

COPY

FILED

JAN 25 2000

Utah Div. Of Corp. & Comm. Code

**ARTICLES OF INCORPORATION
OF THE
PINE MEADOW MUTUAL WATER COMPANY**

WE, THE UNDERSIGNED, natural persons of the age of eighteen or more, acting as incorporators of a corporation under the Utah Non-Profit Corporation Act, hereby adopt the following Articles of Incorporation:

**ARTICLE I
NAME**

The name of the corporation is PINE MEADOW MUTUAL WATER COMPANY.

**ARTICLE II
A NON-PROFIT CORPORATION**

The corporation shall be a nonprofit corporation.

**ARTICLE III
DURATION OF THE CORPORATION**

The period of duration of this corporation is perpetual.

**ARTICLE IV
CORPORATE PURPOSES**

A. The general purposes and objects for which this corporation is organized shall be as follows:

(1) To acquire by purchase, exchange, lease, appropriation or otherwise, and to own and use water rights of all types and character, including, without limitation rights to the use of water for culinary, domestic and irrigation purposes.

(2) To develop, acquire, own, operate, maintain, repair, replace and renew systems and facilities for the diversion, treatment, storage, conveyance and distribution of water to the stockholders of the corporation.

(3) To distribute the water of the corporation to its stockholders for their own personal use and for use on lands owned and used by the stockholders within the geographical area in which the Company is authorized by the Utah State Engineer to use its water rights, which area, as of the date hereof, includes all of the lots situated within all of the phases of the Pine Meadow Subdivisions and other lots, all within the

0025000050

area formerly served by the Pine Meadow Special Service District in Summit County, Utah (collectively, "Pine Meadow").

(4) To acquire, own, hold, improve, develop, lease, mortgage, operate, maintain, sell, dispose of, and otherwise deal with all real property, personal property, fixtures, intangible property or other assets as may be necessary or useful in carrying out any purposes of the corporation.

(5) To do each and every thing necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which may at any time appear conducive to or expedient for the protection or benefit of this corporation, and to do said acts as fully and to the same extent as natural persons might, or could do, in any part of the world as principals, agents, partners, trustees, or otherwise, either along or in conjunction with any other person, partnership (whether limited or general and whether as limited or general partners), association, joint venture, or corporation.

B. The foregoing paragraphs shall be construed both as objects and powers and shall not be held to limit or restrict in any manner the general powers of the corporation and the enjoyment and exercise thereof, as conferred by the laws of the State of Utah; and it is intended that the purposes, objects, and powers specified in each of the paragraphs of this ARTICLE IV, CORPORATE PURPOSES, of these Articles of Incorporation shall be regarded as independent purposes, objects, and powers.

C. With respect to the foregoing purposes:

(1) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered to the corporation and to make payments and distributions in furtherance of the purposes set forth herein.

(2) no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office except as authorized under the Internal Revenue Code of 1954, as amended; and

(3) the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under 501(c)(3) of the Internal Revenue Code of 1954, as amended (or the corresponding provision of any future United States Internal Revenue law).

ARTICLE V MEMBERSHIP

The shareholders of the corporation shall be its members, and membership shall be attained only by the acquisition of stock in the corporation. Members of the corporation shall generally be referred to in these Articles and in the corporation's Bylaws as shareholders.

ARTICLE VI SHARES OF STOCK

A. The corporation is authorized to issue shares of stock, in book entry form, without certificates, evidencing the shareholders' ownership interest in the legal rights and facilities owned by the corporation and the right to use water pursuant to the water rights held in the name of the corporation on behalf of its shareholders. The number of issued shares shall not be fixed, but the aggregate number of shares which this corporation shall have authority to issue is 5,000 shares.

B. Stock shall be issued to the owners of lots within Pine Meadow, and to such other lots and developments situated outside said subdivision which may hereafter qualify to receive water service from the corporation pursuant to the Bylaws of the corporation. Each share of stock shall entitle its holder to one connection to the corporation's water distribution system and the delivery of water of the corporation subject to the provisions of these Articles of Incorporation and the Bylaws of the corporation.

C. The amount of water distributed per share shall be subject to annual adjustment by the Board of Trustees during the course of any given year depending upon the available water supply.

D. Stock, when issued, shall become an appurtenance to the lot upon which it is to be used and the lot to which such stock is appurtenant shall be entered in the stock records of the corporation. Each share of stock shall be freely transferable with the lot to which it is appurtenant, and must be transferred with said lot. Shares of stock shall not be separated from the lot to which the stock is appurtenant and shall not be transferrable for use on any lot other than the lot to which it is appurtenant without the express written approval of the Board of Trustees of the corporation, which approval shall be within the sole discretion of the Board of Trustees.

ARTICLE VII VOTING RIGHTS

A. Each share shall have voting rights equal with each other, and each share shall be entitled to one (1) vote.

B. Shareholders shall not have preemptive rights to acquire unissued shares of the stock of the corporation.

C. At each election of Trustees, shareholders entitled to vote at such election shall have no right to accumulate their votes; rather, each shareholder shall have as many votes as the number of such shareholder' shares.

ARTICLE VIII ASSESSMENT OF SHARES

All shares of stock shall be fully assessable for the purpose of paying their proportionate share of all lawful obligations of the corporation, and for operating, maintaining, developing and improving the facilities used to divert and convey water from any water source within the corporation to water storage facilities, or to the place of use, and for the operation, maintenance and development of facilities utilized to store and distribute water, and to pay their proportionate share of the general administrative expenses incurred in the operation of the corporation. Assessments shall be levied and provisions made for the collection of all delinquent assessments as provided in the Bylaws of the corporation and in conformance with state law.

ARTICLE IX BOARD OF TRUSTEES

A. The powers of the corporation shall be exercised and its affairs managed by a governing board (the "Board") of not be less than three (3) nor more than nine (9) trustees (the "Trustees"), to be elected by the shareholders at an annual meeting. The number of trustees elected to serve shall be determined as provided in the bylaws. Each member of the Board of Trustees shall be required to give a surety bond to the corporation, the premium for which shall be paid by the corporation conditioned upon the faithful performance of their duty as a Trustee.

B. The Board shall have the power, from time to time, to promulgate, adopt and amend such resolutions, rules and regulations as the Board shall deem necessary and expedient for the efficient management and operation of the property and effects of the corporation, including, without limitation, the disposition and transfer of shares, the use of water by shareholders, the duty and conduct of their officers, agents, and servants, and all other matters whatsoever which may pertain to the business and affairs of

corporation, which are not inconsistent with or otherwise contrary to the laws of the State of Utah, these Articles of Incorporation or the Bylaws.

C. The initial Board of Trustees who shall serve until a new Board is elected pursuant to the provisions of this Article, is as follows:

<u>NAME</u>	<u>STREET ADDRESS</u>
Ronald L. Downard	1952 East Fort Union Blvd. Salt Lake City, UT 84121
George Sears	1908 E. Summer Meadow Circle Sandy, UT 84093
Scott Boyle	7365 South 3200 West West Jordan, UT 84084

ARTICLE X LIMITATION OF PERSONAL LIABILITY OF TRUSTEES

Trustees of the corporation shall have no personal liability whatsoever to the corporation or its shareholders for monetary damages for breach of fiduciary duty, except liability:

- (1) for any breach of the Trustee's duty of loyalty to the corporation or its shareholders;
- (2) for acts or omissions by the Trustee not in good faith or which involve intentional misconduct or a knowing violation of the law;
- (3) for actions under Utah Code Ann. § 16-10a-842 (1953, as amended) or its successor provisions; or
- (4) for any transaction from which the Trustee derived an improper personal benefit.

ARTICLE XI TRUSTEES' CONTRACTS

A. No contracts or other transactions between the corporation and any other trust, organization or corporation shall in any way be affected or invalidated by the fact that any of the Trustees of the corporation are pecuniarily or otherwise interested in, or

are directors, trustees or officers of, such other trust, organization, or corporation, provided that such interest or involvement shall be disclosed or shall have been known to the Board of Trustees.

B. Any Trustee individually, or any trust, organization, or corporation with which any Trustee may be associated, may be a party to or may be pecuniarily or otherwise interested in any contracts or transactions of the corporation; provided that the fact that such Trustee or such trust, organization or corporation is so interested shall be disclosed or shall have been known to the Board of Trustees.

C. Any Trustee of the corporation who is also a trustee, director or officer of such other trust, organization or corporation or who is so interested, may be counted in determining the existence of a quorum at any meeting of the Board of Trustees of the corporation which shall authorize any such contracts or transactions with like force and effect as if such Trustee were not a trustee, director or officer of such other trust, organization, or corporation, or not so interested, provided that the fact that such Trustee or such trust, organization or corporation is so interested shall be disclosed or shall have been known to the Board of Trustees.

ARTICLE XII BYLAWS

Provisions for the regulation of the internal affairs of the corporation shall be set forth in the Bylaws of the corporation.

ARTICLE XIII INCORPORATORS

The names and addresses of the incorporators of the corporation are as follows:

<u>NAME</u>	<u>STREET ADDRESS</u>
Ronald L. Downard	1952 East Fort Union Blvd. Salt Lake City, UT 84121
George Sears	1908 E. Summer Meadow Circle Sandy, UT 84093
Scott Boyle	7365 South 3200 West West Jordan, UT 84084

**ARTICLE XIV
REGISTERED AGENT AND OFFICE AND PRINCIPAL PLACE OF BUSINESS**

A. The name of the registered agent and the street address of the registered office and initial place of business of the corporation are as follows:

Ronald L. Downard

1952 East Fort Union Blvd.
Salt Lake City, UT 84121

B. The foregoing registered office and principal place of business may be changed at any time by the Board of Trustees without amendment to these Articles of Incorporation.

**ARTICLE XV
DISPOSITION OF ASSETS UPON DISSOLUTION**


In the event of dissolution, each member of the corporation shall receive his proportionate share of the corporation's property and assets based upon patronage insofar as is practicable, and as their legal interests may appear, after paying or providing for the payment of all debts and obligations of the corporation.

IN WITNESS WHEREOF, we, the undersigned incorporators, have executed these Articles of Incorporation in duplicate this 24th day of January, 2000, and say: That we are the incorporators herein; that we have read the above and foregoing Articles of Incorporation, know the contents thereof and that the same are true to the best of our knowledge and belief, excepting as to matters herein alleged upon information and belief, and as to those matters we believe them to be true.

INCORPORATORS:



RONALD L. DOWNARD



GEORGE SEARS



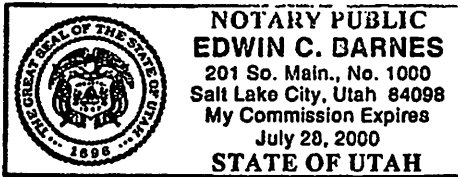
SCOTT BOYLE


STATE OF UTAH)

: ss

County of Salt Lake)

SUBSCRIBED AND SWORN to before me this 24th day of JANUARY, 2000.





NOTARY PUBLIC

**ACCEPTANCE OF APPOINTMENT
AS REGISTERED AGENT**

I hereby accept my appointment as the Registered Agent of Pine Meadow
Mutual Water Company.



Ronald L. Downard