

expires

Charles made a motion that Robbie be nominated to another term as director. Brad seconded. All in favor. Passed.

7. Unfinished Business:

Details about the new pump and drop pipe, and the increasing capacity. Talk of the concurrence letter from state, and our confidence in moving forward with master plan.

8. New Business: None

9. Adjourn

AGENDA
DEEPWATER DISTRIBUTION COMPANY
BOARD OF DIRECTORS' MEETING
DECEMBER 5TH, 2008
10:00 A.M.

- A. CALL TO ORDER
- B. REVIEW OF MINUTES
- C. GENERAL BUSINESS
 - i. David York (Tax/Callister, Nebeker & McCullough)
 - ii. Kohler & Eyre (CPA)
 - iii. ChemTech Ford (water testing)
 - iv. Ryan Engineering (PWS Master Plan)
 - v. Cascade Water Resources (PER & DWSP)
- D. CORPORATE BUSINESS
 - i. Officers and Directors
 - ii. Class "C" shares
 - iii. Reimbursement and Shareholder Participation
 - iv. BOD Special Meeting Notice/E-Mail Notification
 - v. Rules and Regulations
 - a. Fees and Assessments
 - b. Company Policies
- E. OPERATIONAL ISSUES
 - i. System Update
 - ii. Acceptance of connections/contributed infrastructure
 - iii. Planning and Expansion
 - iv. Source Capacity
- F. OTHER
 - i. Jordanelle Special Service District
 - ii. Non-profit status
 - iii. Public Service Commission Exemption Request
- G. ADJOURN

**MINUTES OF REGULAR MONTHLY MEETING
OF THE BOARD OF DIRECTORS OF
DEEPWATER DISTRIBUTION COMPANY**

The regular meeting of the Board of Directors of Deepwater Distribution Company was held at the office of Flitton & Glick --- 1840 Sun Peak Drive, Suite B102, Park City, Utah --- on the 5th day of December 2008, at 10:00 a.m.

Present and participating at the meeting were:

DIRECTORS AND STAFF:

Sean Brown, Robert Powel and Brad Lewis (via telephone).

OTHERS:

John S. Flitton (legal counsel) and Shariyu Patwardhan (paralegal).

1. WAIVER OF SECTION 5, ARTICLE III.

Brad Lewis made a motion to accept the waiver of Section 5, Article III of the company's By-Laws regarding notice of a special meeting. Robert Powel seconded the motion and all present voted in favor.

2. CALL TO ORDER.

With everyone present and accounted for and proper notice given, Sean Brown announced that the meeting would come to order.

3. REVIEW OF MINUTES.

Sean Brown asked if all members had a chance to review previous board minutes and those in attendance moved to approve the November board minutes as written.

4. CORPORATE BUSINESS.

i. It was discussed and decided among the Board of Directors that Deepwater Distribution Company will hold its monthly Board of Directors' meeting on the second Friday of each month at the hour of 10:00 a.m.

ii. Board of Directors' Meetings are open to any and all shareholders but if a shareholder seeks to discuss an item of concern, etc., it must first be placed on the Agenda for proper notice.

iii. The Board addressed the extent of corporate authority granted to the officers of the company on day-to-day business matters. It was discussed and decided among the Board that the officers have the ability to make decisions and enter into agreements without having to come to the Board for approval each time a decision is to be made. The finding among the Board was that such tight control may impede future contracts. Robert Powel moved to make the following motion for consideration and approval:

Powers are given to the officers of the corporation as outlined in the Articles of Incorporation and By-laws with respect to the day-to-day business operations and more specifically entering into contracts related to its normal company operations. However, any contracts entered into by corporate officers are to be brought before the Board for ratification and be affirmed at the next month's board meeting. The policy is to aid in the day-to-day operations of the company. Furthermore, the current Articles require any amount over \$10,000 require Board action but as a practical matter, the Board will review one-time indebtedness of \$5,000.00.

Brad Lewis seconded the motion and all present voted in favor.

iv. Expansion of the water system by private shareholders was discussed including provisions among shareholders for reimbursement for line and water system extensions. Robert Powel made a motion that the company honor any and all reimbursement agreements in place with shareholders on the basis that the reimbursement provisions appear equitable and represent a substantial cost savings to newly connecting shareholders with property beyond DDC's existing infrastructure. Brad Lewis seconded the motion and all present voted in favor.

vi. Prior to the Board Meeting, Sean Brown distributed to the Board for review, revised documents for the fees and assessments of the water company. Robert Powel moved to approve the fees and assessments as outlined on the distributed documents, a copy of which is attached. Brad Lewis seconded the approval and all present voted in favor.

5. GENERAL BUSINESS.

i. There was a discussion among the Board of Directors on the hiring of David York (Callister, Nebeker and McCullough) to handle the company's tax status. John explained that DDC is a cooperative association, which may qualify for non-profit IRS status as a 501(c)(12) corporation. In addition, there was a discussion regarding the hiring/retaining of: (1) Kohler and Eyre to handle the company's CPA work; (2) Chemtech Ford to conduct ongoing water testing; (3) Ryan Engineering to work on the PWS Master Plan; and (4) Cascade Water Resources for the filing of PER and DWSP.

John Flitton clarified for the Board what the payment and repayment responsibilities are for the above-referenced companies and work performed. Each of the contracts and fees directly relates to the corporations responsibilities as a public water system Robert Powel made a motion to ratify the above-referenced items and that DDC is responsible for the payment of fees for any Public Service Commission work; tax filing and preparation; ongoing water testing as part of the operation and maintenance and that anything before this point is part of the pipeline expansion account; and that the PWS and Cascade work is all part of the pipeline expansion account. Brad Lewis seconded the motion and all present voted in favor.

6. OPERATIONAL ISSUES.

i. System facilities and sources were discussed relating to infrastructure conveyed previously to Deepwater Distribution Company. Robert Powell moved to accept the contributions and easements into the Deepwater Distribution Company and that the company recognizes excess capacity rights of those contributions to the company. Brad Lewis seconded the approval and all present voted in favor.

ii. There has been some concern over the number of Company shares currently owned by shareholders. The policy of the company is that the shares do not have any intrinsic monetary value akin to other types of corporate shares but rather represent the right to receive water from the company and its proportionate interest in company facilities. Shares only become more valuable in a non-monetary sense as they become perfected to the extent that they are converted from Class "A" to Class "B" shares because at that point they entitle the holder to water delivery.

iii. Sean Brown stated that the company's hydrologist has confirmed that the Company's well has 800 gallons per minute and right now they are pumping 34 gallons per minute. After a brief discussion, the following Resolution was proposed by Rob Powel, seconded by Brad Lewis and voted by all present:

Deepwater Distribution Company will not allow the issuance of shares in excess of the company's source capacity and that currently, the well has a capacity of 800 gpm and is equipped to pump 34 gpm. To date, 24 shares have been issued and reflect the prior estimated source capacity of 27 gpm in the well. Those issued shares have been made available to other owners in the development as additional property owners come into the company and become shareholders. Additional shares may be issued for those individuals provided there is sufficient capacity in the well as determined by Deepwater Distribution Company.

iv. Sean Brown informed the Board that Blaine Carlton of Jordanelle Special Service District presented to the Brighton Estates Property Owners Association Board of Directors the pros and cons of Service Districts and Local Districts.

There being no further business, the Board Meeting was adjourned at 11:25 a.m.

Secretary

SUBSCRIPTION AGREEMENT

This Subscription Agreement (the "Subscription Agreement") is entered into by and between Deepwater Distribution Company, a Utah non-profit mutual water company (the "Company") and _____, (the "Water Right Holder"), effective the _____ day of _____, 2008.

RECITALS

- A. The Company is a non-profit mutual water company that provides culinary and irrigation water delivery service to its shareholders in Wasatch County, Utah.
- B. The Water Right Holder is the owner of Water Right No. _____ (a _____).
- C. The Water Right Holder has executed a Water Deed transferring the water right to the Company.

NOW, THEREFORE, the parties agree as follows:

1. The Water Right Holder exercises its right to convey into the Company its water right. As the owner of Class C Shares the shareholder shall have the right to take the conveyed water right out of the company upon surrender of the Class C share certificate.
2. Class C shares issued to the Water Right Holder in exchange for its water right 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 consistent with the Amended and Restated Articles of Incorporation and Amended By-Laws. 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.
3. Class C shares shall be convertible to Class A shares upon the development of source, distribution and storage capacity on the system sufficient to meet Utah Division of Drinking Water standards for public water supply.
4. Class C shares shall be assessable to the extent provided for in the Company's Corporate Charter Documents and as adopted by the Board of Directors pursuant to a Rate Schedule Resolution. The current assessment is \$75.00 per quarter.
5. Contemporaneous with the transfer of water rights to the Company in the form of attached Exhibit "A", the Water Right Holder shall pay a stock-transfer fee of \$350.00 or as set by the Board of Directors.

6. **Notice.** Any notice or other communication required or desired to be served, given or delivered hereunder shall be in writing and shall be deemed to have been duly served, given, or delivered upon personal delivery or upon deposit (within the continental United States) in the U.S. Mail, postage prepaid, registered or certified, with proper postage or other charges prepaid or sent by an overnight carrier guaranteeing next day delivery addressed to the party to be notified as follows:

If to the Company:

If to the Water Right Holder:

7. **Successors and Assigns.** Each and all of the covenants, terms, provisions, and agreements herein contained shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto except as otherwise expressly set forth herein.
8. **Entire Agreement.** This Subscription Agreement contains the entire agreement of the parties with respect to the matters covered herein, and no other agreement, statement, or promise made by any party which is not contained herein shall be binding or valid. This Agreement may be modified or amended only by a written instrument duly executed by all parties hereto.
9. **Attorney's Fees.** If any party should bring legal action to construe or enforce any of the terms or conditions of this Agreement, the prevailing party in that action shall be entitled to recover reasonable attorneys' fees incurred in such action, or enforcing any judgment entered therein or in an appeal therefrom.
10. **Application of Utah Law; Venue.** This Agreement and the application or interpretation thereof shall be governed, construed, and enforced exclusively by its terms and by the law of the State of Utah and the appropriate courts in the County of Wasatch, State of Utah shall be the appropriate forum for any litigation arising hereunder.

DATED this _____ day of _____, 2008.

DEEPWATER DISTRIBUTION COMPANY

Its: _____

[the Water Right Owner]