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Utah Div. of Corp. & Comm. Code

**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
COTTONWOOD MUTUAL WATER COMPANY**



By authority of the Utah Revised Nonprofit Corporation Act, Title 16a, Chapter 6, Utah Code (being referred to herein, together with any statute that amends or supersedes the same, as the "Act"), the Cottonwood Mutual Water Company hereby amends and restates its Articles of Incorporation to read, in their entirety, as follows:

**ARTICLE I
NAME AND TYPE OF CORPORATION**

The name of this corporation is "Cottonwood Mutual Water Company" (hereinafter referred to as the "Company"). The Company shall be a nonprofit corporation of the State of Utah.

**ARTICLE II
DURATION**

The duration of the Company shall be perpetual, unless sooner terminated in the manner provided by law.

**ARTICLE III
PURPOSE OF THE COMPANY**

It is the purpose of the Company to engage in any lawful act for which a nonprofit corporation may be organized under the Act. Without limiting the generality of the foregoing, the primary purpose of the Company shall be to acquire, own, construct, install, equip, operate, maintain, repair and/or replace water rights, water leases, land, rights-of-way, easements,

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wells, pumps, pipelines, storage tanks, reservoirs, treatment works, distribution facilities and related improvements and appurtenances, and to use the same to provide water service to shareholders of the Company for municipal and industrial use. Notwithstanding the foregoing, the Company shall not have the power to conduct any activities not permitted to be conducted by a corporation exempt from federal income tax under Section 501(c)(12) of the Internal Revenue Code of 1954, as amended (or the corresponding provision of any statute that amends or supersedes the same).

ARTICLE IV MEMBERSHIP

The members of the Company shall consist solely of property owners that are the record owner of one or more shares of stock in the Company. A property owner becomes a member upon the issuance of a share of stock to such property owner by the Company, or upon the registration on the books and records of the Company of the transfer of ownership of an outstanding share of stock, in accordance with the Bylaws. A property owner who is a member ceases to be a member upon the registration on the books and records of the Company of the transfer of ownership of all of the shares of such property owner to a different property owner, in accordance with the Bylaws.

ARTICLE V STOCK

The Company is authorized to issue shares of stock in an aggregate number not to exceed 15,000. Shares shall be divided into the following classes, and shall represent the rights, privileges, preferences, limitations and duties provided in these Articles and in the Bylaws:

Class A Shares

Class A Shares are issued to the owners of real property situated within the service area of the Company that qualifies, under the rules and regulations adopted by the Company from time to time, for metered indoor culinary water service from the Company. Such rules and regulations shall require, at a minimum, that at or prior to the issuance of a Class A Share, there has been acquired and/or constructed, and dedicated to the Company (i) culinary water source and storage facilities sufficient to meet applicable state law requirements for the type of service requested, including those requirements established under Administrative Rule R309-510-7, or any successor provision, together with related and sufficient water rights, and (ii) a water main distribution line serving the connection from the street, and extending to a point adjacent to the far property line. Class A Shares shall be issued simultaneously with the commencement of water service to the property owner. The number of issued and outstanding Class A Shares may vary over time, but shall not exceed 10,000 without amending these Articles. Each property owner (i) that is receiving indoor culinary water service from the Company on the date these Articles are approved, or (ii) that is the registered owner of a Class A Share of the Company on the date these Articles are approved, is entitled to one Class A Share per lot. Only one Class A Share, and not less than one full Class A Share, shall be issued per account or connection, regardless of the source, storage or water rights requirements for the connection. Except as specifically provided by contract, the Company shall have no obligation to provide water service to a lot or connection until a Class A Share has been issued with respect to such lot or connection. Members holding one or more Class A Shares shall be entitled to one vote per Share in accordance with the provisions of these Articles and the Bylaws, and as specifically limited by Article XII below.

Class B Shares

Class B Shares are issued to Class A Shareholders who require the use of culinary water for other than indoor culinary purposes. Class B Shares shall be issued pursuant to rules and regulations adopted by the Company from time to time, which rules and regulations shall require, at a minimum, that: (1) water rights have been dedicated to the Company to support the non-indoor culinary uses of the member, (2) the Company has sufficient infrastructure, including source capacity, storage capacity, and conveyance system capacity, to supply water to the member for non-indoor culinary purposes, (3) if the Class B Share is issued to support outdoor watering, there is no operating secondary water main installed in any street adjacent to the member's property, and (4) the member owns at least one Class A Share appurtenant to the property for the benefit of which the Class B Share will be used. All members of the Company who are receiving water from the Company for non-indoor culinary use as of the date these Articles are adopted shall be entitled to one or more Class B Shares, so long as water rights supporting such use have heretofore been dedicated to the Company. The number of Class B Shares issued shall correspond to the quantity of water rights dedicated to the Company to serve the non-indoor culinary purposes of that particular connection; provided that fractional shares shall not be issued. The number of issued and outstanding Class B Shares may vary over time, but shall not exceed 5,000 without amending these Articles. Holders of Class B Shares shall have one vote per Share in accordance with the provisions of these Articles and the Bylaws, and as specifically limited by Article XII below.

Ownership of one or more Class A Shares or Class B Shares entitles the member owning such Share(s) to obtain water service from the Company on the same terms and conditions as

such service is made available to other shareholders of the same Class of Shares. The acceptance of Shares and/or the continued acceptance of water service provided by the Company constitutes the agreement of the member to comply with rules and regulations of the Company duly adopted by the Board of Directors from time to time in accordance with the Bylaws, and governing water use pursuant to the Share, including without limitation the payment when due of all assessments, fees, rates and other charges. The ownership of a Share does not guarantee the actual availability of water, which availability may be adversely affected by conditions beyond the control of the Company such as drought, failure of facilities or regulatory restrictions. The ownership of a Share does not constitute or represent a pro-rata ownership interest in the water rights, facilities or other assets of the Company, but merely the right to the use of water provided by the Company in accordance with all applicable terms and conditions.

**ARTICLE VI
SHARES APPURTENANT TO LAND**

Each outstanding Share, whether heretofore or hereafter issued, is, and shall at all times be and remain, appurtenant to the parcel of land (i) approved for water service at the time the Share is issued, (ii) identified in the books and records of the Company, and (iii) if a Share certificate is issued, identified on such certificate, all as provided in the Bylaws. A member may not sell, convey or otherwise transfer ownership of a Share to any person or persons except the owner(s) of the parcel of land so identified, and any such attempted transfer shall be null and void, and not recognized by the Company.

**ARTICLE VII
VOTING RIGHTS**

Members are entitled to cast one vote per Share on all matters coming before the members for vote. The following matters shall be presented to the members for vote: (i) election of directors, (ii) the amendment of these Articles, except as otherwise authorized by law, (iii) all matters required by the Bylaws, or by the Act or other applicable law, to be submitted to the members for vote, (iv) the proposed sale of all or substantially all of the assets of the Company, or the transfer of the operation of the Company to another entity, and (v) such other matters as the Board deems appropriate to place before the members. In elections described in (iv) above, the affirmative vote of 2/3rds of the Shares represented by members present at the meeting or voting by proxy shall be required. In all other matters, a majority vote of the Shares represented by members present at the meeting or voting by proxy is required, unless otherwise provided for herein, by law, or in the Bylaws.

**ARTICLE VIII
SHARE ASSESSMENTS & WATER SERVICE FEES**

Assessments. All Shares shall be fully assessable for the purpose of paying all lawful obligations of the Company, including, without limitation, the costs and expenses incurred by the Company in operating, maintaining, repairing, replacing, acquiring, constructing, installing, developing and managing water rights and the water source, storage, treatment, delivery and distribution facilities of the Company (collectively, the "System"), and the general administrative expenses incurred in the operation of the Company. Assessments may not be levied to pay any costs incident to an expansion of the System, except to the extent such costs are calculated to benefit the then-existing members. Assessments may include standby fees assessable for the period between issuance of the Share and activation of the connection.

Assessments need not be equal between classes, nor among Shares within each class, but shall be levied equitably, and as provided in and allowed by the Share Assessment Act, Title 16, Chapter 4 of the Utah Code. Assessments shall be levied, collected and enforced as provided in the Share Assessment Act and the Bylaws.

Water Service Fees. To the greatest extent reasonably possible, and consistent with prudent management, the Company shall pay the costs and expenses of operation and maintenance, including all general administrative costs and overhead, through water service fees imposed and collected for water service provided to its members. Such water service fees shall also include, at the reasonable discretion of the Board, amounts to fund reasonable reserve and replacement funds. Water service fees may not include any costs incident to an expansion of the System, except to the extent such costs are calculated to benefit the then-existing members. Rates shall be established by the Board of Directors each year in connection with adoption of the annual budget. Rates may include a fixed or "base" component, may be tiered to promote conservation, and may include such other features as shall be deemed prudent by the Board. Such water service fees may be charged on a monthly basis or any other increment authorized by the Board. Rates shall be uniform among all members; provided that the Company shall be allowed to collect, through a surcharge, assessment or other means, any special costs incurred by the Company associated with the water rights dedicated to the Company by or for a particular member. By way of example, if the Company is obligated to pay lease charges associated with a water lease from the Weber Basin Water Conservancy District, the Company may recoup such charges directly from the member for whose benefit such lease was assigned to the Company. The Board may, in its reasonable discretion, determine to fully

or partially offset such costs in a different manner, such as through a one-time charge or assessment, and may determine to limit the portion of such costs that shall be recoverable from the member, or the period of time such costs shall be so recoverable.

ARTICLE IX BOARD OF DIRECTORS

The Company shall be governed by a Board of Directors (the "Board"), to be elected as provided herein and in the Bylaws. Directors shall be elected at the annual meeting of the members, but if such a meeting is not held, or if at such meeting the directors are not elected, then the directors may be elected at a special meeting of the members held for that purpose. The Board shall consist of between three and seven directors. Each director shall be a member of the Company or, in the case of a member that is a corporation or other legal entity, the duly appointed and authorized representative of such legal entity. The members in each neighborhood or "district" within the Company's service area, as such districts are identified by the Board from time to time, shall be entitled to nominate and elect one director residing within such district. If the members of one or more districts do not elect a director, or if there is an even number of districts, resulting in either event in an even number of district directors, there shall be one additional director elected at large, to the end that the Board shall always consist of an odd number of directors. The term of a directorship is three years; provided that three (3) of the directors elected at the member meeting at which these Articles are adopted shall be elected to two (2) year terms, to assure a staggering of terms. There shall be no limit to the number of terms a director may serve.

The directors as of the date of these Articles, the districts they represent and the length of their respective terms, are as follows:

<u>NAME</u>	<u>DISTRICT</u>	<u>LENGTH OF TERM</u>
Wallace A. (Drew) Somerville 5942 N. Harvest Point Circle Morgan, UT 84050	At Large	2 years
Brandon Love 4426 Ranch Blvd. Morgan, UT 84050	District #1	3 years
Robert McConnell 6222 Willow Creek Morgan, UT 84050	District #2	3 years
Kelby York 4306 Daisy Drive Morgan, UT 84050	District #3	2 years
Doug Dingman 5884 Dartmouth Drive Morgan, UT 84050	District #4	2 years

Each director shall serve until such director resigns, is removed from office, or until a successor has been duly elected. Any vacancy on the Board by reason of resignation, removal or otherwise may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, and each director so appointed to fill a vacancy shall serve until the next member meeting at which director elections are held. The Bylaws may specify additional requirements and procedures for electing directors and removing directors from office.

**ARTICLE X
POWERS OF THE BOARD OF DIRECTORS**

The Board shall have the full and complete power and authority to (i) carry out the

purposes of the Company, and (ii) exercise all powers of the Company as provided by Utah law, or that are necessary or convenient to carry out the purposes of the Company, except as limited by these Articles, by the Bylaws, by contract, or by law. At any meeting of the Board, the presence (either in person or by electronic means, as authorized by law or by the Bylaws) of a majority of the members of the Board shall be necessary to constitute a quorum and to be qualified to transact business and exercise the corporate powers of the Company.

ARTICLE XI OFFICERS

Officers of the Company shall be defined, and either elected or appointed, as provided in the Bylaws.

ARTICLE XII MEMBER MEETINGS

The members of the Company shall hold their annual meeting during the month of March, and at a time and place designated by the Board. Additional, special meetings of the members may be called and held as provided in the Act. Notice of the annual meeting and any special meetings of the members shall be given by the secretary by mailing written notice thereof to all members not less than two weeks before the date of such meeting at their last known address as shown on the records of the Company. Notice of special meetings shall specify the date, time and place of such meeting, and the matters to be considered, and no other business shall be considered at any such meeting. A failure for any cause to hold any meeting of the members on the day appointed shall not forfeit nor in any way interfere with the corporate rights acquired under these Articles, but any such meeting, either annual or special, may be held at any subsequent time by giving notice as required by law.

At all meetings of the members, unless otherwise specifically required by Utah law, the presence at such meeting of the members of the voting group, whether present in person or by proxy, that are represented for any purpose at the meeting shall constitute a quorum of that voting group for action on a matter. The presence of a quorum shall enable the Company to transact all business properly before the meeting.

At all meetings of the members, each member whose assessments, fees and other charges are current shall be allowed to vote on the basis of stock ownership. Voting may be either in person or by lawful written proxy signed by the member owning the share and filed with the secretary. Every question or election shall be decided by a majority of the votes cast at any such meeting, except as may be otherwise provided in these Articles, the Bylaws, or Utah law. Except as provided for the election of directors, there shall be one voting group in the Company, as the term "voting group" is defined in Section 16-6a-102(53) of the Utah Code. For the election of directors, members residing within each designated district shall constitute a separate voting group.

**ARTICLE XIII
CURRENT REGISTERED AGENT**

The registered agent of the Company as of the date of these Articles is:

Michael Johanson
4000 West Old Highway Road
Morgan, Utah 84050

**ARTICLE XIV
CURRENT REGISTERED OFFICE**

The location of the registered principal office of the Company as of the date of these Articles is:

Cottonwood Mutual Water Company
4000 West Old Highway Road
Morgan, Utah 84050

**ARTICLE XV
MEMBERS, DIRECTORS, OFFICERS AND EMPLOYEES NOT LIABLE**

The members, directors, officers and employees of the Company are not personally liable in their capacity as members, directors, officers and employees for the acts, debts, liabilities or obligations of the Company. Members shall be liable, however, for payment of assessments and other charges as provided in these Articles and in the Bylaws.

**ARTICLE XVI
INDEMNIFICATION**

The Company shall indemnify any director, officer or employee of the Company against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually or reasonably incurred in connection with any action, suit, or proceeding in which the director, officer or employee is made a party by reason of being or having been a director, officer, or employee; provided that such director, officer or employee acted in good faith and in a manner such officer, director or employee reasonably believed to be in the best interests of the Company, and provided that, in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful. The Company may make any other indemnification, provided the same is authorized by the Board and by applicable law.

**ARTICLE XVII
BYLAWS**

The Board shall adopt, by a two-thirds vote, appropriate Bylaws, rules and regulations, and any amendments thereto, that may be necessary for the proper governance of the

Company. Such Bylaws, rules, regulations and amendments thereto need not be confirmed or approved by the members.

**ARTICLE XVIII
OWNERSHIP OF SYSTEM**

The System includes, and the Company shall own and be responsible for, all facilities up to the curb stop of each member, including the meter, outside readout, curb-stop valve box and shut-off valve. Each member shall own and be responsible for the service lateral from the property side of the curb-stop valve box and shut-off valve to the premises being served, excluding the water meter and outside readout.

**ARTICLE XIX
DISSOLUTION**

The dissolution of the Company shall be accomplished in accordance with the Act; provided, however, that if a governmental or quasi-governmental entity agrees to assume all debts, liabilities and obligations of the Company, and to provide continued water service to the then members of the Company, all Shares issued by the Company may be cancelled and recalled for no consideration, and the assets of the Company shall be transferred to such governmental or quasi-governmental entity, or as otherwise provided in the plan of dissolution approved by the members.

**ARTICLE XX
INCORPORATORS**

The names and addresses of the original incorporators of this Company are:

NAME

ADDRESS

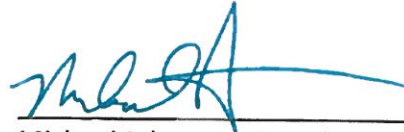
Gardner Cottonwood Creek, L.C.

Union Pacific Depot
12 South 400 West, Suite 250
Salt Lake City, UT84101

Wilkinson Family Farm, L.L.C.

2985 W. Old Highway Rd.
Morgan, UT 84050

DATED this 23 day of April, 2013.



Michael Johanson, President



Jenalee Frazier, Secretary

ACCEPTANCE OF APPOINTMENT BY REGISTERED AGENT

Pursuant to the Utah Revised Nonprofit Corporation Act, the undersigned hereby accepts appointment as registered agent for Cottonwood Mutual Water Company, a Utah nonprofit corporation.

Dated April 23, 2013.



Michael Johanson, Registered Agent

STATE OF UTAH)
 §
COUNTY OF MORGAN)

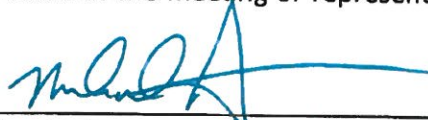
VERIFIED CERTIFICATE OF ADOPTION

The undersigned, Michael Johanson, being first duly sworn, deposes and says:

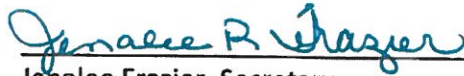
1. The foregoing Amended and Restated Articles of Incorporation of Cottonwood Mutual Water Company were presented to the annual meeting of the members of the Cottonwood Mutual Water Company held on April 18, 2013, pursuant to notice given as provided by law to each and every member by (i) mailing a notice at least two (2) weeks prior to the meeting specifying the time and place where the meeting was to be held, and the business to be transacted at the meeting, and (ii) making available a complete copy of the foregoing Amended and Restated Articles of Incorporation of Cottonwood Mutual Water Company.

2. A quorum of the members was present at and participated in the meeting.

3. On a motion duly made and seconded to adopt the foregoing Amended and Restated Articles of Incorporation of Cottonwood Mutual Water Company, the same were adopted by a majority of the votes which members present at the meeting or represented by proxy were entitled to cast.



Michael Johanson, President

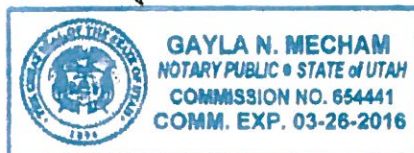


Jenalee Frazier, Secretary

SUBSCRIBED AND SWORN to before me this 23 day of April, 2013.



Notary Public



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