

**BYLAWS and AMENDMENTS**

**OF THE**

**LEEDS**

**DOMESTIC WATER USERS**

**ASSOCIATION**

**LDWA Bylaws**  
**March 4, 1995**  
**and includes**  
**Amendments dated**  
**January 21, 2010**  
**February 5, 2013**  
**March 27, 2014**  
**February 3, 2015**  
**February 2, 2016**

**Board and Shareholders**  
**approval vote incorporated herein**

# TABLE OF CONTENTS

TITLE	PAGE(S)
<b>ARTICLE I</b>	
NAME, LOCATION & PURPOSE .....	4
<b>ARTICLE II</b>	
MEMBERSHIP .....	5-8
Section 1. Membership Policy .....	5
Section 2. Voting Rights .....	5-6
Section 3. <del>Certificates for Shares</del> ... <i>superseded below</i> .....	6
Section 3. Shares .....	7
Section 4. Transfer of Shares .....	7-8
Section 5. Shares of Stock Appurtenant to Lands.....	8
<b>ARTICLE III</b>	
MEETINGS OF THE SHAREHOLDERS .....	9-10
Section 1. Annual Meetings .....	9
Section 2. Special Meeting .....	9
Section 3. Notice of Meetings .....	9
Section 4. Record Date .....	9-10
Section 5. Waiver of Notice .....	10
Section 6. Quorum .....	10
Section 7. Voting .....	10
Section 8. Procedure .....	10
<b>ARTICLE IV</b>	
BOARD OF DIRECTORS .....	11-13
Section 1. Number .....	11
Section 2. Term of Office – Qualifications .....	11
Section 3. Removal .....	12
Section 4. Compensation .....	12
Section 5. Regular Meetings .....	12
Section 6. Special Meetings .....	12
Section 7. Quorum .....	12
Section 8. Action without a Meeting .....	12
Section 9. Presumption of Assent .....	13
<b>ARTICLE V</b>	
OFFICERS AND THEIR DUTIES .....	14-16
Section 1. Enumeration of Officers .....	14
Section 2. Election of Officers .....	14
Section 3. Term .....	14
Section 4. Special Appointments .....	14
Section 5. Resignation and Removal .....	14-15
Section 6. Vacancies .....	15
Section 7. Multiple Offices .....	15
Section 8. Duties .....	15-16
Section 9. Compensation .....	16

# TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE(S)</b>
<b>ARTICLE VI</b>	
<b>FINANCIAL MATTERS</b> .....	<b>17</b>
Section 1. Depositories .....	<b>17</b>
Section 2. Contracts: Management Contracts .....	<b>17</b>
Section 3. Fiscal Year .....	<b>17</b>
Section 4. Annual Report .....	<b>17</b>
Section 5. Books and Records .....	<b>17</b>
<b>ARTICLE VII</b>	
<b>INDEMNIFICATION OF DIRECTORS AND OFFICERS</b> .....	<b>18</b>
Section 1. Indemnification .....	<b>18</b>
Section 2. Rights of the Association .....	<b>18</b>
<b>ARTICLE VIII</b>	
<b>CORPORATE SEAL</b> .....	<b>19</b>
Section 1. Seal .....	<b>19</b>
<b>ARTICLE IX</b>	
<b>DISTRIBUTION OF WATER</b> .....	<b>20-22</b>
Section 1. Duties of Member and Association .....	<b>20</b>
Section 2. Water Use .....	<b>20</b>
Section 3. Water Shortage .....	<b>20</b>
Section 4. Seasonal Water Use .....	<b>20-21</b>
Section 5. New Developments .....	<b>21-22</b>
<b>ARTICLE X</b>	
<b>ASSESSMENTS AND WATER CHARGES</b> .....	<b>23-24</b>
Section 1. General Assessments .....	<b>23</b>
Section 2. Notice of Assessments .....	<b>23</b>
Section 3. Use Rates .....	<b>23</b>
Section 4. Due Dates .....	<b>23</b>
Section 5. Delinquency Charges .....	<b>23-24</b>
<b>ARTICLE XI</b>	
<b>AMENDMENTS</b> .....	<b>25</b>

**ARTICLE I**  
**Name, Location and Purpose**

The name of the association is “Leeds Domestic Waterusers Association”, hereafter referred to as the Association.

The principal office of the Association shall be in Leeds, Utah.

The Board of Directors may authorize the maintenance of all or part of the Association’s records at locations other than the Association’s principal office.

The purpose of the Association shall be set forth in the Articles of Incorporation.  
*[Bylaws, March 4, 1995]*

## **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 located within the municipal boundaries may hold membership in The Association. For each property so serviced, the owner is entitled to one share in The Association, is appurtenant to the property it serves and may not be separately transferred, conveyed, or otherwise separated, unless that property is de-annexed or otherwise transferred out of the municipality. 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]*

**ARTICLE III**  
**Meetings of the Shareholders**

Section 1. Annual Meetings.

~~The annual meeting of the shareholders for the election of Directors, the presentation of the annual report of the Association and for the transaction of such other business as the Board of Directors may determine, shall be held in Leeds, Utah, on the first Tuesday of February at the hour of 8:00 p.m. If the day of the annual meeting of the shareholders is a legal holiday, the meeting will be held at the same hour of the first day following which is not a holiday.~~

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

Section 1. Annual Meetings.

The annual meeting of the shareholders for the election of Directors, the presentation of the annual report of the Association and for the transaction of such other business as the Board of Directors may determine, shall be held in Leeds, Utah, on the first Tuesday of February at the hour of 7:00 p.m. If the day of the annual meeting of the shareholders is a legal holiday, the meeting will be held at the same hour of the first day following which is not a holiday.

[Amendment to Bylaws, February 5, 2013]

Section 2. Special Meetings.

Special meetings of the shareholders may be called for any purpose at any time by the President, any two Board of Directors, or by a written request of 25% of the shareholders. No business other than that specified in the notice shall be conducted at a special meeting.

[Bylaws, March 4, 1995]

Section 3. Notice of Meetings.

Written notice of each meeting of the shareholders shall be given by, or at the direction of, the Secretary or other persons authorized to call a meeting, by personal delivery or by depositing the notice in the mail, postage prepaid, addressed to the shareholder's address last appearing on the books of the Association, not less than ten (10) days nor more than fifty (50) days before such meeting, to each shareholder entitled to vote thereat. Such notice shall specify the place, date and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. No issues shall be voted upon in any shareholder meeting other than those specified in the notice.

[Bylaws, March 4, 1995]

Section 4. Record Date.

The Board of Directors may fix a date not less than ten (10) nor more than fifty (50) days prior to any meeting as the record date for the purpose of determining shareholders entitled to notice of and to vote at such meeting of the shareholders. In the event no date is fixed, the record date shall be the date of mailing notice of the meeting. The transfer books may be

closed by the Board of Directors for a stated period not to exceed fifty (50) days for the purpose of determining shareholders for any purpose.

*[Bylaws, March 4, 1995]*

#### Section 5. Waiver of Notice.

The notice provided for herein above is not indispensable and any meeting of the shareholders shall be deemed validly called for all purposes if all shareholders are represented thereat in person, or if a quorum is present and waivers of time, place and purpose of such meeting shall be duly executed in writing either before or after said meeting by those shareholders not so represented or not given such notice. The attendance of any shareholder at a meeting in person, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him/her.

*[Bylaws, March 4, 1995]*

#### Section 6. Quorum.

The number of shareholders present at the meeting of the shareholders shall constitute a quorum for any action.

*[Bylaws, March 4, 1995]*

#### Section 7. Voting.

The affirmative vote of the majority of the shareholders represented at the meeting shall be the act of all shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed.

*[Bylaws, March 4, 1995]*

#### Section 8. Procedure.

The order of business and all other matters of procedure at every meeting of shareholders shall be determined by the presiding officer, but shall, as nearly practical, follow this format:

1. Call to Order.
2. Proof of Notice of Meeting or Waiver thereof.
3. Reading and Action on any Unapproved Meeting Minutes.
4. Reports.
5. Election of Directors and other Business.
6. Adjournment.

*[Bylaws, March 4, 1995]*

## **ARTICLE IV Board of Directors**

### Section 1. Number.

The affairs of this Association shall be managed by a Board of five (5) Directors. The Board of Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Association as they deem proper.

*[Bylaws, March 4, 1995]*

### Section 2. Term of Office – Qualifications.

At each annual meeting, the shareholders shall elect Directors for terms of two (2) years, with an odd number on even numbered years and an even number on odd numbered years.

Directors shall be elected at the annual meeting of the shareholders and shall hold office until a successor has been elected and qualified.

~~Election of Directors shall proceed as follows: Nominations shall be made from the floor by any member present. Nominees shall be shareholders. Names of all nominees shall be placed or inscribed in order that all members present may be aware of the name of all nominees. There shall be at least twice as many nominations as there are vacancies.~~

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

Election of Directors shall be as follows: Nominations shall be made from the floor by any member present and in good standing with the Association. All nominees shall be members in good standing with the Association. Names of all nominees shall be placed or inscribed in order that all members present may be aware of the name of all nominees.

*[Amendments to Bylaws, February 2, 2016]*

If, at the annual shareholder meeting, the shareholders fail to nominate or elect a number of directors to fill all vacancies, the Board of Directors shall have the power to appoint directors to fill any vacancies as soon as practical thereafter. Appointed directors shall hold office for the remainder of the two-year term as though they had been elected.

*[Amendments to Bylaws, February 2, 2016]*

Voting shall be by secret ballot. The President shall appoint three (3) judges from those present to rule on qualification of members, disputes, and to canvas the votes. The results of the voting will be announced immediately after tallying is completed, in the meeting.

*[Bylaws, March 4, 1995]*

### Section 3. Removal.

Any Director may be removed from the Board, with or without cause, by a majority vote of the shareholders. In the event of death, resignation or removal of a Director, a temporary successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

*[Bylaws, March 4, 1995]*

#### \*Section 4. Compensation.

Directors shall not receive compensation for service they may render as Directors to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties. (\*Also Refer to Bylaws, Article V, Section 9, Compensation)  
*[Bylaws, March 4, 1995]*

#### Section 5. Regular Meetings.

A regular meeting of the Board of Directors will follow each annual meeting of the shareholders. In addition, other regular meetings of the Board of Directors shall be held at such date, time and place as may be determined from time to time by resolution of the Board of Directors. Written notification of each regular Board meeting shall be delivered or mailed to all Directors at least two (2) days prior to the regular meeting.  
*[Bylaws, March 4, 1995]*

#### Section 6. Special Meetings.

Special Meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors after at least two (2) days written notice to each Director.  
*[Bylaws, March 4, 1995]*

#### Section 7. Quorum.

A majority of the number of Directors shall constitute a Quorum for the transaction of business. Every act or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.  
*[Bylaws, March 4, 1995]*

#### Section 8. Action without a Meeting.

Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting, on written consent, setting forth the action so taken, signed by all Directors.  
*[Bylaws, March 4, 1995]*

#### Section 9. Presumption of Assent.

A Director of the Association who is present at a meeting of the Board of Directors of the Association, at which action on any corporate matter is taken, shall be presumed to have assented to the action taken unless his/her dissent shall be entered in the minutes of the meeting or unless he/she 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 Association immediately after adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless attendance is for the express purpose of objecting to the manner of calling or convening the meeting.

*[Bylaws, March 4, 1995]*

**ARTICLE V**  
**Officers and Their Duties**

Section 1. Enumeration of Officers.

The officers of this Association shall be a President, and Vice President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, who need not be members of the Board of Directors nor shareholders of the Association, and such other officers as the Board may from time to time create by resolution.

In its discretion, the Board of Directors may leave unfilled for any such period as it may determine, any office except those of President and Secretary.

*[Bylaws, March 4, 1995]*

Section 2. Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the shareholders. The Oath of Office will be administered by the secretary of the Association to each new Director at the same meeting.

The Oath of Office shall read as follows:

“I, *(name)*, do solemnly swear [affirm] that I will support, obey and defend the Constitution of the United States, the Constitution of this State, and the Articles of Incorporation, the bylaws and all other lawful regulations governing the operation of Leeds Domestic Waterusers Association, and will discharge my duties with fidelity.”

*[Bylaws, March 4, 1995]*

Section 3. Term.

The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he/she shall sooner resign, or be removed, or otherwise be disqualified to serve.

*[Bylaws, March 4, 1995]*

Section 4. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

*[Bylaws, March 4, 1995]*

Section 5. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board or any officer of the Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

*[Bylaws, March 4, 1995]*

### Section 6. Vacancies.

A vacancy in any office may be filled by appointment of the Board. The officer appointed to such a vacancy shall serve for the remainder of the term of the officer he/she replaces.

*[Bylaws, March 4, 1995]*

### Section 7. Multiple Offices.

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4. Special Appointments, of the Article.

*[Bylaws, March 4, 1995]*

### Section 8. Duties.

The duties of the officers are as follows:

a. PRESIDENT: The President shall preside at all meetings of the Board of Directors and shareholders; shall see that orders and resolutions of the Board are carried out; and shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks and promissory notes.

b. VICE-PRESIDENT: The Vice-President shall act in the place and stead of the President in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him/her of the Board.

~~c. SECRETARY: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the shareholders; keep appropriate current records showing the shareholders of the Association together with their addresses; and shall perform such other duties as required by the Board.~~

~~d. TREASURER: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; maintain a roster of properties; keep proper books of account; and prepare an annual budget and statement of income and expenditures to be presented to the shareholders at its regular annual meeting, and deliver a copy of the budget and statement at said meeting.~~

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

c. SECRETARY: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the shareholders; keep appropriate current records showing the shareholders of The Association together with their addresses; receive and deposit in appropriate bank accounts all moneys of The Association and disburse such funds as directed by the Board of Directors; sign all checks and promissory notes of The Association; maintain a roster of properties; keep proper books of account; prepare an annual budget and statement of

income and expenditures to be presented to the shareholders at its regular annual meeting; and shall perform other duties as assigned by the Board.

d. TREASURER: The Treasurer shall oversee all financial aspects of the Association; ensure that all insurance coverage is adequate and current; ensure that monies received by the Association are properly accounted for, deposited in appropriate bank accounts, and disbursed as directed by the Board of Directors; prepare financial statements as needed; prepare an annual budget and statement of income and expenditures to be presented to the shareholders at its regular annual meeting. The Treasurer's oversight responsibilities shall not include the handling of any monies or the signing of checks.

*[Amendment to Bylaws, January 21, 2010]*

\*Section 9. Compensation.

No Salary or other compensation for services shall be paid to any officer of the Association for services rendered by such officers, except that the Secretary, Treasurer, and Manager may receive such compensation as the Board may determine. (\*Also Refer to Bylaws, Article IV, Section 4, Compensation)

*[Bylaws, March 4, 1995]*

## **ARTICLE VI Financial Matters**

### Section 1. Depositories.

The Board of Directors shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such deposited funds shall be signed by persons specified by the Board.

*[Bylaws, March 4, 1995]*

### Section 2. Contracts: Management Contracts.

The Board of Directors may authorize any officer or officers, agent or agents, in addition to those specified by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Association and such authority may be general or confined to specific instances.

Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

*[Bylaws, March 4, 1995]*

### Section 3. Fiscal Year.

The fiscal year of the Association shall be the calendar year.

*[Bylaws, March 4, 1995]*

### Section 4. Annual Report.

The Board of Directors shall present at the annual meeting of the shareholders the report of the Treasurer giving the annual budget and a statement of income and expenses, and a report of other affairs of the Association during the preceding year. The Board of Directors shall provide a shareholder, upon his request, at the expense of the Association, copies of said budget and statement of income and expenses.

*[Bylaws, March 4, 1995]*

### Section 5. Books and Records.

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any shareholder. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any shareholder at the principal office of the Association, where copies can be purchased at a reasonable cost.

*[Bylaws, March 4, 1995]*

**ARTICLE VII**  
**Indemnification of Directors and Officers**

Section 1. Indemnification.

Each Director and officer of the Association now or hereafter serving as such shall be indemnified by the Association against any and all claims and liabilities to which he/she has or shall become subject while, or after, serving by reason of serving as Director or officer, or by reason of any action alleged to have been taken, omitted or neglected by him/her as such Director or officer; and the Association shall reimburse each such person for all legal expenses reasonably incurred by him/her in connection with, any claim or liability; provided, however that no such person shall be indemnified against, or be reimbursed for any expenses incurred connection with, any such claim or liability arising out of his/her own willful misconduct or gross negligence.

*[Bylaws, March 4, 1995]*

Section 2. Rights of the Association.

The right of any person to be indemnified shall be subject to written notice being given by the person to the Association upon becoming aware of the existence of the claims and shall be further subject to the right of the Association upon the determination of the Board of Directors, in lieu of such indemnity, to settle any such claim, action, suit, or proceeding at the expenses incurred in connection therewith. If settlement is determined by the Directors to be advisable but the Director or officer elects to reject the settlement proposal, the Association shall not be obligated further under these indemnity provisions.

*[Bylaws, March 4, 1995]*

**ARTICLE VIII**  
**Corporate Seal**

Section 1. Seal.

The Association shall have a seal in a circular form having within its circumference the words “Leeds Domestic Waterusers Association, Utah Non-Profit Corporation”, and the year of its incorporation, 1932.

*[Bylaws, March 4, 1995]*

**ARTICLE IX**  
**Distribution of Water**

Section 1. Duties of Member and Association.

Subject to provision of agreements with developers, the Association shall maintain, operate, own and control the main distribution pipe line or lines and laterals, all cut-off valves and all meters and service lines from the main line to the property line of a member, from which point the member shall, at his/her expense, install and maintain the service line to his dwelling or other place of use. The Association shall own the meter on the shareholder's property and shall have the right to enter thereon for the purposes related to the meter. Before connection with the main line, the member shall first obtain a permit to tap and said main line and pay a connection fee therefore as fixed by the Board of Directors.

*[Bylaws, March 4, 1995]*

The Association shall obtain proof of title, free and clear of all encumbrances, prior to the purchase or acceptance of any water rights.

*[Amendment to Bylaws, February 3, 2015]*

Section 2. Water Use.

No water shall be transported or transferred from the lot or property which has water meter service.

*[Bylaws, March 4, 1995]*

Section 3 Water Shortage.

In the event the total supply of water is insufficient to supply all the service connections with the distribution line for all purposes, the Association shall supply the domestic needs of all connections before any water is delivered for livestock and garden purposes, and shall supply the domestic and livestock needs of all connections before any water is delivered for garden purposes. The violation by any member of any regulation or order of the Board of Directors to enforce the provision shall subject such member to the discontinuance of water for any purpose and such additional penalties, monetary or otherwise, as may be established by the Board.

*[Bylaws, March 4, 1995]*

Section 4. Seasonal Water Use.

~~Since water use varies widely depending upon season, to more prudently use our available supply, the water not used in the "off" months may be committed to additional shares. To determine the number of additional shares to be sold, the Board of Directors will reserve 392,000 gallons of water per year per shareholder. This figure includes a reserve to support fire fighting, leakage, and other obligations. Shares representing the difference between the Association's available water supply and the amount reserved for the shareholders and reasonable reserve may be sold at the rate of not to exceed 10 shares per year to gradually approach the maximum reasonable water use.~~

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

#### Section 4. Seasonal Water Use.

To determine the number additional connections the Association can serve, the Board of Directors shall ascertain the rolling average water use per active connection for each of the last five viable years. The total water rights of the Association shall then be divided by the five-year rolling average per connection to determine the maximum number of connections that may be supplied by the existing water rights. Any year in which water was rationed because of a water shortage shall not be a viable year for purposes of calculating the rolling average. If the five-year rolling average is less than .85 acre feet per connection, the Association shall use .85 acre feet to determine the maximum connections authorized. To ensure reasonable water use management, the maximum number of new connections in one calendar year shall not exceed 50% of the surplus connections.

*[Amendment to Bylaws, January 21, 2010]*

#### Section 5. New Developments.

New developments of property that desire to receive water service shall comply with all requirements of the Association before connecting to the Association's water pipelines. The Association's requirements shall include, but not be limited to, the following:

1. Developers shall provide the Association both sufficient water rights and a sufficient water source before connecting to the Association's water system. Examples of a water source are a new well or contract water from the Washington County Water Conservancy District or other supplier. Notwithstanding, the Board may grant a waiver to developments of property of three lots or less, provided such lots are not a part, or a phase, of a larger development.

2. Developers shall be responsible for constructing and installing all pipelines, valves, and other infrastructure necessary for the delivery of water from the point where the developer's pipeline connects to the Association's water system to the point of delivery of the new uses. Developers may not connect to the Association's system until the requirement of Article IX, Section 1, are met, the new infrastructure is completed, and the infrastructure is inspected and accepted by the Association's engineer or manager.

3. Developers applying for water service may request that the Association directly procure sufficient water rights and water source for development. The Association may accede to such request where it has sufficient surplus connections or the means to obtain additional water rights and source for such connections. Developers shall be responsible to the Association for its costs in procuring water rights and source on their behalf, and shall deposit funds with the Association to cover such costs before they are incurred.

*[Amendment to Bylaws, January 21, 2010]*

4. Developers shall be responsible to provide documentation of proof of title, free and clear of all encumbrances, of all water rights they intend to sell or otherwise transfer by warranty, bonding, or other guarantee deed to the Association. Quit Claim deeds are not accepted. The documentation shall include, but not be limited to, base water rights and segregated water rights, as appropriate. Developers shall be responsible for fees and costs

incurred by the Association for review by legal counsel to verify said information, and shall deposit funds with the Association to cover such costs before they are incurred.

*[Amendment to Bylaws February 3, 2015]*

## ARTICLE X Assessments and Water Charges

### Section 1. General Assessments.

The Board of Directors, prior to the beginning of each calendar year, shall determine the amount necessary, if any, in addition to the amount collected during the year from water charges as hereinafter provided for, to pay in full the costs of construction, improvement, maintenance and operation, and for payment of any maturing indebtedness of the Association and to provide a reasonable reserve for contingencies and for replacement of capital items. If any such amount is necessary for that purpose, the Board shall make and levy such assessment against the members as may be necessary to provide the amount. Such assessment shall be levied and collected so that each share shall pay an equal portion of the total assessment.

*[Bylaws, March 4, 1995]*

### Section 2. Notice of Assessments.

After the Board of Directors has ordered an assessment on members and within ten (10) days thereof, the Secretary shall give notice of the amount, and the time and place of payment, in writing by mail to each stockholder at the address shown on the Association records. Such assessments shall be payable to the Association not later than thirty (30) days after mailing such notice, and delinquent if not paid within that time.

*[Bylaws, March 4, 1995]*

### Section 3. Use Rates.

In addition to the assessment provided in Section 1 and Section 2 of this Article, the Board of Directors, prior to the beginning of each calendar year, shall establish a schedule of rates to be charged for the use of water, based upon the amounts used as metered on each service connection. Such schedule of rates shall be based upon one twelfth (1/12) of the total estimated cost, during the ensuing year, of repairs, improvements, operation and maintenance of the water system and the payment of principal and interest of maturing indebtedness of the Association. The schedule of rates shall provide for a minimum monthly charge for each service connection, whether water is used or not, and for monthly charges to be made for amounts of water used in excess of the maximum amount allowed at the minimum monthly charge.

*[Bylaws, March 4, 1995]*

### Section 4. Due Dates.

All water charges shall be paid monthly, and if not paid on, or before ten (10) days after the date of billing for such charges, shall be delinquent.

*[Bylaws, March 4, 1995]*

### Section 5. Delinquency Charges.

~~Delinquency in the payment of either an assessment on members or of any monthly water charges, **even though the other might not be delinquent**, shall subject the delinquent member to the immediate discontinuance of all water service and the cancellation of the stock~~

~~certificate held by such member. Resumption of water service and reinstatement of stock certificate shall only be made upon payment of all delinquencies, interest, attorney's fees and such other charges and penalties as may be established and applied by order of the Board of Directors in the case of such delinquencies.~~

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

#### Section 5. Delinquency Charges.

Delinquency in the payment of either an assessment on members or of any monthly water charges, **even though the other might not be delinquent**, shall subject the delinquent member to the immediate discontinuance of all water service and the cancellation of the membership share held by such member. Resumption of water service and reinstatement of membership share shall only be made upon payment of all delinquencies, interest, attorney's fees and such other charges and penalties as may be established and applied by order of the Board of Directors in the case of such delinquencies.

*[Amendment to Bylaws, March 27, 2014]*

**ARTICLE XI**  
**Amendments**

These Bylaws and any amendments thereto may be amended, altered or replaced at any annual or special meeting of the shareholders.

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