

ARTICLE II Membership

Section 1. Membership Policy.

Any person, group of persons, or organization possessing the qualifications of eligibility for ownership of common stock as prescribed by the Articles of Incorporation, bylaws and regulations of the Board of Directors, may be admitted as a member upon payment of a fee to be set by the Board of Directors and by making such other contributions or fulfilling such other conditions as the Board may deem necessary.

The fees, contributions, and conditions shall reasonably ensure:

1. That the pro rata value of each shareholder's interest, on a replacement, cost or fair market value basis, in the assets of the Association, is not diluted by additional membership.
2. That the availability of 40,000 gallons of water per month per shareholder, for peak usage month, i.e.: June, July, August, shall be unimpaired.
3. That the quality of water in the system shall remain high.
4. That the new additions and improvements to the distribution system shall be of high quality.
5. That the cost of water supply to existing shareholders shall not be subject to unnecessary or unreasonable increase.
6. That the existing components of the water pumping, conveyance, storage and distribution system shall be replaced, repaired or improved in a periodic basis.
7. That the Association shall maintain adequate financial reserves.

Shareholders shall not be entitled to connection and water use except upon payment of connection and monthly service fees. One share shall entitle a shareholder to one connection, upon payment of such fees.

[Bylaws, March 4, 1995]

Section 2. Voting Rights.

~~Regardless of the number of shares held, a shareholder shall have only one vote. If the title of dwelling and lands has been transferred or conveyed either by contract or deed and the share is held in trust, the Board of Directors may upon receipt of evidence of transfer and payment of a fee equal to a share transfer fee, allow the new owner to vote the share appurtenant to his/her dwelling while such share is held in trust.~~

~~*[Bylaws, March 4, 1995]*~~

Section 2. Voting Rights.

Regardless of the number of shares held, a Shareholder shall have only one vote. A shareholder who owns more than one share in his own name, or jointly with other persons, or in the name of a partnership, corporation, limited liability, or any other legal entity, is still only entitled to one vote.

1. A non-individual Shareholder (e.g.: a trust, LLC, Corporation, or any other entity) must appoint an individual to vote its share (an "Authorized Representative"). Any entity wishing to vote its share at any meeting of the Shareholders must submit its proposed Authorized Representative after ensuring the appointment complies with this Section, prior to the opening of that meeting of the Shareholders.

2. All persons nominated as Authorized Representatives must meet the following criteria:

a. Individual shareholders and persons already appointed as an Authorized Representative for another entity are ineligible to be appointed.

b. For entities with readily identifiable owners, such as Corporations or LLCs, an Authorized Representative must own an interest in the entity for which they are voting, which is no smaller than the ownership interest held by any other owner of the entity.

c. For Trusts, the Authorized Representative must be the Trustee.

d. For entities which have no owners (e.g.: without limitation, government entities, or churches) the Board of Directors may allow such entity to appoint an individual who is not an individual shareholder or an Authorized Representative for another entity.

e. The Board of Directors may refuse to approve the appointment of any Authorized Representative if, upon reasonable investigation, it appears that approving such an appointment would allow any Shareholder a disproportionate influence on the company.

[Amendment to Bylaws, January 21, 2010]

Section 3. Certificates for Shares.

~~The shares of the Association shall be represented by certificates in a form approved by the Board of Directors. Such certificates shall be signed by the President and the Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, and the number of the shares and date of issue shall be entered on the stock transfer books of the Association. All certificates surrendered to the Association for transfer shall be cancelled and no new certificate shall be issued until the former certificate shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefore upon such terms and indemnity to the Association as the Board of Directors may prescribe.~~

~~*[Bylaws, March 4, 1995]*~~

Section 3. Shares.

a. Membership Shares. Only the owner of property serviced with culinary water by The Association may hold membership in The Association. For each property so serviced, the owner is entitled to one share in The Association. This share is appurtenant to the property it serves and may not be separately transferred, conveyed, or otherwise separated from the property served. Inasmuch as all water rights held by The Association are owned by The Association and not by individual shareholders, such share does not represent an ownership right in water or a right to a specific amount of water, but represents only a membership interest in The Association. Because The Association is a mutual ownership company, all shareholders participate on an equal basis and each shareholder has only one vote, regardless of the number of properties and shares owned. Where a share is owned by more than one person or entity, for purposes of voting, all such owners are considered as one person and their collective ownership is only entitled to one vote. The Board of Directors has discretion to resolve any dispute regarding entitlement to vote and its decision on such matters is final.

b. Recordation of Shares. The ownership of property serviced by The Association shall be determined by the owner of record listed on the Tax Parcel Identification Number of the property as recorded in the records of Washington County, Utah. The owner of record for said property shall be entitled to one (1) share in The Association and the Tax Parcel Identification Number, together with its date of issuance, shall be entered on the records of The Association. Once there has been a change of ownership duly recorded in the County's records for the parcel in question, the new owner becomes the new shareholder without further action, and the former shareholder's interest is automatically terminated as of the date such property was transferred. However, before the new owner may vote as a shareholder or receive water service, all assessments, charges and fees must be paid to bring the account current.

c. Cancellation of Certificates. Certificates of membership previously issued by The Association are hereby cancelled. Proof of membership requires an owner of serviced property to present The Association with a valid Tax Parcel Identification Number as recorded on the current property deed filed at Washington County, Utah, in the name of the property owner.
[Amendment to Bylaws, March 27, 2014]

Section 4. Transfer of Shares.

~~Transfer of shares of the Association shall be made in the manner specified by Title 70 A, Chapter 6, Utah Code Annotated Title 70A, Utah State Uniform Commercial Code. The Association shall maintain stock transfer books and transfer of stocks shall be made only on the request of the holder or by his/her legal representative, who shall furnish proper evidence of authority to transfer, or surrender for cancellation the certificate for such shares and pay all assessments and charges current, except as noted in ARTICLE II, Section 5. The Association shall have the absolute right to recognize the person in whose name the share stands on the books of the Association as the owner thereof for all purposes.~~

~~*[Bylaws, March 4, 1995]*~~

Section 4. Transfer of Shares.

The Association shall maintain books containing the names of owners of membership shares, which books shall be The Associations official record of shareholders. Because Washington County, Utah, does not notify The Association of changes in property ownership, it is the responsibility of a new property owner to inform The Association of such change so that The Association's records may be kept current. Until such time as The Association is properly notified of a change in ownership, a transfer of membership shares on the books of The Association shall be made only on the request of the owner recorded on the property deed of record for the property serviced, or such owner's legal representative, who shall furnish proper evidence of authority to transfer such shares and pay all assessments, charges and fees to bring the account current.

[Amendment to Bylaws, March 27, 2014]

Section 5. Shares of Stock Appurtenant to Lands.

All existing service connections that supply water to human dwellings, and all new shares of stock sold are intended to provide water service to a specific human dwelling and associated lands. These shares are appurtenant to the dwelling and property they serve. An appurtenant share may not be separately transferred, or otherwise conveyed from ownership of the dwelling or property served without the express written approval of the Board of Directors. If the dwelling and lands are conveyed but the shareholder conveying the dwelling and lands refuses to transfer the appurtenant shares to the new owner, the Association may at the election of the Board of Directors, cancel the shareholder's (Grantor) share and issue the share to the new owner (Grantee). The new owner shall then be entitled to all rights of a shareholder in the Association.

[Bylaws, March 4, 1995]