

FILE

**EXHIBIT "A"**

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MAY 05 2008

Utah Div of Corp & Comm Code



AMENDMENT

5079846

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION

OF

DEEPWATER DISTRIBUTION COMPANY

Pursuant to the provisions of the Utah Revised Non-profit Corporation Act § 16-6a-1005, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation

FIRST, the name of the corporation is DEEPWATER DISTRIBUTION COMPANY.

SECOND, the following amendment to the Articles of Incorporation was adopted by the shareholders of the corporation on the 28 day of April, 2008, in the manner prescribed in the Utah Revised Non-profit Corporation Act

ARTICLE IV

CAPITAL STOCK

The limits of the capital stock of the corporation shall be 5,000 shares, which shall have a par value of One Dollar (\$1 00) per share. The shares shall be divided into three classes of stock (1) a Class A (development) stock, (2) a Class B (use) stock, and (3) a Class C (irrigation) stock. Subclasses within each class of stock may be created for purpose of administering the non-prorata assessments authorized under Utah Code Ann § 16-4-24 and as may be required to meet certain shareholder costs not fairly attributable to all

The number, preferences, limitations and relative rights of the shares of each class are

State of Utah  
Department of Commerce  
Division of Corporations and Commercial Code  
I hereby certify that the foregoing has been filed  
and approved on this 15 day of May 2008  
in this office of this Division and hereby issued  
the Certificate thereof

Examiner: [Signature] Date: 01-08-08

[Signature]  
Kathy Berg  
Secretary of State



FILE  
Receipt Number 443937  
Amount Paid \$17.00  
05/06/2008

05-05-08A03 1 RCVC

1 Class A (development) stock

Three thousand (3,000) shares of Class A (development) stock may be issued at the rate of one share per acre foot of water upon transfer to the corporation of approved water source site from which potable water can be developed. Under no circumstances shall Class B shares be issued if the underlying source site and diversion works are encumbered by a lien in favor of a construction lender but, it shall be sufficient to support the issuance of Class B shares if the construction lender shall agree to release, on a pro rata or partial release basis, its security interest in the source site and diversion works to the extent necessary to issue Class B shares free and clear of such lien. Class A (development) shares shall represent a proportionate but specific interest in the corporation's domestic and culinary water, including the contributed source site, source and source capacity. Class A shares must be surrendered and converted into Class B shares to obtain water delivery and to obtain an interest in the corporation's water distribution works. Class A (development) stock shall be non-assessable, with the exception of (1) those holding costs incurred to maintain the contributed water right in good standing or such other needed or requested work, and (2) any special assessments or contract charges associated with the water rights contributed to Deepwater.

2 Class B (Use) Stock

Two thousand (2,000) shares of Class B (use) stock may be issued at the rate of one share per acre foot of water upon transfer to the corporation of approved water rights, matching water source, source site and source capacity and all water storage and distribution works as may be required by Deepwater and the appropriate regulatory entities, e.g. Department of Health, State Engineer, etc. to deliver water to the designated place of use. Class B (use) stock can also be issued, on a one for one basis, upon the surrender of Class A stock provided there is transferred to the corporation at that time all water rights and water distribution works necessary and required by Deepwater to deliver water to the designated place of use under such Class B (use) stock. Class B (use) stock shall represent an actual proportionate ownership interest in the water rights of the corporation, as well as a corresponding interest in the diverting facilities, distribution works and water storage facilities. Class B (use) stock shall have equal voting rights with Class A (development) stock, with each share being entitled to one vote. Class B (use)

stock shall be fully assessable in such manner as may be authorized by law and as is specifically provided for in Utah Code Ann § 16-4-24, as amended

3 Class C (irrigation) Stock

Five thousand (5,000) shares of Class C (irrigation) stock may be issued at a rate of one share per acre foot of water upon transfer to the corporation of approved water rights. Class C (irrigation) stock shall represent water to be used exclusively for irrigation purposes on a separate irrigation, storage and distribution system not necessarily owned or otherwise controlled by the corporation. Class C (irrigation) stock shall be assessable to the extent provided for in the By-Laws, shall be non-voting, and will only represent an actual and proportionate ownership in the water rights or facilities committed to this class of stock and no interest whatsoever in the water rights, diversion facilities, water distribution works or storage facilities under the A and B classes of stock

THIRD, there is in the said corporation 249 <sup>24.9</sup> shares of outstanding stock, that more than two-thirds (2/3) of said outstanding stock was represented at said meeting and all of the shares present voted for said amendment

DATED this 30th day of April, 2008

DEEPWATER DISTRIBUTION COMPANY

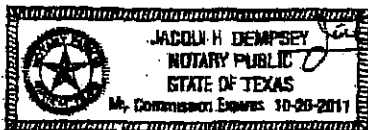
By [Signature]  
President, Sean Brown

By \_\_\_\_\_  
Secretary

STATE OF Texas  
COUNTY OF Cameron ss

I, Jacqueline Dempsey a Notary Public, do hereby certify that on this 30 day of April, 2008, personally appeared before me Sean Brown and N/A who, being first duly sworn, declared that they are the President and Secretary, respectively, of the Deepwater Distribution Company, that they signed the foregoing document as President and Secretary of the corporation, and that the statements therein contained are true

IN WITNESS, I set my hand and seal this 30 day of April, 2008



Jacquelin H. Dempsey  
NOTARY PUBLIC

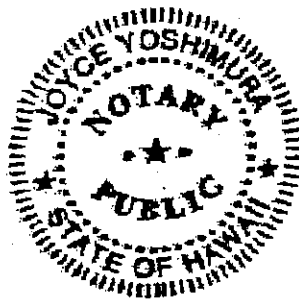


I, JOYCE YOSHIMURA, a Notary Public, do hereby certify that on this 28 day of April, 2008, personally appeared before me Gary B Lewis and \_\_\_\_\_ who, being first duly sworn, declared that they are the President and Secretary, respectively, of the Deepwater Distribution Company, that they signed the foregoing document as President and Secretary of the corporation, and that the statements therein contained are true

IN WITNESS, I set my hand and seal this 28 day of April, 2008

Joyce Yoshimura  
NOTARY PUBLIC  
Residing at Hilo HI

My Commission Expires  
10/16/2011



AMENDED BY-LAWS  
OF  
DEEPWATER DISTRIBUTION COMPANY  
(A UTAH NON-PROFIT MUTUAL WATER COMPANY)

**ARTICLE I - OFFICES**

The principal office of the company in the State of Utah shall be located at 5234 North Grandview Road, Midway, Utah. The company may have such other offices, either within or without the State of incorporation as the Board of Directors may designate or as the business of Deepwater may from time to time require.

**ARTICLE II - STOCKHOLDERS**

1. ANNUAL MEETING.

The annual meeting of the stockholders shall be held on the 2nd Thursday of October of each year at the hour of 2:00 p.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If not held as scheduled it shall be held as soon thereafter as it can reasonably be scheduled and notice thereof given.

2. SPECIAL MEETING.

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by two directors, and shall be called by the president at the request of the holders of not less than 25 percent of all outstanding shares of Class A and B stock of Deepwater entitled to vote at the meeting.

3. PLACE OF MEETING.

Unless otherwise designated, the annual and special meetings shall be held at the principal corporate office, but the directors may designate any place within the State of Utah, unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the directors. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place, either within or without the State, unless otherwise prescribed by statute, as the place for holding such meeting.

#### 4. NOTICE OF MEETING.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 15 nor more than 30 days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer, to each stockholder 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 stockholder at his address as it appears on the stock transfer books of Deepwater, with postage thereon prepaid. Notice may be waived in writing by any stockholder.

#### 5. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE.

For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or in order to make a determination of stockholders for any other proper purpose, the directors of Deepwater may provide that the stock transfer books shall be closed for the purpose of determining stockholders, such books shall be closed up to 40 days immediately preceding such meeting. In lieu of closing the stock transfer books, the directors may fix in advance a date as the record date for any such determination of stockholders, such date to be between 20 and 40 days prior to the date on which the particular meeting requiring such determination of stockholders is to be held. If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, the date on which the resolution of the directors sets the meeting shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

#### 6. VOTING LISTS.

The officer or agent having charge of the stock transfer book for shares of Deepwater shall make, at least 20 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address as listed on the books and the number of shares held by each, which list, for a period



of 20 days prior to such meeting, shall be kept on file at the principal office of Deepwater and shall be subject to inspection by any stockholder 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 stockholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to the identity of stockholders entitled to examine such list or transfer books or to vote at the meeting of stockholders.

7. QUORUM.

At any meeting of the stockholders, a simple majority of the outstanding shares of Deepwater entitled to vote, represented in person or by proxy, shall constitute a quorum.

8. PROXIES.

At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of Deepwater before or at the time of the meeting.

9. VOTING.

Each stockholder entitled to vote in accordance with the terms and provisions of the Articles of Incorporation and these By-Laws shall be entitled to one vote, in person or by proxy, for each share of Class A or Class B stock held by such stockholders. Upon the demand of any stockholder, the vote for directors and upon any question before the meeting shall be by ballot. A share of stock need not actually be issued to entitle the shareholder to vote so long as the individual asserting the right to vote shows as a shareholder entitled to the issuance of certificates of stock on the stock transfer books.

All elections for directors and all other questions voted upon shall be decided by a simple majority vote, except as may be otherwise provided by the Articles of Incorporation or by the statutes of this State.

10. ORDER OF BUSINESS.

The order of business at all meetings of the stockholders shall be as follows:

1. Roll Call
2. Proof of Notice of Meeting or Waiver of Notice
3. Reading of Minutes of Preceding Meeting

4. Reports of Officers
5. Reports of Committees
6. Election of Directors (as required)
7. Unfinished Business
8. New Business

**ARTICLE III – BOARD OF DIRECTORS**

1. GENERAL POWERS.

The business and affairs of Deepwater shall be managed by its Board of Directors. The directors shall in all cases act as a board, and they may adopt such rules and regulations for the conduct of their meetings and the management of Deepwater, as they may deem proper, not inconsistent with the Articles of Incorporation, these By-Laws, contractual obligations of Deepwater and the laws of this State.

2. NUMBER, TENURE AND QUALIFICATIONS.

The number of directors of Deepwater shall be no less than three (3), with one director to be elected for a three year term by the shareholders at each annual meeting. The current directors and the expiration of their term include:

**Name of Director:**

Sean Brown

Gary Brad Lewis

Robert Powel

**Term Expires:**

Annual Meeting 2006

Annual Meeting 2007

Annual Meeting 2008

Each director shall hold office until his successor has been elected and duly qualified.

3. REGULAR MEETINGS.

A regular meeting of the directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of stockholders. The directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

4. SPECIAL MEETINGS.

Special meetings of the directors may be called by or at the request of the president or by any member of the Board of Directors. The person or persons authorized to call special meetings of the directors may fix the place for holding any special meeting of the directors called by them.

5. NOTICE.

Notice of any special meeting shall be given at least 15 days previously thereto by written notice delivered personally, or by telecopy or mailed to each director at his business address or at such other address as he may notify the secretary in writing. 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 telecopy, such notice shall be deemed to be delivered when the telecopy is transmitted. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

6. QUORUM.

At any meeting of the directors, a majority of the directors present at the meeting shall constitute a quorum for the transaction of business, but if less than said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. A director shall be deemed present at a meeting if he attends in person or by telephone.

7. MANNER OF ACTING.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the directors, unless otherwise required by the Articles or by law.

8. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of directors, as may be determined by the shareholders pursuant to an amendment of the Articles of Incorporation, and vacancies occurring on the Board for any reason may be filled by a vote of a majority of the directors then in office, although less than a quorum exists, in the event the vacancy occurs or new directorship is created other than at the time of a shareholder meeting. A new director or a director elected or appointed to fill a vacancy by the Board shall be elected or appointed to hold

office until the next meeting of shareholders at which directors are to be elected. If elected by the shareholders said director shall serve for the unexpired term of his predecessor, if filling a vacancy, or for the term stated by the resolution creating a new directorship, if a new director.

9. REMOVAL OF DIRECTORS.

Any or all of the directors may be removed for cause by vote of the stockholders or by action of the Board. Directors may be removed without cause only by vote of the stockholders.

10. RESIGNATION.

A director may resign at any time by giving written notice to the Board, the president or the secretary of Deepwater. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

11. COMPENSATION.

Compensation may be paid to any of the directors for their service as a director of Deepwater but the amount of such compensation shall be based on the number of hours worked.

12. PRESUMPTION OF ASSENT.

A director of Deepwater who is present at a meeting of the directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of Deepwater immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

**ARTICLE IV – OFFICER**

1. NUMBER.

The officers of Deepwater shall be a president, vice president and secretary/treasurer, each of whom shall be elected by the directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

2. ELECTION AND TERM OF OFFICE.

The officers of Deepwater shall be elected by the directors at the annual meeting or at a special meeting called for that purpose, and shall be elected for a term of two years. Each officer shall hold office until his successor shall have been duly elected and qualified, or until his death or until he shall resign or shall have been removed in the manner provided by the Articles of Incorporation and these By-Laws.

3. REMOVAL.

Any officer or agent elected or appointed by the directors may be removed in accordance with Article XI of the Articles of Incorporation.

4. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by appointment of the directors at any regular or special meeting for the unexpired portion of the term.

5. PRESIDENT.

The president shall be the principal executive officer of Deepwater and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of Deepwater. He shall, when present, preside at all meetings of the stockholders and of the directors. He may sign, with the secretary or any other proper officer of Deepwater thereunto authorized by the directors, certificates for shares of Deepwater, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these By-Laws to some other officer or agent of Deepwater, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the president and such other duties as may be prescribed by the directors from time to time.

6. VICE PRESIDENT.

In the absence of the president or in event of death, inability or refusal to act, the vice president shall perform the duties of president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him by the president or by the directors.

7. SECRETARY.

The secretary shall keep the minutes of the stockholders' and of the directors' meetings in one or more books provided for that purpose, see that all notices regarding annual stock assessments, delinquencies and stock sales are duly given in accordance with the provisions of these By-Laws or in accordance with the laws of the State of Utah, be custodian of the corporate records and of the seal of Deepwater, keep a register of the post office address of each stock holder, have general charge of the stock transfer books of Deepwater and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the directors. The secretary may serve simultaneously as another officer other than president.

8. TREASURER.

If required by the directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of Deepwater; and give receipts for monies due and payable to Deepwater from any source whatsoever, and deposit all such moneys in the name of Deepwater in such banks, trust companies or other depositories as shall be selected in accordance with these by-laws and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the directors. The treasurer may serve simultaneously as another officer other than president.

9. SALARIES.

The salaries of the officers shall be fixed from time to time by the directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of Deepwater. All salaries shall be reasonable and shall be commensurate with the duties and time spent by such officer.

ARTICLE V - STOCK

1. APPURTENANCY OF STOCK.

A. Class A (development) stock shall become appurtenant to the land upon which it is intended for use once Deepwater commitments are made thereon. Thereafter, such stock shall pass as an appurtenance to the land upon transfer or sale of the property or any portion thereof.

Upon approval of development plans or recordation of subdivision plat plans, Deepwater shall restrict the use of said shares of stock supporting such endeavor for use on the project and as security for any performance obligations Deepwater may have.

B. Class B (use) stock shall be appurtenant to the land upon which it is placed to use with each stock certificate stamped with the legal description of such appurtenancy.

C. Class C (irrigation) stock is not appurtenant to the land and is to be used exclusively for irrigation purposes on a separate irrigation, storage, and distribution system not necessarily owned or otherwise controlled by the corporation. Class C shares do not have the right to call for or receive culinary water delivery from the company's water system including its source, storage or distribution facilities.

## 2. ASSESSMENTS.

All assessments, whether under Class A, B, or C may be made on other than a pro rata basis where actual costs of water delivery, attorneys and engineering fees, underlying water use charges, or the like result in increased costs being borne by Deepwater for work, deliveries, charges, etc., directly attributable to a particular shareholder. Those shareholders for whom the increased costs are incurred shall be responsible for paying the increased costs incurred by Deepwater, with such costs becoming part of their shareholder assessment. All assessments shall be levied and collected at the times, in the amounts, and in the manner provided by law and as the Board of Directors may direct.

A. Class A (development) shares are not chargeable with the general assessment for operation and maintenance of system facilities, but are subject to special assessment as provided in the Articles of Incorporation, which provide for assessment of:

(i) Those holding costs incurred to maintain the applicable water rights in good standing or such other needed or requested work, e.g. attorney's fees, engineering fees, etc.

(ii) Any special assessments or contract charges associated with the underlying water rights supporting such Class A shareholder's water use, e.g. Midway Irrigation stock assessment and Pinecreek charge.

B. Class B (use) stock is fully assessable as follows:

(i) Class B shares will not be subject to general assessment until said shares are placed into use or activated by the owner thereof calling for delivery of water. In lieu of the general assessment, Deepwater will impose a stand-by fee as set forth in Article V, Section 4(B) below.

(ii) Upon activation, the Class B shares will bear a general assessment for the operation, maintenance, repair and replacement of the water distribution system, including charges attributable to the underlying water right which supports shareholder's water use, e.g. Brighton Estates Water User's Association charge, for all late fees, resumption of use fees, additional pumping fees, and other fees which may be imposed under Article V, Section 2 hereof, and for all administrative and other costs incurred by Deepwater, including engineering and attorney(s) fees.

(iii) For special assessments involving requested or necessary work involving specific shares and not fairly attributable to all shareholders.

C. Class C (irrigation) stock is not subject to the general assessment, but is responsible for special assessments as follows:

(i) at a rate determined by the Board of Directors that reflects the costs attributable to the underlying water right including costs associated with maintaining the status of the water rights;

(ii) for all late fees, resumption of use fees, etc. which may be imposed;

(iii) for operation and maintenance of the irrigation system, if applicable;

(iv) for a proportionate share of Deepwater's administrative costs fairly allocable to managing the water use under the Class C (irrigation) stock; and

(v) for all attorneys and engineering fees fairly attributable to efforts performed by Deepwater benefiting or involving the subject irrigation stock.

### 3. DELINQUENCIES.

Delinquent accounts shall be subject to levy and foreclosure in the manner provided for in the Delinquency Policy established and adopted by the Board of Directors, and as provided by law.

### 4. FEES.



A. Connection Fees.

(i) Residential Connection Fee. A residential connection fee shall be assessed to cover costs of installation, connection and contingency on each residence connected onto the Deepwater system. The amount of the fee as of date of adoption hereof shall be determined as set forth in Exhibit "A", which is attached hereto and which may be amended from time to time by the Board of Directors.

(ii) Commercial Connection Fee. Commercial connection fee shall be charged to cover costs of installation, connection and contingency on the basis set forth in the attached Exhibit "A" and which may be amended from time to time by the Board of Directors.

B. Stand By Fee. Because Deepwater must be capable of providing water service to Class B users upon demand, a stand-by fee shall be imposed upon inactive Class B shares as set forth in Exhibit "A", to cover company expenses in maintaining system capacity (water rights, source capacity, storage facilities, pump stations, infrastructure) on call. Stand-by fees may be amended from time to time by the Board of Directors.

C. Additional Pumping Fees. Due to the expansion of the water system into areas of higher elevation, and the determination that it is inappropriate for all shareholders of Deepwater to pay for the additional pumping costs to these special areas, all areas incurring pumping charges in excess of a single pump shall pay fees as set forth in Exhibit "A" attached hereto and which may be amended from time to time by the Board of Directors.

D. Conversion Fee. A conversion fee as set forth in Exhibit "A", attached hereto and which may be amended from time to time by the Board of Directors, shall be assessed against all shares converted from Class A to Class B stock. This conversion fee will enable Deepwater to have sufficient funds at the end of the year of conversion to pay its water rights assessments without drawing from its working capital sources, as well as offset administrative costs.

E. Stock Transfer Fee. Any reissuance of a Class B certificate shall carry with it a fifty dollar (\$50.00) fee. This fee is to offset the administrative costs of reissuing share certificates.

F. Water Development Fee. Deepwater shall have the authority to enter into contracts with shareholders who construct new water distribution facilities for the imposition of

a water development fee upon those or other shareholders at the time of conversion of said shareholders' Class A shares to Class B shares. The water development fee will be used to help said shareholders recover the costs of facilities not otherwise recoverable by other fees and shall be used by Deepwater to help secure any repayment obligation on the water distribution facilities contributed by the shareholder.

5. METERS REQUIRED.

All users of water from Deepwater's system shall be metered, except for fire protection water, which will not be metered.

6. ONE STRUCTURE PER METER.

Not more than one structure or building shall be connected to any one meter without the prior written approval of Deepwater.

7. VACANT LOTS.

Application for water service will be accepted from shareholders who own vacant lots and present the requisite number or portion thereof Class A development shares required to meet the contemplated use. Such applications shall be accompanied by the required connection and other fees at the then current rate, which shall entitle the shareholder to have a meter installed for servicing of his premises and the conversion of his shares to Class B (use) shares.

8. DEEPWATER DISTRIBUTION COMPANY TO HOLD TITLE TO WATER SYSTEM.

Deepwater shall hold title for and on behalf of its shareholders to all reservoirs, wells, pumps, pumphouse, pressure reduction valves, treatment plants, main distribution lines, delivery and service lateral lines and connections from the water mains to the curb stop of each individual shareholder water user, including the meter, outside readout, curb-stop valve box and shut-off valve, and any other facilities constituting the water system. Deepwater shall maintain, repair and replace the same in perpetuity. Each individual shareholder shall own and shall bear the sole responsibility for repair, upkeep and maintenance of the service lateral from the property side of the curb stop box and shut-off valve to the premises being service excluding the water meter and outside readout. Deepwater shall not accept nor bear any responsibility for any leaks or damages

caused by leakage on the water user side of the shut-off valve; and Deepwater shall no obligation to repair, replace or maintain the service lateral on the shareholder's side of the shut-off valve. Deepwater may, without incurring liability, make emergency repairs to service laterals, in order to mitigate damage, prevent waste of water, and to prevent contamination of the water supply, but any such repairs shall be at the shareholder's sole expense.

9. SERVICE TO INDIVIDUAL STRUCTURES.

Each individual shareholder requesting domestic water service shall make formal written application to Deepwater for service, on a form provided by Deepwater, and shall comply with the following:

A. No lot owner/shareholder shall be permitted to connect onto Deepwater's system or receive water service until a formal written application for service has been received and accepted by Deepwater. The application shall be on a form provided by Deepwater and shall provide that each lot owner/shareholder shall comply with the rules and regulations and by-laws of Deepwater.

B. Each lot owner/shareholder requesting service shall surrender the requisite number, or portion thereof, of shares of Class A development stock for conversion to Class B (use) stock sufficient to meet the proposed use, and shall pay the stock transfer fee.

C. Each shareholder requesting service shall pay, at the time of making the application, the connection fee required at the then current rate.

D. Deepwater's obligation for operation and maintenance of service laterals shall terminate at the street side of the shut off valve. The shareholder shall be responsible for the maintenance of the service lateral from the property side of the shut off valve to the meter installed within the structure receiving water service. The meter itself, the meter gauges and the shut-off valve shall remain the sole property of Deepwater and Deepwater shall have the obligation to maintain and repair the same.

E. In the event of a sale or transfer of ownership of a residence or other unit, each such selling or buying shareholder shall immediately report in writing, to Deepwater's business office, the sale of the residential dwelling unit or other unit. Immediately upon receipt of this

written notice, Deepwater shall either terminate or administratively suspend water service to the unit or facility until compliance with the following is obtained:

- (1) The new owner, on a form provided by Deepwater, agrees to comply with Deepwater's rules, regulations and by laws in the use of water.
- (2) A properly endorsed share certificate, together with the stock transfer fee, is presented to Deepwater transferring ownership of the share certificate from the previous owner to the new owner.
- (3) The new owner pays any resumption of use fees which may be applicable to cover the costs incurred by Deepwater in re-establishing water service to a particular unit.
- (4) All past due stock assessments attributable to said stock certificate are fully paid.

Deepwater shall not reissue or transfer ownership of stock certificates until all of the above listed items are accomplished. Upon compliance with the terms and conditions of this subsection, water service shall be restored to the premises and the stock transfer accomplished. The subsequent purchaser shall, as a shareholder, be subject to annual stock assessments. It shall be the burden and responsibility of each subsequent purchaser to obtain the prorated amount of stock assessment, if any, from the prior owner. Deepwater will assist in determining the prorated amount but will not endeavor to collect the same from the prior owner of the share certificate. The assessments are levied against the stock certificate – not individual owners – and will be collected accordingly.

#### 10. LANDLORDS OR LESSORS SHALL BE HELD PRIMARILY LIABLE FOR ALL ASSESSMENTS.

The legal owner of any rented property being served by Deepwater shall appear as the record owner of the share of stock representing that water connection within Deepwater, and shall be held primarily responsible to Deepwater for payment of the annual stock assessment.

#### 11. METER READERS AND METER MAINTENANCE.

Shareholder-water users shall not hinder or obstruct in any way the ability of the authorized company personnel to gain entry to a shareholder's structure or premises, upon reasonable notice, and at a reasonable time of day, for the purpose of periodic meter reading and

maintenance of the water meters. The cost of removing any physical obstructions may be charged to the shareholder and Deepwater, upon notice, may discontinue the delivery of water to the shareholder without liability in the event the shareholder denies Deepwater's personnel access to the water meter. The delivery of water shall not be resumed until Deepwater has been provided with the required access to the water meter.

#### 12. EXPANSION OF WATER DELIVERY SYSTEM.

The Board of Directors may establish such rules and regulations as they deem appropriate for expansion of Deepwater's water delivery system, including the issuance of stock. Any such expansion shall be consistent with the Articles and contracts of Deepwater. The Board of Directors may also approve entering into such contracts as may be deemed appropriate to protect the investment of the shareholder(s) incurring the cost of such expansion. Said agreement shall specifically identify the pipelines, storage facilities, source capacity, water rights, etc. being contributed by said shareholder and establish shareholders' rights therein. In recognition of the fact that certain shareholders have assumed significant risks and undertaken substantial uncompensated efforts in planning, inspecting, constructing and creating the existing system capacity, including excess system capacity and system efficiencies, Deepwater, as approved by the Board of Directors, may protect their investment of time, effort and risk by, among other things, reserving the excess system capacity for such shareholders' benefit and agree to protect their interests in the event of dissolution, sale, condemnation, or the like. The protections granted may include, but are not limited to, contractual reservations of excess capacity for the contributing shareholder(s), and a commitment to obtain fair market value or replacement value for all such excess system capacity, water sources, water rights facilities, etc. in the event of sale, condemnation or the like.

#### 13. EMERGENCY SITUATIONS.

In times of water shortage the Board of Directors of Deepwater shall have full authority to declare a water emergency, and to ration or otherwise regulate the distribution and use of water from Deepwater's system. Such action by the Board of Directors may include a moratorium on new water connections until the emergency has been alleviated.

#### 14. SAVINGS CLAUSE.

If any section, subsection, sentence, clause or phrase of these By-Laws 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 By-Laws, which shall remain binding and enforceable against the shareholders of Deepwater.

15. EFFECTIVE DATE.

These By-Laws shall be in full force and effect from and after the date of passage and adoption by the Board of Directors of Deepwater.

16. CONTRACTS, LOANS, CHECKS AND DEPOSITS.

Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of an on behalf of Deepwater, and such authority may be general or confined to specific instances.

Loans. The Board of Directors shall, upon resolution duly adopted, have the authority to incur indebtedness on behalf of Deepwater, not to exceed \$10,000.00. Any loans or indebtedness in excess of that amount shall be incurred by Deepwater only upon the two-thirds majority vote of all the shareholders present, in person or by proxy, at an annual or special meeting called for that purpose.

Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of Deepwater, shall be signed by such officer or officers, agent or agents of Deepwater and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Deposits. All funds of Deepwater not otherwise employed shall be deposited from time to time to the credit of Deepwater in such banks, trust companies, or other depositories as the Board of Directors may select.

17. FISCAL YEAR.

The fiscal year of Deepwater shall begin on the 1<sup>st</sup> day of January in each year and end on December 31<sup>st</sup> each year.

18. SEAL.

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of Deepwater and the words, "Corporate Seal."

19. WAIVER OF NOTICE.

Unless otherwise provided by law, whenever any notice is required to be given to any stockholder or a director of Deepwater under the provisions of these By-Laws or under the provisions of the Articles of Incorporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

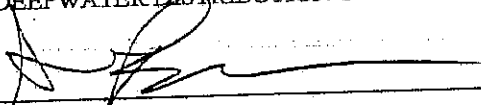
20. AMENDMENTS.

The power to adopt, amend or repeal By-Laws shall be vested in the governing board. No By-Laws pertaining to the ability of Deepwater to assume debt, issue bonds, mortgage its property, sell or transfer any major asset or modify the allocation of Deepwater source or source capacity, shall be adopted, repealed, or amended, without having first received the unanimous consent of all of the directors, and, in no event shall any By-Law so adopted be inconsistent with the Articles of Incorporation of Deepwater; notwithstanding the foregoing, no by-law which requires approval of shareholders shall be amended or changed without receiving the approval of such number of shareholders.

These Amendments to By-Laws are duly adopted by the unanimous vote of the Board of Directors this 30<sup>th</sup> day of April, 2008.

Deleted: 3

DEEPWATER DISTRIBUTION COMPANY

  
Sean Brown

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Gary Brad Lewis

\_\_\_\_\_  
Robert Powel

ATTEST:

\_\_\_\_\_  
Secretary




These Amendments to By-Laws are duly adopted by the unanimous vote of the Board of Directors this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

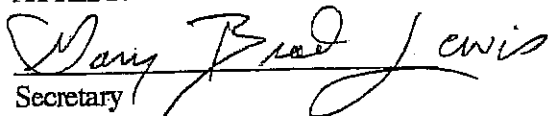
DEEPWATER DISTRIBUTION COMPANY

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ATTEST:

  
\_\_\_\_\_  
Secretary