, employee or agent in question knew of the error or omission and intended for the shareholder or other person to rely thereon to his or her detriment, (3) the shareholder or other persons did reasonably rely thereon, and, in addition, (4) he or she is otherwise liable under applicable law.

Section 1.6 Service Area. The Company shall only serve its stockholders who are the owners of lots within the geographical area in which the Company is authorized by the Utah State Engineer to use its water rights, which area, as of the date hereof, includes all of the lots within Blocks 1-12, inclusive, of the Sunset Subdivision, according to the official Plat or Plats thereof on file in the office of the County Recorder of Iron County, Utah, comprising a total of fifty-eight (58) lots. The Service Area may be expanded only upon valid action by the Board of Trustees and in accordance with all applicable laws and regulations of the State of Utah and the United States of America.

The current Service Area has been known, variously, as Sunset Meadows Ranches, Hunter Ridge, or the Sunset Subdivision. For the purposes of these Bylaws and the Company's relationship with the governing body of any homeowners' association formed for the Service Area, the term "Sunset Subdivision" shall mean the Service Area and/or its HOA, as the context requires.

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///

ARTICLE II

BYLAWS

Section 2.1 Amendments. These Bylaws may be altered, amended or repealed and new Bylaws adopted by the affirmative vote of a majority of the shares represented at the meeting and entitled to vote, at any meeting of shareholders called for such purpose or at any annual shareholders meeting, except that any amendment of Sections 1.3, 4.3 and 11.2 shall not be effective without the affirmative vote of the following: A majority of the shares represented at the meeting and entitled to vote on the matter and a majority of the shares owned by full-time residents of Sunset Subdivision represented at the meeting and entitled to vote on the matter. Shares owned by full-time residents of Sunset Subdivision represented at the meeting and entitled to vote on an amendment shall not be voted twice, but shall be counted both in determining whether a majority of the shares represented at the meeting has approved the matter and whether a majority of the full-time residents has approved the matter. Only those shareholders who execute and deliver to the Company a sworn affidavit confirming their full-time residency in advance of the meeting shall be considered full-time residents for purposes of this section.

Section 2.2 Bylaw Provisions Additional and Supplemental to Provisions by Law. All restrictions, limitations, requirements and other provisions of these Bylaws shall be construed, insofar as possible, as supplemental and additional to all provisions of law applicable to the subject matter thereof and shall be fully complied with in addition to the said provisions of law unless such compliance shall be illegal.

Section 2.3 Bylaw Provisions Contrary to or Inconsistent With Provisions of Law. Any article, section, subsection, subdivision, sentence, clause or phrase of these Bylaws which, upon being construed in the manner provided in Section 2.2 hereof, shall be contrary to or inconsistent with any applicable provision of law, shall not apply so long as said provisions of law shall remain in effect, but such result shall not affect the validity or applicability of any other portions of these Bylaws, it being hereby declared that these Bylaws would have been adopted and each article, section, subsection, subdivision, sentence, clause or phrase thereof, irrespective of the fact that any one or more articles, sections, subsections, subdivisions, sentences, clauses or phrases is or are illegal.

ARTICLE III

MEETINGS OF SHAREHOLDERS

Section 3.1 Place of Meetings. All meetings of the shareholders, annual or special, however called, shall be held at the principal place of business of the Company unless the Board of Trustees designates another place for the meetings, either within or without the State of Utah.

Section 3.2 Annual Meeting. An annual meeting of the shareholders shall be held at or near the second Tuesday of October, the actual date, local time and place of the meeting to be determined by the President or as directed by the Board of Trustees.

Section 3.3 Special Meetings. Special meetings of the shareholders may be called by the Chairman of the Board, the President, the Board of Trustees or the holders of not less than 25 percent of all the shares entitled to vote at the meeting.

Section 3.4 Notice of Shareholders' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the shareholder at his or her address as it appears on the books of the Company with postage thereon prepared.

Section 3.5 Waiver of Notice/Waiver of Irregularities. Any shareholder may waive notice of any meeting of shareholders, ~~(however called or noticed, whether or not called or noticed and~~ whether before, during or after the meeting) by signing a written waiver of notice or a consent to the holding of such meeting, or an approval of the minutes thereof. Attendance at a meeting, in person or by proxy, shall constitute waiver of all defects of call or notice regardless of whether waiver, consent or approval is signed. However, objection may be made during attendance at such meeting but shall be deemed cured if the objecting shareholder continues in participation in any portion of the meeting after that objection is noted for the Company's records. All such waivers consents, objections, continued participation or approvals shall be made a part of the minutes of the meeting.

Section 3.6 Fixing Record Date for Meetings. The stock books of the Company shall not be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders but, in lieu thereof, the date on which notice is given in accordance with Section 3.4 above shall be the record date for those purposes. Such date shall not be more than 50 nor less than 10 days before the date of the meeting. When a determination of shareholders entitled to vote at any meeting of shareholders has been made under this section, such determination shall apply to any adjournment thereof.

Section 3.7 Voting List. The officer or agent having charge of the stock books for shares of a corporation shall make, at least 10 days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of 10 days prior to the meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 3.8 Quorum of Shareholders, Vote. The shareholders present in person or represented by proxy shall constitute a quorum at any meeting of the shareholders. The affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Utah Nonprofit Corporation and Cooperative Association Act, other provisions of these Bylaws or the Articles of Incorporation of the Company. The shareholders present at a duly called or held meeting may continue to do business until adjournment notwithstanding the withdrawal of other shareholders prior to adjournment.

Section 3.9 Voting of Shares. Each share shall have voting rights equal with each other, and each share shall be entitled to one (1) vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the Articles of Incorporation. Treasury shares shall not be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Section 3.10 Proxies. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his or her duly authorized attorney in fact. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy, specifically providing a longer length of time for which the proxy is to continue in force, which in no case shall exceed seven years from the date of execution. Any shareholder giving a written consent, or his or her proxy, or his or her transferee or personal representative, or their respective proxies, may revoke the same prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the Company, but may not do so thereafter.

Section 3.11 Elections of Trustees. At each election for Trustees, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him or her for each Trustee individually and for whose election he or she has a right to vote. Except as limited by the qualifications set forth in Section 4.3, the candidates receiving the highest number of votes up to the number of Trustees to be elected shall be declared elected. Elections for Trustees need not be by ballot. There shall be no cumulative voting.

Section 3.12 Adjournments. Any shareholders' meeting may be adjourned from time to time by the vote of a majority of the shareholders present at such meeting or represented by proxy thereat. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original special meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which such adjournment is taken.

ARTICLE IV

TRUSTEES

Section 4.1 Exercise of Corporate Power. The business and affairs of the Company shall be managed by the Board of Trustees.

Section 4.2 Number. The number of Trustees of the Company shall not be less than three (3) nor more than nine (9). The number to serve each year may be fixed by the stockholders at the annual meeting. The initial board shall consist of three (3) Trustees, those being Incorporator Iron Dirt, LLC, Incorporator Brent A. Blanchard, and Dave Boulton.

Section 4.3 Constituency of the Board. The Board of Trustees shall be constituted as follows:

(a) If there are three or four Trustees, one Trustee shall be appointed by the Sunset Subdivision Home Owners Association, Inc. from its board of directors and the remaining Trustees shall be elected at large, with one of the at-large members being a full-time resident of Sunset Subdivision.

(b) If there are from five to eight Trustees, one Trustee shall be appointed by the Sunset Subdivision Home Owners Association, Inc. from its board of directors and the remaining Trustees shall be elected at large, with at least two of the at-large members being full-time residents of Sunset Subdivision.

(c) If there are nine Trustees, one Trustee shall be appointed by the Sunset Subdivision Home Owners Association, Inc. from its board of directors and the remaining Trustees shall be elected at large, with at least three of the at-large members being full-time residents of Sunset Subdivision.

Section 4.4 Qualification. If an insufficient number of full-time Sunset Subdivision residents are willing to serve as Trustees, then the above full-time residency requirements shall be abrogated accordingly. The qualification of full-time residency shall be established in the same manner set forth in Section 2.1, above. The other Trustees need not be residents of Utah or shareholders of the Company. The Trustees need have no other qualifications than that set forth above.

Section 4.5 Compensation. The Board of Trustees shall have authority to fix the compensation of Trustees. Such compensation so fixed shall be reported to the shareholders. Any compensation so fixed shall be for services as a Trustee only, and a Trustee who serves the Company in any other capacity may receive a separate compensation therefore.

Section 4.6 Term. The initial Board of Trustees shall serve until the first annual shareholders' meeting to be held during the calendar year 2013; whereupon, the Board of Trustees shall be constituted as provided in this Section with staggered terms of two years each. Each Trustee shall hold office for the term for which he or she is elected and until his or her successor shall have been elected and qualified.

Section 4.7 Elections. At each annual meeting where the term of a Trustee is expiring, the shareholders shall elect Trustees, provided that if for any reason said annual meeting or an adjournment thereof is not held or the Trustees are not elected thereat, then the Trustees may be elected at any special meeting of the shareholders called and held for that purpose.

Section 4.8 Vacancies. A vacancy or vacancies in the Board of Trustees shall exist in case of the

death, resignation or removal of any Trustees, or if the authorized number of Trustees is increased, or if the shareholders fail, or any annual or special meeting at which any Trustee is elected, to elect the full authorized number of Trustees to be voted for at that meeting. Also, the Board of Trustees may declare vacant the office of a Trustee if he or she is found to be of unsound mind by an order of a court of competent jurisdiction or convicted of a felony or misdemeanor involving moral turpitude or if, within 60 days after notice of his or her election, he or she does not accept the office either in writing or by attending a meeting of the Board of Trustees. Any vacancy occurring may be filled by the affirmative vote of a majority of the remaining Trustees (or a sole remaining Trustee) although less than a quorum. A Trustee elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, or if there was no predecessor, until the date set under these Bylaws for the next annual meeting and until his or her successor is elected, subject to the constituency requirements of Section 4.3 above. Any vacancy created by reason of the removal of one or more Trustees by the shareholders may be filled by election of the shareholders at the meeting at which the Trustee or Trustees are removed.

Section 4.9 Removal. At a meeting expressly called for that purpose one or more Trustees may be removed by a vote of a majority of the shares entitled to vote at an election of Trustees.

Section 4.10 Regular Meetings. A regular meeting of the Board of Trustees shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Trustees may provide, by resolution, the time and place, either within or without the State of Utah, for the holding of additional regular meetings without other notice than such resolution.

Section 4.11 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of the President or any two Trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix any place, either within or without the State of Utah, as the place for holding any special meeting of the Board of Trustees called by them.

Section 4.12 Notice of Special Meetings. Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally or mailed to each Trustee at his or her business address, or by facsimile or by personal telephone call to the Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by facsimile, such notice shall be deemed to be delivered when the confirmation of successful transmission of the facsimiles is received. Any Trustee may waive notice of any meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Trustees need be specified in the notice or waiver of notice of such meeting.

Section 4.13 Quorum. A majority of the number of Trustees fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, but if

less than a majority of the number of Trustees is present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice.

Section 4.14 Manner of Acting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 4.15 Presumption of Assent. A Trustee of the Company who is present at a meeting of the Board of Trustees at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file their 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 certified or registered mail to the Secretary of the Company within two (2) business days after the adjournment of the meeting. Such right of dissent shall not apply to a Trustee who voted in favor of such action.

Section 4.16 Informal Action by Trustees. The Board of Trustees may take any action that is required or permitted to be taken at a meeting of the Board if a written consent, setting forth the action to be taken, is signed by all of the then-current Trustees. Such written consent may be executed in counterparts, which together shall be deemed one original, and shall be made part of the Company's official records.

Section 4.17 Committees. The Board of Trustees by resolution adopted by the majority of the number of Trustees fixed by the Bylaws may designate a committee or committees consisting of not fewer than two Trustees, which committee or committees, to the extent provided in such resolution, shall have and may exercise all the authority therein provided; but the designation of such committee or committees and the delegation thereto of authority shall not operate to relieve the Board of Trustees, or any member thereof, of any responsibility imposed upon it or him or her by law.

Section 4.18 Appointment of Trustees by Developer. Notwithstanding the provisions above, the Developer shall be entitled to appoint all members of the Board of Trustees until more than fifty percent (50%) of the lots in the Development Area are sold by the Developer to others.

ARTICLE V

OFFICERS

Section 5.1 Election and Qualifications. The officers of this Company shall consist of a President and a Secretary/Treasurer, with a Vice President, and separate Secretary and a Treasurer authorized and constituted at the sole discretion of the Board of Trustees, each such officer whom shall be elected by the Board of Trustees at the meeting of the Board of Trustees next following the annual meeting of the shareholders (or at any meeting if an office is vacant) and such other officers, including a Chairman of the Board of Trustees, and assistant officers and agents, as the Board of Trustees shall deem necessary, who shall be elected and shall hold their offices for such terms as the Board of Trustees may prescribe. Any two or more offices may be

held by the same person except those of President and Secretary. Any Vice President, assistant Treasurer or assistant Secretary, respectively, may exercise any of the powers of the President, the Treasurer, or the Secretary, respectively, as directed by the Board of Trustees and shall perform such other duties as are imposed upon him or her by the Bylaws or the Board of Trustees.

Section 5.2 Term of Office and Compensation. The term of office for each of said officers shall be one year or until his or her successor is elected, unless he or she shall sooner resign or be removed or otherwise be disqualified to serve. The salary, if any, of each of said officers and the manner and time of the payment of such salaries shall be fixed and determined by the Board of Trustees and may be altered by said Board from time to time at its pleasure.

Section 5.3 Removal and Vacancies. Any officer of the Company may be removed by the Board of Trustees at any meeting whenever in its judgment the best interests of the Company will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If any vacancy occurs in any office of the Company, the Board of Trustees may elect a successor to fill such vacancy for the remainder of the unexpired term and until his or her successor is duly chosen and qualified.

Section 5.4. Powers and Duties. The powers and duties of the officers of the Company are as follows:

(a) Chairman of the Board of Trustees. The Chairman of the Board of Trustees, if there be one, shall have the power to preside at all meetings of the Board of Trustees and shall have such other powers and shall be subject to such other duties as the Board of Trustees may from time to time prescribe.

(b) President. The President of the Company shall act as the chief executive officer of the Company and, subject to the control of the Board of Trustees, shall have general supervision, direction and control of the business and affairs of the Company. The President shall have the power and authority:

(i) To preside at all meetings of the shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Trustees.

(ii) To call meetings of the shareholders and also of the Board of Trustees to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper.

(iii) To affix the signature of the Company to all deeds, conveyances, mortgages, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Trustees or which, in the judgment of the President, should be executed on behalf of the Company and do not require

such authorization and, subject to the direction of the Board of Trustees, to have general charge of the property of the Company and to supervise and control all officers, agents and employees of the Company.

(c) President Pro Tem. If neither the Chairman of the Board, the President, nor the Vice President is present at any meeting of the Board of Trustees, a president pro tem may be chosen to preside and act at such meeting. If neither the President nor the Vice President is present at any meeting of the shareholders, a president pro tem may be chosen to preside at such meeting.

(d) Vice President. In case of absence, disability or death of the President, the Vice President shall exercise all his or her powers and perform all his or her duties. The vice President shall have such other powers and perform such other duties as may be granted or prescribed by the Board of Trustees.

(e) Secretary. The powers and duties of the Secretary are:

(i) To keep a book of minutes at the principal place of business of the Company, or such other place as the Board of Trustees may order, of all meetings of its Trustees and shareholders with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Trustees' meetings, the number of shares present or represented by shareholders' meetings and the proceedings thereof.

(ii) To keep the seal of the Company (if one is acquired) and to affix the same to all instruments which may require it.

(iii) To keep or cause to be kept at the principal place of business of the Company, or at the office of the transfer agent or agents, a share register, or duplicate share registers, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificate issues for shares, and the number and date of cancellation of every certificate surrendered for cancellation.

(iv) To keep or cause to be kept at the principal place of business of the Company the books and records required by Section 1.3(b), (c), (d) and (e) above.

(v) To make a proper record of the issuance of shares of stock of the Company.

(vi) To transfer upon the share books of the Company any and all shares of the Company; provided, that so long as the Company shall have one or more duly appointed and acting transfer agents of the shares of the Company, such duties with respect to such shares shall be performed by such transfer agent or transfer agents, and the method of transfer of shares shall be subject to the reasonable regulations of the transfer agent to which the stock is presented for transfer, and

also, if the Company then has one or more duly appointed and acting registrars, to the reasonable regulations of the registrar to which the new share is presented for registration; and provided, further, that no share of stock shall be issued unless it has been authorized as provided herein.

(vii) To make service and publication of all notices that may be necessary or proper, and without command or direction from anyone. In case of the absence, disability, refusal or neglect of the Secretary to make service or publication of any notices, then such notices may be served and/or published by the President or a Vice President, or by any person thereunto authorized by either of them or by the Board of Trustees or by the holders of a majority of the outstanding shares of the Company.

(viii) To prepare the voting lists required by Section 3.7 above.

(ix) Generally to do and perform all such duties as pertain to the office of secretary and as may be required by the Board of Trustees.

(f) Treasurer. The powers and duties of the Treasurer are:

(i) To supervise and control the keeping and maintaining of adequate and correct accounts of the Company's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus, including earned surplus, paid-in surplus and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any Trustee and by any shareholder as provided in Section 1.3 above.

(ii) To keep or cause to be kept at the registered office of the Company the books and records required by Section 1.3(a) above.

(iii) To have the custody of all funds, securities, evidences of indebtedness and other valuable documents of the Company and, at his or her discretion, to cause any or all thereof to be deposited for the account of the Company with such depository as may be designated from time to time by the Board of Trustees.

(iv) To receive or cause to be received, and to give or cause to be given, receipts and acquittances for moneys paid in for the account of the Company.

(v) To disburse, or cause to be disbursed, all funds of the Company as may be directed by the Board of Trustees, taking proper vouchers for such disbursements.

(vi) To render to the President and to the Board of Trustees, whenever they may require, accounts of all transactions as Treasurer and of the financial condition of

the Company.

(vii) Generally to do and perform all such duties as pertain to the office of treasurer and as may be required by the Board of Trustees.

ARTICLE VI

SHARES

Section 6.1. Issuance of Shares. Stock shall be issued according to the Articles of Incorporation in two classes (in Article XI thereof), in book entry form, evidencing the shareholders' ownership interest in the legal rights and facilities owned by the corporation and the right to use water pursuant to the water rights held in the name of the corporation on behalf of its shareholders, in conformance with the following:

(a) 58 Class A Development Shares shall be issued immediately to Iron Dirt, LLC as the Developer of the Service Area, while the 78 Class B Use Shares shall spring into existence and be issued to individual lot-owners upon the sale of each such lot to that owner, as one share per lot as a conversion of one Class A Development Share from the Developer as set forth in the Articles. The Company anticipates that the Developer will acquire at least an additional 14.7768 acre-feet of water rights, and up to 17.7768 acre-feet of water rights, for issuance as additional Class A Developer Shares upon transfer to the Company for later conversion into additional Class B Use Shares, or such additional water rights to be transferred directly to purchasers of lots in the Service Area or Expanded Service Area as Class B Use Shares;

(b) The Developer may, at its sole discretion, include compensation for transfer and conversion of its Class A Development Share to a Class B Use Share in the Company upon the sale of each lot to each purchaser thereof. As each sale of a lot in the Service Area is anticipated to be an independent result of a commercially reasonable arms-length transaction, no such valuation or structure of transaction shall be deemed or construed as a precedent for any later such valuation or transaction.

(c) The conversion of each Class A Development Share into a Class B Use Share in the Company shall include making each such Class B share appurtenant to and inseparable from the land to which they provide a right to receive water from the Company.

Except for the Developers, and as provided in Article XI, Stock shall only be issued to the owners of lots within Sunset Subdivision. In the event that the Service Area's uses and/or lot subdivision(s) change, or the Service area later expands to include the following, Class B Use Shares shall be governed as follows:

(1) In the case of condominiums, townhouses and other such multi-family unit projects, one share shall be issued for each single family residence or single family dwelling unit associated with such condominium, or townhouse project,

which share shall be appurtenant to and transferred with said residence or unit.

(2) No use of lands in the Service area nor in any expansion of the Service Area is anticipated to include apartment dwellings.

The current Service Area consists of only lots on which single-family homes will be constructed.

(d) Each share of Class B Use Stock shall entitle its holder to one connection to the corporation's water distribution system and the delivery of up to one acre-foot of Company water subject to the provisions of the Articles of Incorporation and these Bylaws.

(e) The Company shall not issue shares to any person or entity, unless the Company has ~~adequate water system capacity at the time of issuance of such shares to provide such~~ water service as may be reasonably required by any county, state or other regulatory authority.

(f) The amount of water distributed per share shall be subject to annual adjustment by the Board of Trustees during the course of any given year depending upon the available water supply, including the effect of regulatory or governmental agency action affecting the Company's water rights. In an average year, each shareholder who owns residential land or units connected with said shares shall be entitled to have water delivered through the Company's water system up to a maximum of amount to be set by the Board of Trustees, for each share owned and each unit or lot owned, (or a lesser amount of not less than the amount required under state law, county ordinance, or other regulation for a single residential lot or unit if a Water Service agreement provides such lower amount). Shareholders may use water in excess of the amount that they are entitled to under these Bylaws so long as water is available, but the Company shall not be obligated to provide excess water. The water rights and water system capacity to be owned by the Company shall be based on the amount that the shareholders are entitled to receive pursuant to this Section. The Company shall not be liable for any failure of water service, including, but not limited to, failure of the system, shortages, droughts, acts of God, accidents or other causes which result in the loss of water service.

Section 6.2. Appurtenancy of Shares. Shares of stock, when issued, shall become an appurtenance to the lot upon which it is to be used.

(a) The stock record book of the Company, with respect to each share, shall describe, by lot or unit number, as the case may be, the single residential lot, single family residence or single family unit to which such share is appurtenant. Shares may also be appurtenant to other property on the basis of residential equivalents established by the Company's Board of Trustees.

(b) No person may own more than one share stock for each residence, a residential lot, or

residential unit served by the water system. The number of such shares owned by any owner of other property served by the water system shall be determined by the Board of Trustees, or by mutual agreement.

(c) Each share of stock shall be freely transferable with the lot or other property to which it is appurtenant, and must be transferred with said lot or other property. Shares of stock shall not be separated from the lot or other property to which the stock is appurtenant and shall not be transferrable for use on any lot or other property, other than the lot to which it is appurtenant without the express written approval of the Board of Trustees, which approval shall be within the sole and absolute discretion of the Board of Trustees. Separation of stock shares from the land to which it is appurtenant is expressly authorized in the event of levy and sale by the Company as set forth in Article VII below.

ARTICLE VII

ASSESSMENTS AND CONNECTION FEES

Section 7.1 Power to Levy Assessments. The Board of Trustees shall have the power to levy the assessments herein provided, to shut off the water to that residence, lot, unit or property to which the share of stock is appurtenant where an assessment remains unpaid, as herein provided, and to take all steps necessary to collect assessments, including giving public notice of delinquencies and selling at auction any stock with unpaid assessments.

Section 7.2 Annual Assessments. The Board of Trustees, on or before January 31 of each year, shall determine the amount necessary to cover (i) the costs of purchasing, using, leasing or obtaining water, (ii) the costs of operating, improving, repairing and maintaining the water system, (iii) establishing and funding a reserve fund to cover major repairs, improvements and replacement of the water system, (iv) the costs of taxes and insurance on the water system and the Company, and (v) all costs necessary or desirable to enable the Company to perform or fulfill its obligations, functions and purposes under its Articles of Incorporation and Bylaws, and shall make and levy an assessment against the Company's outstanding stock. In the event the Board of Trustees does not timely levy an assessment as provided herein, the level of the prior year's assessment shall apply in the new year. Assessments for basic water usage shall be levied against all shares of stock on a pro rata basis.

Section 7.3 Special Assessments. The Board of Trustees may levy special assessments for the purpose of defraying, in whole or in part, (i) any corporation expenses not reasonably capable of being fully paid with funds generated by regular periodic assessments, (ii) the costs of any unexpectedly required repair or replacement of any part of the water system, (iii) the construction, reconstruction, repair, or any improvement of the water system for the common benefit of all of the properties served by the water system.

Section 7.4 Levy of Assessments, Payment Dates. Assessments on shares of stock shall be levied by the Board of Trustees at a meeting held for that purpose, with the assessments payable in monthly installments, as billed, on or before the last day of each month. The Board of Trustees

shall have the power and authority to establish a base usage assessment payable by all stockholders with additional charges to be assessed for usage of water in excess of the base assessment. The order levying the assessment shall specify (i) the amount, (ii) when, to whom and where payable, and (iii) the date on which an unpaid assessment shall be delinquent, which date must not be less than 30 nor more than 60 days from the time the assessment becomes due, provided that all outstanding annual and special assessments shall be delinquent if not paid on or before January 31 of each year. The annual assessment and levy may be modified at any time by the Board of Trustees at a meeting called for that purpose, where such action is reasonably necessary.

Section 7.5 Notice of Levy. Notice of orders of levy, in a form approved by the Board of Trustees, shall be served on all shareholders by personal service or by mailing in the regular U.S. Mail a copy of the notice to the shareholder's residence, or the most recent address provided by shareholder and recorded on the records of the Company.

Section 7.6 Form of Notice, Interest. The notice referred to in Section 7.5 above shall contain the following information:

- (a) The name of the Company.
- (b) The amount of the assessment(s).
- (c) The date of the assessment(s).
- (d) When, to whom and where payable.
- (e) The date an unpaid assessment becomes delinquent.
- (f) That shares represented by delinquent assessments shall be advertised for sale at public auction.
- (g) That delinquent assessments will bear interest at the rate of 1.5 percent per month and the shareholder shall be responsible for all advertising and collection costs and expenses including attorneys' fees.

Section 7.7 Delinquent Assessments. If any portion of an assessment mentioned in the notice remains unpaid on the day specified therein when the assessment becomes delinquent, the Secretary shall prepare a list of all delinquent stock and shall publish the same in a newspaper of local circulation. The Notice of Delinquency shall be published in a form approved by the Board of Trustees. The Notice of Delinquency shall be published for at least two (2) weeks prior to the date of sale of the stock for delinquent assessments, and the first publication of said notice shall be published at least fifteen (15) days prior to the actual date of the sale of the stock as set forth in the notice. In addition, the Secretary shall also mail an Individual Notice of Delinquency to each of the stockholders identified in the Notice of Delinquency to be published as herein above set forth. The Individual Notice of Delinquency shall be in a form approved by the Board of

Trustees. The notice of delinquency may also state that if the assessment is not fully paid within 10 days of the date of the notice, then the Company shall have the right to immediately shut off the water to that residence, lot, unit or property, to which the share of stock is appurtenant and on which the assessment has not been paid, and further that if the assessment remains unpaid on the date set for delinquency, then the shares will be advertised for sale at public auction and the delinquent assessment amount will bear interest at the rate of 1.5 percent per month and the shareholder shall be responsible for all advertising and collection costs and expenses including attorneys' fees.

Section 7.8 Publication. The publication of the Notice of Delinquency shall vest jurisdiction in the Company to sell and convey free and clear title of all stock listed therein for the purpose of paying the past due assessments and all interest, expenses of advertising and sale, and attorney's fees incurred by the Company.

Section 7.9 Sale of Stock. The stock described in the Notice of Delinquency shall be sold to the highest bidder at public auction, upon the date and at the time set forth in the original Notice of Assessment. The Company shall only sell as much stock as is required to cover the amount of all past due assessments and the costs and expenses of sale. The Company is authorized to purchase the shares itself in consideration for all past due assessments. The Company may resell such shares at any time, but only to the owner of the lot to which such shares were appurtenant, or to the successor in interest of such owner, for a price that reflects 110 percent of the amount of the past due assessments (including assessments that would have accrued while the stock is held by the Company), together with accrued interest, expenses of advertising and sale and attorney's fees incurred by the Company. The sale and assignment of stock shall be in a form approved by the Board of Trustees.

Section 7.10 Affidavits of Sale. Upon conclusion of the sale, the Secretary of the Company shall file three (3) affidavits within the corporate records. The first affidavit, entitled "Affidavit of Assessment", shall state that the Secretary mailed the notice of order levying assessments as required by statute. The second affidavit, entitled : "Affidavit of Sale of Stock", shall state that the stock sale occurred at the time and place as set forth in the Notice of Order Levying Assessments and Notice of Delinquency, and set forth the particular quantity of stock sold, for whom and for what price the stock was sold, and acknowledge that the money was paid and received. In addition, the Secretary of the Company shall obtain from the publisher of the newspaper that published the Notice of Delinquency an affidavit, known as a "Proof of Publication", which indicates that the notice was published in the paper, the dates of publication, etc. All three (3) of the aforesaid affidavits shall be in a form approved by the Board of Trustees and shall be maintained with the permanent corporate records. A notice shall also be recorded by the Company in the office of the Iron County Recorder declaring that the stock has been sold, that the lot no longer has an appurtenant water share and is not entitled to the delivery of water, and setting forth the terms on which the share may be repurchased by the lot owner.

Section 7.11 Landlord or Lessor Shall Be Primarily Liable for All Assessments. The legal owner of any rented property being served by the Company shall appear as the record owner of the share of stock and shall be held primarily responsible to the Company for payment of the annual stock

assessment. The Company may request payment of any annual stock assessment from the tenant of any lot in the Service Area when the owner thereof is delinquent in payment thereof, but such request shall never be construed to be an affirmative or mandatory duty of the Company and shall also never be construed to relieve the property's owner of the duty to pay all assessments.

Section 7.12 Connection Fees. The Board shall have authority to levy and collect a connection fee for new connections to the Company system.

(a) No shareholder shall be allowed to connect onto the Company system, nor take water therefrom, until he or she has paid the required connection fee. The amount of the connection fee shall be determined by the Board of Trustees from time to time by separate resolution of the Board of Trustees.

(b) The Company may allocate out of each connection fee received a reasonable amount ~~for future reservoir construction and deposit that amount into a separate fund for the~~ construction of additional storage and other facilities as may be required by the Company. The remaining fee shall be allocated towards the actual cost of the water meter and the connection.

(c) The water user shall pay for the meter box, shut-off valves, gauges and for the costs incurred in the actual physical connection to the system and the inspection of that connection by the Company's personnel. All meters shall be installed by licensed plumbers.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1 Instruments in Writing. All checks, drafts, demands for money and notes of the Company, and all written contracts of the Company, shall be signed by such officer or officers, agent or agents, as the Board of Trustees may from time to time by resolution designate. No officer, agent, or employee of the Company shall have power to bind the Company by contract or otherwise unless authorized to do so by these Bylaws or by the Board of Trustees.

Section 8.2 Fiscal Year. The fiscal year of this Company shall be the calendar year unless otherwise provided for by resolution of the Board of Trustees.

Section 8.3 Shares Held by the Company. Shares in other corporations held in the name of the Company may be voted or represented and all rights incident thereto may be exercised on behalf of this Company by any officer of this Company authorized so to do by resolution of the Board of Trustees.

Section 8.4 Certificates of Stock. Shares may be issued without certificates as allowed by Utah law. As appropriate, the Company may issue to holders of fully paid shares of stock of the Company a certificate or certificates evidencing such shares. If certificates are issued:

(a) Each such certificate shall be either (a) signed by the President or a Vice President and the Secretary or an assistant Secretary of the Company and countersigned by a transfer agent of the Company (if the Company shall then have a transfer agent) and registered by a registrar of the shares of capital stock of the Company (if the Company shall then have a registrar); or (b) authenticated by facsimile of the signature of the President and the written signature of the Secretary or an assistant Secretary and countersigned by a transfer agent of the Company and registered by a registrar of the shares of the capital stock of the Company.

(b) Where the owner of any certificate for shares of the capital stock of the Company claims that the certificate has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place of the original certificate if the owner (a) so requests before the Company has notice that the original certificate has been acquired by a bona fide purchaser, (b) files with the Company an indemnity bond in such form and in such amount as shall be approved by the President or a Vice President of the Company, and (c) satisfies any other reasonable requirements imposed by the Company. The Board of Trustees may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

Section 8.5 Water Shortage Response. The Company shall have the authority to address water shortages as determined by the Board of Trustees and/or the President as hereinafter provided.

(a) Emergency Response. The President of the Company shall have the authority to issue an order prohibiting or limiting the use of water for outside uses and nonessential inside uses in the event of an emergency water shortage resulting from damage to the water system or water system failures. The President shall cause notice of such order to be given to all shareholders who have connections to the water system and such orders shall be effective upon such notice.

(b) Drought Response. The Board of Trustees may address shortages in water supply, including shortages resulting from drought conditions and/or other long-term causes, by imposing water conservation requirements for shareholders connected to the water system. Such conservation requirements may include, by way of example but not by way of limitation: (i) limiting outside watering to certain days of the week and/or certain hours of the day; and/or (ii) prohibiting certain uses. The Board of Trustees shall cause notice of such conservation requirements to be given to all shareholders.

(c) Enforcement. The Board of Trustees may adopt rules for enforcing violations of water shortage response orders or conservation requirements. Such rules may provide for monetary penalties for violations and for discontinuance of water service for serious repeated or continuing violations. No penalties shall be imposed for violations by shareholders who have not been given notice of the water shortage response orders or requirements.

Section 8.6 Water Delivery Agreements. The Company may require all owners of Company stock to enter into water delivery agreements to further define the rights and obligations of the shareholders in connection with the delivery of water from the water system. The water delivery agreements shall provide for the payment by the owner of the costs necessary to extend the water system to the property to which the shares are to be appurtenant. Such water delivery agreements shall in all respects be consistent with the Articles of Incorporation and these Bylaws.

Section 8.7 Meters Authorized but Not Required. All uses of water from the Company's system may be metered, as determined by the Board of Trustees, except for fire protection water, which will not be metered.

Section 8.8 One Structure Per Meter. If and when meters are authorized and installed, not more than one structure or building shall be connected to any one water meter without the prior written approval of the Board of Trustees.

Section 8.9 Additions or Improvements to System. Any additions or improvements to the water system shall only be made or accepted by the Company upon approval of the Board of Trustees. The Board of Trustees shall have the right to establish such standards and requirements for additions to the water system as they may deem reasonable and necessary to maintain the engineering integrity and usability of the system.

Section 8.10 Insurance. Company shall carry with standard insurance companies and in amounts determined appropriate by the Board of Trustees to the Bank the following insurance, naming the Bank as an additional insured: (i) worker's compensation insurance and public liability and property damage insurance in respect of all activities in which Company might incur personal liability for the death or injury to an employee or third person, or damage to or destruction of another's property; and (ii) casualty insurance for the replacement value or costs of the water system against loss or damage by risks customarily covered with respect to such water systems.

Section 8.11 Dissolution. In the event of dissolution, each shareholder of the Company shall receive a proportionate share of the Company's property and assets, including gains from the sale of appreciated assets, in proportion to the amount of business done with the Company by each shareholder during the period the assets were owned by the Company, insofar as is practicable.

Section 8.12 Maintenance and Service Contracts. The Board of Trustees shall have authority to enter into written contracts for operation and maintenance of the Company's water distribution system with such individuals, companies or contractors as the Board of Trustees may, in its discretion, deem suitable.

(a) The services to be provided under such contracts may, for guidance, include, but need not be limited to, the following:

(i) Monitor and maintain, on a regular basis, the following facilities and equipment of the Company, and recommend repairs and improvements to the same, as necessary, to the Board of Trustees:

- (1) all wells and pumps (including, water depth and flow);
- (2) all water storage reservoirs (including flushing the same on a quarterly basis), and all related telemetry, radio and other signaling equipment;
- (3) all fire hydrants (including flushing the same); and
- (4) all pipelines, valves, water meters and related equipment;

(ii) Read all water meters send all meter readings and calculations to the individual or entity designated by the Company to perform accounting services;

(iii) Monitor water demand for new home construction sites, and purchase and install water meters for each new lot to be served;

(iv) Monitor and report excess water usage on new home construction sites during the construction period;

(v) Take water samples, submit the samples to the appropriate laboratory for analysis in conformance with all applicable State and local law, and give a monthly report of the results of the analysis to the Board of Trustees;

(vi) Meet and cooperate with State and local water officials, submit appropriate reports as required, and immediately report any deficiencies and other notable matters pertaining to the Company's water system and water quality; and

(vii) Perform all other activities and functions as may be required, by the Board of Trustees and otherwise, to effectively and efficiently operate and manage the water system of the Company.

(b) Remuneration and other terms and conditions pertaining to such contracts shall be determined by the Board of Trustees in its sole discretion.

ARTICLE IX

TRUSTEES' CONDUCT

Section 9.1 Interested Parties. No contracts or other transactions between the Company and any other trust, organization or corporation shall in any way be affected or invalidated by the fact that any of the Trustees of the Company are pecuniarily or otherwise interested in, or are trustees, directors or officers of, such other trust organization or corporation.

Section 9.2 Notice of Interest. Any Trustee individually, or any trust, organization or corporation with which any Trustee may be associated, may be a party to or may be pecuniarily or otherwise

interested in any contracts or transactions of the Company, provided that the fact that he or she or such trust, organization or corporation is so interested shall be disclosed or shall have been known to the Board of Trustees or a majority thereof.

Section 9.3 Quorum. Any Trustee of the Company who is also a trustee, director or officer of such other trust, organization or corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Board of Trustees of the Company which shall authorize any such contracts or transactions with like force and effect as if he or she were not such trustee, director or officer of such other trust, organization or corporation, or not so interested.

ARTICLE X

INDEMNIFICATION

Section 10.1 Judgments. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he or she is or was a Trustee, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 10.2 Defense Costs; Application to Court. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he or she is or was a Trustee, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Company unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case,

such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 10.3 Defense Costs; Successful Defense. To the extent that a Trustee, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 9.1 or 9.2 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 10.4 Authorization. Any indemnification under Sections 10.1 or 10.2 of this Article (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Trustee, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 10.1 or 10.2. Such determination shall be made by the Board of Trustees by a majority vote of a quorum of the Trustees, or by the shareholders.

Section 10.5 Advancement of Costs. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 10.4 of this Article upon receipt of an undertaking by or on behalf of the Trustee, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Company as authorized herein.

Section 10.6 Survival of Rights. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of shareholders or disinterested Trustees or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Trustee, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 10.7 Liability Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of this Article.

ARTICLE XI

SERVICE TO NEW LANDS

Section 11.1 Application for Service to New Lands. No individual, firm, corporation or association shall be permitted to connect onto the Company's water mains, or to receive service from the Company, until a formal written application for service has been received by the

Company, and the Company has accepted the application in writing, in conformance with the following:

(a) The land to be served shall be contiguous to the current service area of the Company.

(b) The application shall indicate the number of water connections the applicant will require (calculated at the rate of one connection per lot).

(c) Applicant shall also submit a master plan of developer's proposed development.

(i) The Company's engineers shall review the proposed master plan to evaluate the water requirements of the proposed development, and the availability of water rights and source capacity of the Company to service the proposed development. If the Company lacks sufficient water and water rights and water sources capacity to serve the new development, the application for service shall be denied unless the applicant agrees to and does transfer to the Company water and water rights and/or source capacity acceptable to the Company in an amount sufficient to serve applicant's proposed development on a year-round basis.

(ii) If sufficient water rights and source capacity are available for year-round service to applicant's development, the Company shall give a letter of commitment or intent to serve applicant's proposed development, indicating therein that an adequate supply of domestic water is available, and that the Company shall issue to applicant one share for each residential lot subject to compliance with these and all other applicable rules and regulations of the Company by the applicant and his or her successors-in-interest.

11.2 Conditions Precedent to Service to New Developments. Each applicant requesting service to a new development must comply with all of the following conditions precedent in order to obtain water service from the Company.

(a) If the Company lacks water rights to serve the proposed development, applicant must obtain and perfect its own year-round culinary water rights, acceptable to the Company, of sufficient quantity to satisfy current Utah State Engineer and Utah State Department of Environmental Quality requirements and these rules and regulations for applicant's intended development.

(i) Applicant shall transfer to the Company, without cost, and by an appropriate instrument of conveyance acceptable in form to the Company, all water rights comprising applicant's culinary water supply, free and clear of all liens and encumbrances, except as may be expressly approved and accepted by the Company in writing.

(ii) Thereafter, the Company shall be the record owner of the water rights involved, and the water represented thereby. The water shall then be commingled

and become a part of the water rights and source of supply of the Company, through which all of its shareholders will be served, including applicant's development.

(iii) Upon conveyance of the water rights, the Company shall issue shares of stock to the applicant in number equal to the number of lots within applicant's intended development to be served, at the rate of one (1) share per lot.

(b) If the company lacks the required well capacity to serve applicant's proposed development, applicant shall transfer to Company a well or other suitable water source. Each water source to be transferred to the Company shall have first been approved as to quality and suitability for culinary use within the Company by the Utah State Department of Environmental Quality prior to the transfer of the same into the Company. The quantity available for use and the producing capacity and drawdown curve of any well to be transferred into the Company shall also be certified by a qualified professional engineer. Title to the well and all easements and appurtenances thereto shall be conveyed by deed and bill of sale, acceptable in form to the Company.

(c) Applicant shall construct at its sole expense, all extensions of and/or improvements to the Company's main water distribution lines required to serve applicant's development.

(i) Applicant shall enter into a standard line extension agreement with the Company, which shall govern the terms and conditions under which said main extensions shall be made by applicant and under which proportionate reimbursement from third parties who might connect onto the extended main line may be obtained. This extension shall be constructed in accordance with the Company engineer's inspection, approval and acceptance in order to insure that the extended system will be compatible with the existing system. Applicant shall carry the extended line to a point prescribed by the Company, in accordance with Company plans and specifications, in order to facilitate the orderly development of the next contiguous tract of land.

(ii) The Company may, in its sole discretion, deem it necessary to construct excess capacity into an extended main line to facilitate and allow anticipated growth in the immediate area. In that case, applicant shall construct said excess capacity into the extended line, in accordance with the Company's plans and specifications, and at applicant's sole expense; provided, however, that the Company, through the provisions of the line extension agreement required by this section, shall provide for the proportionate reimbursement to the applicant for the costs of engineering, construction and expansion of this excess line capacity, in accordance with a separate cost participation agreement.

(iii) Other third parties may subsequently connect to an extended main line. The Company shall require these third parties to pay a proportionate share of the original costs of constructing this extended main line. The Company, in

accordance with the line extension agreement required by this section, shall make proportionate reimbursement to the applicant who constructed the extended main line from these funds.

(d) Applicant shall construct at its sole expense the water delivery system within the development parcel, including any required lift stations, storage, treatment and other appurtenant facilities to serve applicant's proposed development. These lines and facilities shall be constructed in accordance with plans and specifications approved by the Company. Lift stations and storage facilities shall be placed at an elevation which will be compatible with any lift stations, storage facilities and pressure zones already existing or which may now or later be proposed as part of the Company's water distribution and storage system.

(e) Applicant shall fully encase all wells and equip each well as required to serve its development, in conformance with all federal, state and local laws and regulations, at its sole expense. If applicant's water supply originates in springs or other surface supplies, applicant will perform all development work necessary and obtain at applicant's expense all required easements above the spring to protect the water source and insure the culinary quality of the water withdrawn from it. In the event treatment facilities are required, applicant shall construct and install the same at its sole expense.

(f) Where possible, provision shall be made for the construction of all extension and distribution lines within public or community streets and easements. However, where the extensions must cross private property where easements do not already exist, applicant shall obtain, at applicant's sole expense, all required and necessary easements for all distribution and main line extensions, and appurtenant facilities, and title to any required storage or well sites, along with the perpetual rights of ingress and egress for operation, maintenance, repair and replacement of the same and convey the same, without cost, to the Company.

(g) Upon compliance with all of the foregoing terms and conditions, applicant shall convey to the Company, free and clear of all liens and encumbrances except for those specifically agreed to in writing by the Company, by a conveyancing instrument acceptable to the Company, the following items pertaining to the new development:

(i) any extension of the Company's main water distribution lines;

(ii) the water distribution system and all appurtenant facilities specifically including but not limited to any well and well equipment, pumps, lift stations, and storage facilities;

(iii) title to all storage and well sites, together with any and all easements and appurtenances in connection therewith; and all pipeline easements and rights-of-ways;

(iv) all required water and water rights.

ARTICLE XII

SAVINGS CLAUSE/SEVERABILITY

If any section, subsection, sentence, clause or phrase these rules and regulations is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of these Bylaws, which shall remain binding and enforceable against the shareholders of the Company.

ARTICLE XIII

COMPANY ASSETS

13.1 Claim to Assets. The Company may hold, retain, change the nature of, purchase, trade for, barter for, or otherwise acquire and dispose of such assets as the Board of Trustees shall determine to be in the best interests of the Company and its Shareholders. Initially, the Company has and claims an interest in the land upon which the wellhead or point of diversion for the water rights which are governed by these Bylaws, and all related equipment, piping, materials, supplies, delivery system(s) and other assets on the Service Area, and further claims rights to any and all existing or future easements, including easements by necessity or of any other nature over any land upon which those assets are located. This claim includes both tangible and intangible assets as they may currently or in the future exist related to the purposes of the Company.

13.2 Turnover of Assets to Homeowners Association. Upon the sale of the first lot by the Developer which results in more than half (50%) of the lots in the Service Area being owned by anyone other than the Developer, the Company shall divest itself of all right and title to the physical assets of water production and delivery, and transfer them by appropriate instrument or other writing or action to the homeowners association responsible for governance of the Service Area, that currently being the Sunset Subdivision Home Owners Association, Inc, a Utah non-profit corporation, or its successor-in-interest. The Board of Trustees may but is not required to retain ownership of any intangible assets, including but not limited to its name, goodwill, or other assets which in the Board's sole discretion may be deemed fitting and proper to retain for the benefit of the Company.

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ARTICLE XIV

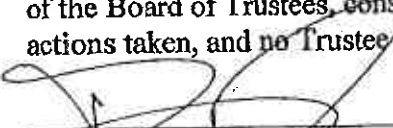
EFFECTIVE DATE

These Bylaws shall be in full force and effect from and after a state of passage and adoption by the Board of Trustees of the Bumblebee Water System, Inc., that being July 30, 2013.

END OF BYLAWS

CERTIFICATE OF ADOPTION

These Amended Bylaws were adopted by the shareholders at a special meeting of the Board of Trustees on July 30, 2013. Fifty-Eight (58) shares of stock were represented at the meeting by attendance, and they confirmed the appointment of the initial Board of Trustees. Two Members of the Board of Trustees, constituting a quorum, voted in favor of the Bylaws and all other actions taken, and no Trustee voted against the Amended Bylaws and all other actions taken.


Dillon Jensen, President


Brent A. Blanchard, Secretary

EXHIBIT “B”

Government Compliance Documents



BUSINESS LICENSE

NUMBER 000526

FROM Jan 01, 2016 TO Dec 31, 2016

Pursuant to Utah Code Annotated, * 17-53-216(2)(1953, as amended),

And by ordinance passed by the Board Of County Commissioners of the County of Iron, State of Utah,

This license is issued to: BUMBLEBEE WATER SYSTEM, INC

To carry on the business of WATER SYSTEM FOR SUNSET MEADOWS SUBDIVISION

at 8951 W 3400 SOUTH, CEDAR CITY UT 84720 Iron County, Utah

commencing on the 1st day of January, 2016 and ending on

the 31st day of December 2016, subject to the provisions of the applicable Iron County

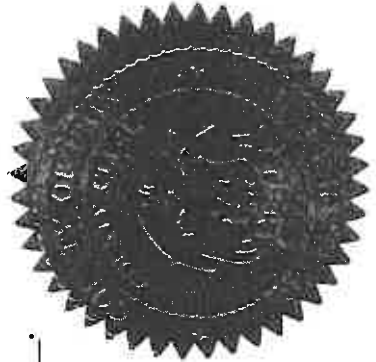
Ordinance authorizing the Board of County Commissioners of the County of Iron to issue this license, and having paid

the applicable license fee for said business in the sum of 50.00 dollars. Given under my hand and seal

this 6th day of January 2016.

Clerk of Iron County

By Cynthia K. Robinson



Bumblebee Water Systems, Inc.

Original Registration Date: 01/22/2016

Last Modified Date: 01/22/2016

Association - Bumblebee Water Systems, Inc. Edit

HOA Number: HOA091035171592
 Address: 352 East Riverside Dr., Ste A3
 City: St. George
 State: UT
 Zip: 84790

Chair - Dillon Jensen Edit

Address: 740 Chaparral Dr.
 City: Mesquite
 State: NV
 Zip: 89027
 Telephone: 702-346-1174
 Email: dillon@buiidinmesquite.com

Manager - George Mason Edit

Address: 3278 South 8800 West
 City: Cedar City
 State: UT
 Zip: 84720
 Telephone: 435-590-8169

Primary Contact - George Mason Edit

Address: 3278 South 8800 West
 City: Cedar City
 State: UT
 Zip: 84720
 Telephone: 435-590-8169
 Fax:
 Email: georm@aol.com



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

September 11, 2013

George R. Mason
Bumblebee Water System
352 East Riverside Drive, Suite A3
St. George, UT 84790

Dear Mr. Mason:

Subject: **After-the-Fact Plan Approval and Operating Permit, Water System #11089**
File #7372 – Bumblebee Well #1 (WS001)
File #7428 – Bumblebee Storage Tank (ST001)
File #7429 – Bumblebee Booster Station (PF001)

On August 7, 2013, the Division of Drinking Water (the Division) received your request for the operating permit for the Bumblebee Water System (Water System #11089) from your consultant, Bulloch Brothers Engineering. This project includes all of the facilities for a drinking water system including Bumblebee Well #1 (identified as WS001 in the Division's database), the Bumblebee Storage Tank (ST001), the Bumblebee Booster Station (PF001), and the Bumblebee distribution system (DS001) for the entire Sunset Subdivision located in Iron County, Utah.

This project (File #7372) was initiated when plans and specifications were received in April 2006 for drilling the well. A Project Notification Form was later received by the Division on August 15, 2006, for drilling the well. It appears that drilling had commenced as a grout seal procedure was witnessed on December 13, 2006, despite the fact that plan approval had not yet been issued nor had the source protection Preliminary Evaluation Report (PER) been approved. The PER concurrence was issued for the well on November 28, 2007.

Project Notification Forms were received by the Division on October 20, 2007, for a Public Water System Capacity Assessment (File #7427), a 280,000-gallon bolted steel tank (File #7428), and the water distribution system including a booster pump station (File #7429). There is no record of the Division issuing plan approval for any of these project file numbers.

On March 10, 2011, Paul Wright, P.E., District Engineer, met with the new project owners about starting this project back up. It was discovered that all of the facilities for this water system had been built but the project was stopped due to lack of funding back in 2007. The new project owners were meeting to find out what was required to get this system approved. On March 18, 2013, Paul Wright, P.E., District Engineer, conducted a site visit to determine the current status of all of the facilities with

regards to meeting Division of Drinking Water rules for construction of new facilities. A punch list of items needing to be addressed was prepared, and sent to you on March 18, 2013. A follow-up site visit was performed on May 20, 2013 to verify that the facilities met the current Drinking Water Rules. Hydraulic water modeling results were received by the Division on May 6, 2013. They were reviewed and found to meet the hydraulic modeling requirements set forth in the Drinking Water Rules for meeting minimum pressure requirements. A capacity assessment form was filled out by you, and sent to the Division on August 1, 2013. An approval letter for the capacity assessment (File #7427) was sent to you on August 22, 2013.

Our understanding of the project is as follows:

File #7372 – Bumblebee Well #1 (WS001)

The well was drilled to a total depth of 480 feet. The borehole is 15 inches in diameter extending the length of the hole with an 8 5/8 inch diameter permanent casing. Approximately 200 feet of screen is placed at varying depths starting at 160 feet below the ground surface down to 480 feet. The well has a grout seal from the ground surface to 100 feet deep. The well is equipped with a submersible pump that is capable of pumping 100 gallons per minute to the tank. The well is also equipped with a pitless adapter and secure well enclosure.

File #7428 – Bumblebee Storage Tank (ST001)

The storage tank is a 280,000-gallon bolted steel tank with proper coatings. The tank has all necessary appurtenances including safely located ladders and railings, a shoebox style access hatch with gasket, an air vent, and overflow.

File #7429 – Bumblebee Distribution System (DS001)

The distribution system includes approximately 27,000 linear feet of 8-inch PVC C900 Class 150 pipe including air-vac valves, fire hydrants, and other appurtenances. The system also includes a booster station (**referenced as PF001 in our inventory**). The booster station provides all pressure in the water system and is therefore also provided with a transfer switch for a backup generator in the event of a power outage. The booster station is equipped with a 3 hp jockey pump, 2-25 hp operating pumps, and a 75 hp high capacity fire flow pump. These pumps all operate on a variable frequency drive. The booster station includes all other required valving and appurtenances.

We have received the following information for the Bumblebee water system and all of the facilities described above:

1. Documentation of valid water right(s).
2. Design engineer's statement of conformance with approval conditions.
3. Design engineer's statement of conformance with the Rule for any deviation from the plan approval.
4. Evidence of O&M manual delivery.
5. As-built drawings.
6. Recorded land use agreements
7. Satisfactory bacteriological results.


We have determined that all conditions of operating permit issuance have been met. On this basis, an **Operating Permit for the Bumblebee Water System (System #11089) and each of the facilities described above including the Bumblebee Well #1 (WS001), the Bumblebee Storage Tank (ST001), the Bumblebee Booster Station (PF001) and the Bumblebee Distribution System (DS001) is hereby issued as constituted by this letter.** You may now place these facilities in service in your water system.

The equipped well pump capacity of Bumblebee Well #1 is 100 gallons per minute (gpm). The safe yield of Bumblebee Well #1 is rated at 133 gpm, which is calculated based on two-thirds of the constant-rate well pump test results at 200 gpm. The safe yield of 133 gpm typically would be the basis for determining the maximum number of connections that the Bumblebee Well #1 can serve. In this case, even though the safe yield is rated at 133 gpm, the equipped pump capacity of 100 gpm is the physical limiting factor of well capacity.

This water system is currently listed as an active non-public water system. When this system serves at least 8 connections or 25 or more people year round, it will become a public community system and its drinking water facilities will be changed to "active" status. At that time, this water system must comply with the monitoring, sampling, and reporting requirements. The distribution system samples will include lead and copper, and total coliform. The source samples will include volatile organics, pesticides, radionuclides, inorganics and metals, sodium, sulfate, total dissolved solids (TDS), and nitrate. The sampling frequencies are different for each and will be specified at the time the system becomes public. If you have questions about sampling requirements please contact Rachael Cassady, at (801) 536-4467 or rcassady@utah.gov.

Please maintain a copy of this letter with your permanent records for future reference. If you have any questions regarding this operating permit, please contact J. Paul Wright, P.E., Southwest District Engineer, at (435) 986-2590 or Ying-Ying Macauley, Engineering Section Manager, of this office, at (801) 536-4188.

Sincerely,

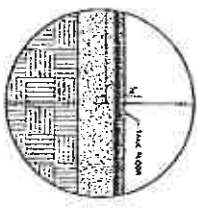
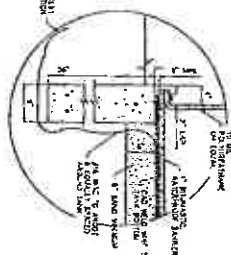
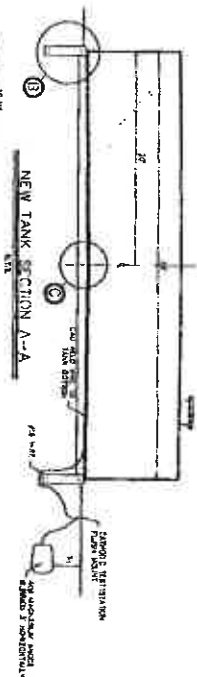


Kenneth H. Bousfield, P.E.
Director

JPW

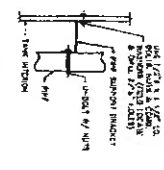
Enclosures — Inventory Report

cc: Robert Beers, Env. Director, Southwest Utah Public Health Dept., rbeers@swuhealth.org
George Mason, Bumblebee Water System operator, georm@aol.com
Daniel R. Bulloch, P.E., Bulloch Brothers Engineering, PO Box 3174, Cedar City, UT 84721
J. Paul Wright, P.E., DEQ Southwest District Office, pwright@utah.gov
Shauna Benvegna-Springer, Division of Public Utilities, sbenvegn@utah.gov
Kate Johnson, Division of Drinking Water, katej@utah.gov
Rachael Cassady, Division of Drinking Water, rcassady@utah.gov



DETAIL B
SCALE 1/4"

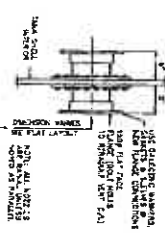
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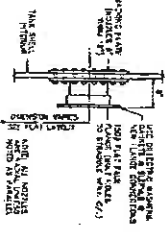
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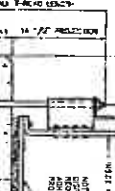
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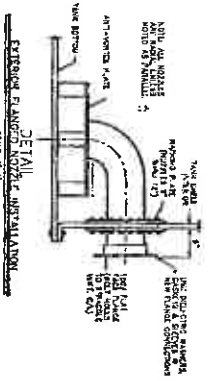
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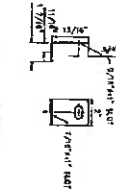
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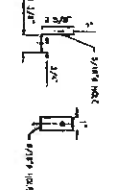
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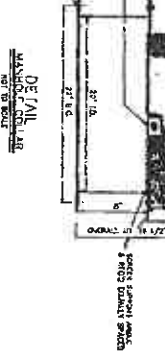
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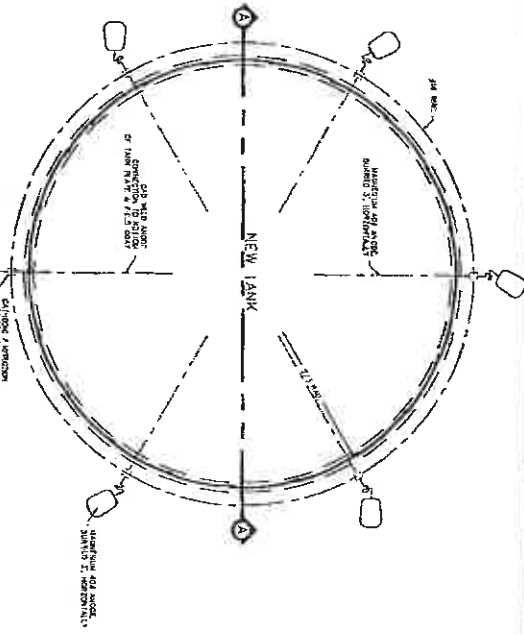
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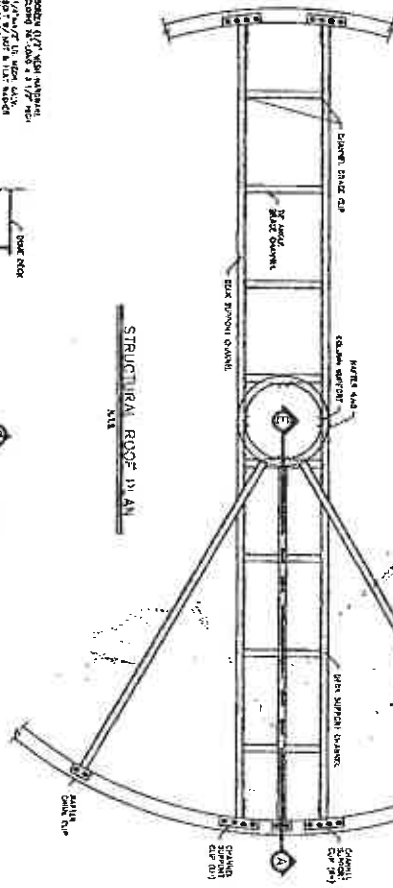
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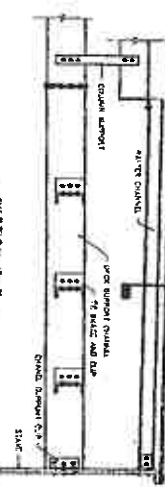
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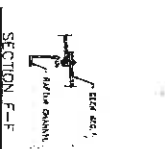
NEW TANK PLAN
SCALE 1/4"



STRUCTURAL ROOF IN PLAN
SCALE 1/4"



SECTION E-E
SCALE 1/4"



SECTION F-F
SCALE 1/4"

BOLTED STEEL TANK DETAILS SUNSET SUBDIVISION FOR BRUCE ROWLEY LOCATED IN SEC. 31 & 32 TOWNS R12W & SEC. 5 & 6, T37S, R12W, 12M, IRON COUNTY, UTAH		BULLOCH BROTHERS ENGINEERING INC. CIVIL ENGINEERS-LAND SURVEYORS- LAND PLANNERS 700 WEST PLEASANT GROVE, SUITE 300 PLEASANT GROVE, UT 84068 (801) 795-3401		REVISIONS <table border="1"> <thead> <tr> <th>NO.</th> <th>DESCRIPTION</th> <th>DATE</th> <th>BY</th> <th>APPROVED</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		NO.	DESCRIPTION	DATE	BY	APPROVED															
NO.	DESCRIPTION	DATE	BY	APPROVED																					

00647206

B: 1273 P: 1698 Fee \$12.00
Debbie B. Johnson, Iron County Recorder Page 1 of 2
08/30/2013 03:24:23 PM By IRON DIRT LLC



When Recorded Mail to:

Brent A. Blanchard, Esq.
BLANCHARD LEGAL SOLUTIONS, PC
321 North Mall Drive Suite R201
St. George UT 84790

Correction Water Right Deed

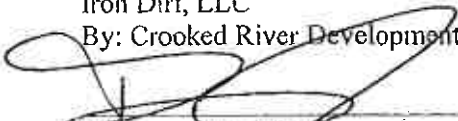
Grantors, Bumblebee Water System, Inc. and Iron Dirt, LLC, acting by and through it's Manager Crooked River Development, LLC do hereby convey with all warranties to **BUMBLEBEE WATER SYSTEM, INC.** (formerly known as "Hunter Ridge Mutual Water Company" a Utah non-profit corporation), Grantee, of Washington County, State of Utah, for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the follow described portions of it's water right located in Iron County, State of Utah:

58 Acre feet of underground water from Water Right Number 73-3540 for proposed uses of 55 Domestic Uses, 55 ELU of Livestock Water, Irrigation of 7.1775 acres under Change Application No. a32564 and 3 acre feet from the Pond and Fish Culture portion.

Note: This deed is given to correct the uses of the water under the change application on that certain water right deed recorded July 25, 2013 as En try No. 00645904 in Book 1271 at Page 514 of Official Iron County Records.

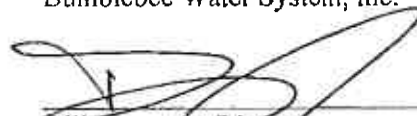
WITNESS the hand of said Grantors this _____ day of August, 2013.

Iron Dirt, LLC
By: Crooked River Development, LLC, it Manager



Dillon Jensen, Manager of Crooked River
Development, LLC

Bumblebee Water System, Inc.




Dillon Jensen, Director

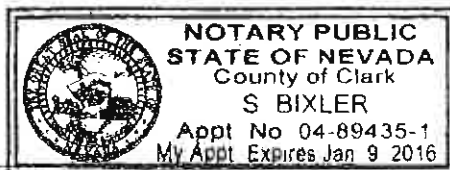
State of Nevada)
)ss
County of Clark)

On the 30 day of August, 2013, personally appeared before me, Dillon Jensen, acting as manager of Crooked River Development, LLC, that LLC being Manager of the Grantor, Iron Dirt, LLC and does hereby represent that he is the signer of the within instrument in the capacity and authority therein stated and who duly acknowledged to me that he executed the same for the uses and purposes therein.

My Commission Expires: 1976



Notary Public
Residing in: Clark Co



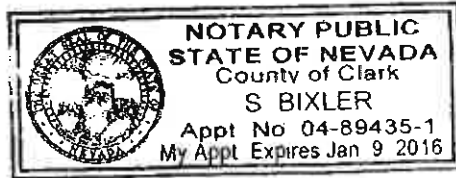
State of Nevada)
)ss
County of Clark)

On the 3rd day of August, 2013, personally appeared before me, Dillon Jensen, acting as director of Bumblebee Water System, Inc. and does hereby represent that he is the signer of the within instrument in the capacity and authority therein stated and who duly acknowledged to me that he executed the same for the uses and purposes therein.



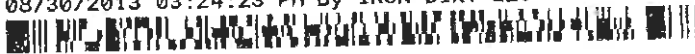
Notary Public
Residing in: Claw

My Commission Expires: 1-9-16



00647206

B: 1273 P: 1699 Fee \$12.00
Debbie B. Johnson, Iron County Recorder Page 2 of 2
08/30/2013 03:24:23 PM By IRON DIRT LLC



REPORT OF WATER RIGHT CONVEYANCE

\$40 Fee Rec'd BY _____

Receipt # _____

USE THIS CONVEYANCE REPORT FORM WHEN ONLY A PORTION OF THE WATER RIGHT IS CONVEYED.

WATER RIGHT # 73-3540

COPY

Pending Change Application(s) : a32564

SECTION A. WATER RIGHT INTEREST CONVEYED

1. New Owner(s) Bumblebee Water System, Inc.

2. Mailing Address Blanchard Legal Solutions, PC 321 North Mall Drive, Suite R201 St. George UT 84790

The above party(s) own the following portions of the water right as described above :

3. Beneficial Uses	Sole Supply Limit	
Irrigation	<u>7.569</u>	(acres)
Stockwatering	<u>58</u>	(ELUs)
Domestic	<u>58</u>	(families)
Municipal	_____	(ac ft)
Industrial	_____	(ac ft)
Other	_____	_____

4. Diversion Limit (acre feet) 58 acre ft.

5. Special Conditions of Conveyances _____

The above party(s) own the following hereafter portions of the change applications listed above.

6. Beneficial Uses	Total		Sole Supply Limit	
Irrigation	<u>7.569</u>	(acres)	<u>7.569</u>	(acres)
Stockwatering	<u>58</u>	(ELUs)	<u>58</u>	(ELUs)
Domestic	<u>58</u>	(families)	<u>58</u>	(families)
Municipal	_____	(ac ft)	_____	(ac ft)
Industrial	_____	(ac ft)	_____	(ac ft)
Other	_____	_____	_____	_____

7. Diversion Limit (acre-feet) 58 acre feet

8. Special Conditions of Conveyances Related To Change Applications _____

This report is only to update ownership interest records. If a change is desired in any other aspect of the water right, a change application must be filed.

SECTION D. CONVEYANCE SUMMARY SHEET 1 WATER RIGHT # 73-3540

USE THIS SUMMARY ONLY A PORTION OF THE WATER RIGHT IS CONVEYED.

1. Assignment Warranty Deed Quitclaim Deed Sheriff's Deed Trustee's Deed Water Deed
 Other : _____

2. Date Signed 07 / 23 / 2013 Date Recorded 07 / 25 / 2013
 Book 1271 Page # 514 Recorder's # 00645904 ()

3. Grantor Iron Dirt, LLC

4. Portion of Beneficial Uses Conveyed

	<u>From Water Right</u>		<u>From Pending Change Applications</u>	
	Sole Supply Limit		Sole Supply Limit	
Irrigation	<u>7.569</u>	(acres)	<u>7.569</u>	(acres)
Stockwatering	<u>58</u>	(ELUs)	<u>58</u>	(ELUs)
Domestic	<u>58</u>	(families)	<u>58</u>	(families)
Municipal	_____	(ac ft)	_____	(ac ft)
Industrial	_____	(ac ft)	_____	(ac ft)
Other	_____		_____	

5. Diversion Limit (acre-feet) 58 acre ft.

6. Grantee(s) Bumblebee Water System, Inc.

7. Mailing Address : Blanchard Legal Solutions, PC, 321 North Mall Drive Suite R201, St. George UT 84790

8. Special Conditions of Conveyance _____

1. Assignment Warranty Deed Quitclaim Deed Sheriff's Deed Trustee's Deed Water Deed
 Other : _____

2. Date Signed ___/___/___ Date Recorded ___/___/___
 Book _____ Page # _____ Recorder's # _____

3. Grantor _____

4. Portion of Beneficial Uses Conveyed

	<u>From Water Right</u>		<u>From Pending Change Applications</u>	
	Sole Supply Limit		Sole Supply Limit	
Irrigation	_____	(acres)	_____	(acres)
Stockwatering	_____	(ELUs)	_____	(ELUs)
Domestic	_____	(families)	_____	(families)
Municipal	_____	(ac ft)	_____	(ac ft)
Industrial	_____	(ac ft)	_____	(ac ft)
Other	_____		_____	

5. Diversion Limit (acre-feet) _____

6. Grantee(s) _____

7. Mailing Address : _____

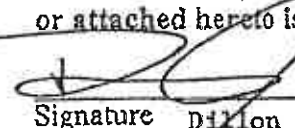
8. Special Conditions of Conveyance _____

REPORT OF WATER RIGHT CONVEYANCE

WATER RIGHT # (One and only one) 73-3540

SECTION B. CERTIFICATION

I, Bumblebee Water System, Inc., certify that I retained Cedar Land Title, Inc. to prepare and submit this Report of Water Right Conveyance on my behalf as the owner (grantee) described in Section A or as the representative of the current owners described in Section A. If this report was prepared as authorized by Administrative Rule R655-3-3, I further certify that the information contained herein, or attached hereto is true and accurate to the best of my knowledge.


Signature Dillon Jensen

7/23/2013
Date

702-808-1264
Phone #

FOR LICENSED PROFESSIONALS ONLY

I, Mitchell Schoppmann, certify that I am licensed as a Title Insurance Agent in the State of Utah, that my license number is 43312, that I have reviewed the attached documents and have prepared this Report of Water Right Conveyance or that it was done under my direct supervision, and that the information contained herein or attached hereto is true and accurate to the best of my knowledge. I further certify that the documents attached hereto evidence the ownership interest of the New Owner(s), named in Section A, in the water right interest listed in Section A:

Signature _____

Date _____

435-586-9984
Phone #

Address: 415 N. Main, Ste. 205 Cedar City UT 84721

This report was prepared for the purpose of updating the records of the Division of Water Rights. This report is not a title opinion based on a complete title search. It does not warrant or guarantee title to water rights.

SECTION C. DIVISION OF WATER RIGHTS - FOR OFFICIAL USE ONLY

Received: / /

Filed: / / Reviewed By: _____

Database Changed: / /

By: _____

File Changed: / /

By: _____

New File Number based on Segregation _____

Remarks: _____

AMOUNT OF WATER RIGHT RETAINED _____

No agency of the State of Utah warrants or guarantees title to certain water rights. The water right ownership information of record in the Division of Water Rights concerning this water is based on the information which has been submitted by this Report of Water Right Conveyance.

REPORT OF WATER RIGHT CONVEYANCE



Search

Select Related Information

(WARNING: Water Rights makes NO claims as to the accuracy of this data.) RUN DATE: 01/16/2016

WATER RIGHT: 73-3540 APPLICATION/CLAIM NO.: CERT. NO.:
CHANGES: a31430 (Filed: 05/08/2006) Withdrawn
a32564 (Filed: 03/02/2007) Approved

OWNERSHIP*****

NAME: Bumblebee Water System, Inc.
ADDR: Blanchard Legal Solutions
PC, 321 N. Mall Drive, Ste R201
St George UT 84790
REMARKS: 58 Acft., 14.5 acre

NAME: Iron Dirt, LLC
ADDR: 352 East Riverside Drive, Suite A3
St. George UT 84790
REMARKS: 2.2232 AF., 0.5558 acre

NAME: New Year Holdings LLC
ADDR: PO Box 911269
St. George UT 84790
REMARKS: 14.7768 AF: 3.6942 acs irr

DATES, ETC.*****

LAND OWNED BY APPLICANT? COUNTY TAX ID#:
FILED: PRIORITY: / /1914|PUB BEGAN: |PUB ENDED: |NEWSPAPER:
ProtestEnd: |PROTESTED: [No]|HEARNG HLD: |SE ACTION: []|ActionDate: |PROOF DUE:
EXTENSION: |ELEC/PROOF: []|ELEC/PROOF: |CERT/WUC: |LAP, ETC: |LAPS LETTER:
RUSH LETTR: |RENOVATE: |RECON REQ: |TYPE: []
PD BOOK: [73-]|MAP: []|PUB DATE:
*TYPE -- DOCUMENT -- STATUS--
Type of Right: Diligence Claim Source of Info: Ownership Segregation Status: Water User's Claim

LOCATION OF WATER RIGHT*** (Points of Diversion: Click on Location to access PLAT Program.)*****MAP VIEW***GOOGLE VIEW*

FLOW: 75.0 acre-feet
SOURCE: Underground Water Well
COUNTY: Iron COMMON DESCRIPTION:

POINT OF DIVERSION -- UNDERGROUND: (Click Well ID# link for more well data.)
(1) N 2000 ft E 1080 ft from S4 cor, Sec 29, T 36S, R 12W, SLEB
DIAMETER OF WELL: ins. DEPTH: to ft. YEAR DRILLED: WELL LOG? No WELL ID#:

USES OF WATER RIGHT***** ELU -- Equivalent Livestock Unit (cow, horse, etc.) ***** EDU -- Equivalent Domestic Unit or 1 Family
(The Beneficial Use Amount is the quantity of Use that this Water Right contributes to the Group Total.)

SUPPLEMENTAL GROUP NO.: 633725
IRRIGATION: 18.75 acres PERIOD OF USE: 03/15 TO 10/31

Table with 4 columns: PLACE OF USE, NORTH WEST QUARTER, NORTH EAST QUARTER, SOUTH WEST QUARTER, SOUTH EAST. Row 1: Sec 29 T 36S R 12W SLEB * X X

SEGREGATION HISTORY*****

This Right was Segregated from 73-230, with Appl#: , Approval Date: / / under which Proof is to be submitted.
This Right as originally filed:
FLOW IN QUANTITY IN *-----WATER USES-----*
CFS ACRE-FEET IRRIGATED STOCK DOMESTIC MUNICIPAL MINING POWER OTHER
75.0 18.7500 (ELUs) (FAMILIES) (*-----ACRE-FEET-----*)
Segregated for change application to be filed.

*****END OF DATA*****

EXHIBIT “C”

Plat Map of Subdivision

Map #2

Service Area, "Sunset Subdivision", to be served by Bumblebee Water System, Inc. under this Tariff

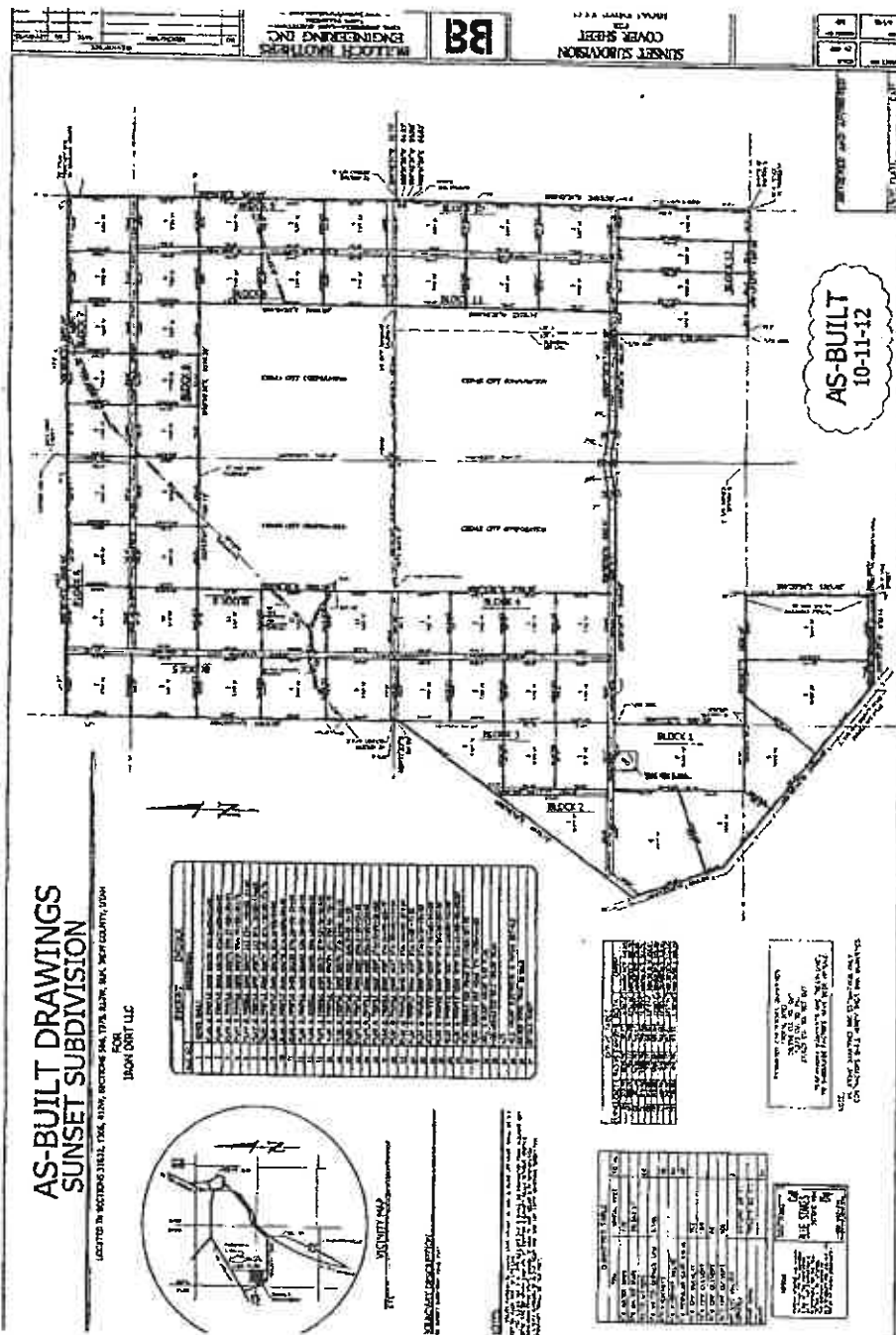


EXHIBIT “D”

Map of Distance to Cedar City



Google earth

miles
km

10

8



Ten Miles to Cedar City

EXHIBIT “E”

Policy and Billing Collections Schedule or Rates

BUMBLEBEE WATER SYSTEM, INC.
POLICY OF BILLING AND COLLECTION

Adopted by the Board of Directors - Effective January 1, 2016

All home sites/lots shall be billed by their Lot Number.

All water meters shall belong to each lot owner and all costs incurred in purchasing and maintaining the same shall be the responsibility of the lot owner. Notwithstanding the same, Bumblebee Water System, Inc. reserves the right to make all repairs to the waterworks from the delivery system to and including the water meter. All waterworks from the water meter to the residence shall be the responsibility of the lot owner. Bumblebee Water System, Inc. reserves the right to terminate water to any lot in accordance with the provisions contained herein or the Rules and Regulations.

All water meters will be of the same basic make and style as set forth herein.

ADOPTED SCHEDULE OF RATES:

Basic Monthly Water Rate For Serviceable Lot:

1-12,000 Gallons	\$.60 per 1,000 gallons
12,001 - 20,000 Gallons	\$.75 per 1,000 gallons
20,001 - 30,000 Gallons	\$1.00 per 1,000 gallons
30,001 + Gallons	\$1.50 per 1,000 gallons

Water Usage Based on Basic Monthly Water Rate for Serviceable Lot:

INVOICING:

Bills covering the use of water will be rendered every quarter on the first week of the respective billing period and shall be due 30 days after billing. A late fee of \$14.00 will be charged if payment is not received by thirty (30) days of the billing invoice.

When any property becomes delinquent in payment of the water billing for two (2) consecutive quarters, the resident will be notified by being given a ten (10) day written notice that the water will be turned off at the water meter. In addition to the ten (10) day notice, a (48) hour notice will be posted on the property of the delinquent Owner prior to turn off. If the bill remains unpaid, the water will be turned off. If a lot owner is to be absent for any extended period of time, payment of the water fees may be made in advance.

A turn-on fee of \$50.00 will be charged to all properties that have had water turned off as a result of delinquent payment once the account is brought current. Company reserves the right to require a deposit at the time of turn-on if usage was terminated due to unpaid payments.

UNBUILT/UNIMPROVED LOTS:

It will be the policy of the Bumblebee Water System, Inc. to bill each unbuilt lot owner that portion of the basic charge which is for general operating expenses (also referred to as standby fees), which is beneficial to all lot owners exclusive of actual water use. These fees include fire protection, costs and ongoing maintenance of the water works system.

Invoices for these charges will be rendered quarterly. Based on current rates, the annual bill for normal usage is approximately \$480.00 for full service. The invoices will be due within thirty (30) days of issuance. Any unpaid invoices can result in a lien being filed against the property, in addition to discontinuance of water service.

WATER CONNECTION FEES:

The charge or connection fee for a lot owner to connect to the Bumblebee Water System, Inc. water system is \$3,000, which is due and payable upon approval of architectural plans and prior to construction.

The right is reserved by the Bumblebee Water System, Inc. to amend or add to these policies as such charges are approved by the Bumblebee Water System, Inc. Board of Directors. No fees shall be utilized for personal purpose. All fees shall be used for the benefit of the Company and its members.

WATER METER:

The lot owner shall use the water meter identified in Exhibit A. No other water meter shall be used without the express consent of the Company's Board of Directors. It is vital for the benefit of all lot owners that the system remain consistent and universal for ease of maintenance of the system.

RULES AND REGULATIONS:

The Company shall be regulated by an adopted set of Rules and Regulations. These Rules and Regulations shall govern the specifications and standards under which the Water Company and the lot owners shall operated. The Rules and Regulations are attached as Exhibit B.

SCHEDULE OF RATES, RULES AND REGULATIONS

Issued:
By:

Effective January 1, 2016

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WATER SERVICE RATE SCHEDULE

Applicability

This water schedule is applicable to the entire service area of Bumblebee Water System, Inc., ("Company") for the purposes of providing water service for culinary purposes at one point of delivery for each lot.

Rates as herein set forth shall apply to each consumer unit. A consumer unit is defined as a single unit dwelling, establishment or concern that might apply for culinary water service for domestic purposes.

The following rate is for a period of twelve (12) month(s).

<u>Usage</u>	<u>Charges</u>
1-12,000 Gallons	\$.60 per 1,000 gallons
12,0001 - 20,000 Gallons	\$.75 per 1,000 gallons
20,001 - 30,000 Gallons	\$1.00 per 1,000 gallons
30,001 + Gallons	\$1.50 per 1,000 gallons

Service Connection Charges

1" Service to Property Line One-time charge for each service requiring new meter installation (This does not include lot owners cost for installing the waterline and fire hydrant on each lot commencing at the right-of-way line to the fire hydrant and water meter.)	\$3,000.00
Temporary Service Turn-off	\$50.00
Reconnection Fee	\$250.00
Account Transfer Fee	\$25.00
Meter Test Fee	\$10.00

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RULES AND REGULATIONS

1. Connections: No unauthorized person shall tap any water main or distribution pipe of the Company or insert therein any corporation cock, stop cock or any other fixture or appliance; or alter or disturb any service pipe, corporation stop, curb stop, gate valve, hydrant, water meter or any other part of the waterworks system or attachment thereto. No person shall, without first obtaining a permit from the Company, connect or disconnect any service pipe to or from the mains or distribution pipes of said waterworks system nor to or from any other service pipe now or hereafter connected with said system; nor make any repairs to, additions to, or alterations of any such service pipe, tap, stop cock, or any other fixture or attachment connected with any such service pipe.

2. Application for Permit: A permit shall be obtained from the Company before any service connection can be made to any part of the waterworks system or before any water work can be performed upon old or new connections. Such permit shall be issued upon written application on forms obtainable from the company. Applicants for water service shall furnish, lay, and install, at their own expense, all that portion of the service not provided by the Company, subject however, to the supervision and inspection of the Company.

3. Metering of Service: All water delivered by the Company to its customers shall be metered through water meters. Meters may be checked, inspected, or adjusted at the discretion of the Company, and shall not be opened or adjusted except by authorized representatives of the Company. Only authorized representatives of the Company shall open meter boxes to turn on or off water except in case of emergency or when special permission is given by the Company.

4. Meter Adjustments: If the meter fails to register at any time, the water delivered during such a period shall be billed at the minimum rate. In the event a meter is found to be recording at less than 97 percent or more than 103 percent of actual, the Company may make such adjustments in the customer's previous bill as are just and fair under the circumstances.

5. Service Connections: Any party desiring to obtain a supply of water from the Company shall make application in writing. The service connection charges shown in this tariff, in the amount of \$3,000.00, include a meter, a meter box, a cover, and a valved service line to the property line. The meter and meter box will be located as directed by the Company. All materials furnished by the Company shall remain the property thereof. All funds shall be retained for the benefit of the shareholders to insure financial stability of system.

6. Service Line: All service line materials and installation shall be provided by the applicant. Installation shall be inspected and approved by the Company before the service line trench is back filled. The applicant shall provide a shut-off valve on each service line in an accessible location separate from the water meter box.

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7. Water Use Restriction: The owner or occupant of any building or premises entitled to the use of water from the Company shall not supply water to any other building or premises without written permission of the Company.

8. Service Turn-on and Turn-off: Only authorized representatives of the Company shall turn on or off water at the meter box except in case of emergency or when special permission is granted by the Company. Service may be turned off by the Company when so requested by the applicant or when the applicant fails to abide by these regulations. Whenever the water is turned off at any premises, it shall be turned on again only upon payment in full of the applicable charge shown in the rate schedule.

9. Disruption Liability: The Company shall use reasonable diligence to provide continuous water service to its customers, and shall make a reasonable effort to furnish them with a clean, pure supply of water, but the Company shall not be held liable for damages to any water user by reason of any stoppage or interruption of the water supply caused by scarcity of water; accidents to works; water main alterations, additions or repairs; acts of God or other unavoidable causes.

10. Damage to Facilities: Costs of any damage resulting from the failure of the owner, agent or tenant to properly protect the water meter or other facilities of the Company or owner which is installed upon premises supplied with water shall be assessed against such owner, agent or tenant. Water consumers shall not tamper with or remove the meter, or interfere with the reading thereof.

11.a. Reading of Meters: All meters shall be read by the Company as early in the spring and as late in the fall as shall be practicable, and during the period in between. The charges for the period between the last meter reading in the fall and the first meter reading in the spring shall be estimated based upon previous consumption and shall be adjusted on the bill for the first meter reading in the spring. The charges during the remaining billing periods shall be based upon meter readings, except as provided for in paragraph 4 herein above.

11.b. Reading of Meters: All meters shall be read by the Company and charges shall be based upon meter readings except as provided for in paragraph 4 herein above.

12. Billing and Payments: Bills covering charges shall be rendered quarterly and shall be due thirty (30) days from the date the current bill was prepared. If a bill becomes delinquent, the Company, after following the procedures required in Public Service Commission Rule "R746-200-6 Termination", including the delivery of notices at least 10 days and at least 48 hours prior to the proposed termination, shall have the right to go upon the premises, post a notice of intent to turn off water, and do such work as may be necessary to prepare to disconnect the water service. Before service is restored to the customer whose bill has become delinquent, the

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delinquent bill or bills shall be paid in full, or payment arrangements satisfactory to the Company shall be made and the established tariff charge for reconnection shall be paid.

13. Discontinuance of Service: Any customer wishing to discontinue service shall notify the Company so that the meter can be read for a final billing. Such final billing shall be due and payable upon receipt.

14. Regulated Usage: Whenever the Company shall determine that the amount of water available to its distribution system has diminished to such a volume that, unless restricted, the public health, safety and general welfare is likely to be endangered, it may prescribe rules and regulations to conserve the water supply during such emergency. Such rules and regulations may include, but shall not be limited to, the restriction to certain hours (or total prohibition) of the use of water for outdoor watering.

15. Changes and Amendments: The right is reserved to amend or add to these Rules and Regulations as experience may show it to be necessary and as such amendments or additions are approved by the Public Service Commission of Utah.

16. Credit Deposit: The Company does not intend to require a deposit. However, if necessary, the Company may at its option, and in lieu of established credit, require a deposit from the customer to assure payment of bills; such deposits shall be a minimum of ninety (90) days estimated bill or \$140.00. This deposit may be refunded when credit has been established. Deposits held over twelve (12) months shall earn interest from the Company at the rate of a standard savings account provided by a FDIC institution, beginning with the first day of deposit. Interest will be credited to the customer's account.

FACILITY EXTENSION POLICY

Definition: An extension is any continuation of, or branch from, the nearest available existing line of the Company, including any increase of capacity of an existing line to meet the customer's requirements.

1. Costs: The total cost of extensions including engineering, labor, and materials, shall be paid by the applicants. Where more than one applicant is involved in an extension, the costs shall be pro-rated on the basis of the street frontage distances involved or upon such other basis as may be mutually agreed by the applicants. Sufficient valves and fire hydrants must be included with every installation.

2. Construction Standards: Minimum standards of the Company shall be met, which standards shall also comply with the standards of the Utah State Bureau of Environmental Health. Pipe sizes shall be designated by the Company, but the size shall never be smaller than

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4" (four inches) in diameter. The pipeline shall be installed only along dedicated streets and highways .

3. Water Storage and Supply: All costs for providing increased water supply and storage shall be paid by the Company. This cost shall include the installation and operation of pumps as required for proper pressure regulation of the system.

4. Ownership: Completed facilities shall be owned, operated, and maintained by the Company, in the public right-of-way, as detailed in the Tariff Rules and Regulations.

5. Temporary Service: The customer will pay the total cost for the installation and removal of any extension for service to a venture of a temporary or speculative nature. Such costs will be estimated and paid before work is begun on the extension.

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EXHIBIT “F”

CURRENT BUDGET

Financial Spreadsheet

Applicant: BUMBLEBEE WATER SYSTEM
Completed by: Lorraine Reynolds
Date: 2/3/2016

4 Year Projections	Last Year Actual	Current Year Budget Year 1 Projected			
Enter Year:	2015	2016			
1. Beginning Cash on Hand	\$4,865.47	\$27,925.66			
2. Cash Receipts:					
a. Unmetered Water Revenue	\$1,900.00	\$2,850.00			
b. Metered Water Revenue	\$37,468.35	\$40,756.35			
c. Other Water Revenue		\$0.00			
d. Total Water Revenues(2a thru 2c)	\$39,368.35	\$43,606.35			
e. Connection Fees	\$20,500.00	\$35,500.00			
f. Interest and Dividend Income					
g. Other Income					
h. Total Cash Revenues(2d thru 2g)	\$59,868.35	\$79,106.35			
i. Transfers in/Additional Rev Needed					
j. Loans, Grants or other Cash Injection please specify					
Developer cash injection					
3. Total Cash Receipts(2h thru 2j)	\$59,868.35	\$79,106.35			
4. Total Cash Available(1+3)	\$64,733.82	\$107,032.01			
5. Operating Expenses					
a. Salaries and wages					
b. Employee Pensions and Benefits					
c. Purchased Water					
d. Purchased Power	\$2,304.40	\$3,952.20			
e. Fuel for Power Production					
f. Chemicals	\$54.00	\$100.00			
g. Materials and Supplies	\$2,786.53	\$4,800.00			
h. Contractual Services - Engineering		\$500.00			
i. Contractual Services - Other	\$10,212.78	\$12,765.00			
j. Rental of Equipment/Real Property					
k. Transportation Expenses					
l. Laboratory	\$220.00	\$250.00			
m. Insurance	\$1,500.00	\$1,500.00			
n. Regulatory Commission Expenses					
o. Advertising					
p. Miscellaneous	\$49.50	\$125.00			
q. Total Cash O&M Expenses(5a thru 5p)	\$17,127.21	\$23,992.20			
r. Replacement Expenditures					
s. Total OM&R Expenditures(5q+5r)	\$17,127.21	\$23,992.20			
t. Loan Principal/Capital Lease Payments		\$0.00			
u. Loan Interest Payments		\$0.00			
v. Transfers Out		\$0.00			
w. Capital Purchases (specify):		\$0.00			
x. Other					
6. Total Cash Paid Out(5s thru 5x)	\$17,127.21	\$23,992.20			
7. Ending Cash Position (4 - 6)	\$47,606.61	\$83,039.81			

Financial Spreadsheet

8. Number of Customer Accounts	26	36		
9. Average Annual User Charge per account (2d/8)				
10. Coverage Ratio (2h-5s)/(5t+5u)				
11. Operating Ratio (2d/5s)				
12. End of Year Operating Cash(7 - 13)		\$83,039.81		
13. End of Year Reserves:				
a. Debt Service Reserve		\$0.00		
b. Bond Retirement Reserve		\$0.00		
c. Capital Improvement Reserve				
d. Replacement Reserve		\$0.00		
e. Other				
Total Reserves (13a thru 13e)		\$0.00		

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