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## **BYLAWS OF WHISPERING PINES WATER COMPANY A NONPROFIT CORPORATION**

### Article 1

#### OFFICES

The principal office of the Company shall be located at 2270 East 4800 South, Holladay, Utah, 84117. The company may have other offices at such places within or without the state of Utah which may serve as the principal office as the Board of Directors may from time to time determine.

### Article 2

#### STOCKHOLDERS

Section 1. Eligibility. Only persons or entities having legal title to a lot in Whispering Pines Subdivisions Phases I, II, III, and subsequent phases, and the Spring City Rancheros, can be Stockholders of this water company.

Section 2. Issuance of Stock Certificate. Upon the purchase, transfer, or other means of acquiring title, a person automatically becomes eligible to become a stockholder of the water company and upon surrender of the previous owner's stock certificate, duly endorsed and proof of ownership of a lot in Whispering Pines and Spring City Rancheros Subdivision, the Secretary of the company will issue a certificate of stock in the amount of one share for each lot owned. If the previous owner refuses to transfer his share of stock back to the company it will be canceled within ninety days after the new owner establishes proof of lot ownership.

Section 3. Stock Classes. There are only two classes of stock, Class "A" and Class "B", containing all the rights, privileges, and obligations pertaining to ownership of the company. One share of Class "A" stock is equivalent to four shares of Class "B" stock. The owner of each share of Class "A" stock is entitled to one vote and the owner of each share of Class "B" stock is entitled to one-fourth vote on all matters of business pertaining to the company in accordance with the procedures and regulations contained in these Bylaws and the Articles of Incorporation. One Class "A" stock shall have a par value of one dollar. One Class "B" stock shall have a par value of one dollar. Ownership of Class "A" and Class "B" stock shall represent respective ownership in a portion of the capacities of storage and common line distribution system of the Company. Ownership of Class "A" stock entitles the holder the right to actual physical line hook-up to the water system for culinary water use. Ownership of Class "B" stock entitles the holder to receive culinary water only from the company's designated water hauling systems.

Section 4. Assessments to Stockholders. Stockholders of the Corporation shall be assessed for the operations, maintenance, improvements, and expansion of the water company. The initial assessment shall be three dollars a month per share of Class "A" stock payable annually and seventy-five cents per share of Class "B" stock, payable annually commencing the month after a lot is first purchased and shall not change through December, 1991. Thereafter the monthly assessment shall be set by the Board of Directors based upon the annual budget. The hookup fee by the Class "A" stock lot owner to the water system shall be the cost of material and labor to install the water connection. The annual budget shall be set by the Board of Directors for approval by the Shareholders. Recreational Lands Unlimited Inc. and Kay Dee Development Company Inc will not be assessed for lots it has not sold.

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Section 5. Amount of Water and Limitation of Use. Each share of Class "A" stock represents 143,000 gallons of water per calendar year. The use of the 143,000 gallons of water is hereby restricted to use on the property described on the face of the stock certificate by the Company upon issuance and further, the holder of said certificate shall have no right to transfer said water from the described property without the written approval of the Board. Each share of Class "B" stock represents the right to use to a maximum of 36,500 gallons of water per calendar year.

This water is to be obtained only from the company's designated water hauling systems. The use of the 36,500 gallons of water is hereby restricted to use on the property described on the face of the stock certificate by the company upon issuance and further, the holder of said certificate shall have no right to transfer said water from the described property without the written approval of the Board.

Section 6. Collection and Delinquencies. All remedies available at law or equity may be used to enforce collection of monthly dues and assessment including but not limited to filing a lien on the property and foreclosing on lien by sale of property, bringing a legal action in a court of law for collection of amount due, or turning water off and the Stockholder agrees and accepts these collection remedies by virtue of receiving a share of stock in the company.

Section 7. Annual Meetings. The purpose of the annual meeting of Stockholders is to elect Directors and to transact such other matters as may properly come before the Stockholders such as the annual budget. The Annual meeting of the Stockholders of the Corporation shall be held at the times and places designated by the Board of Directors or the President of the Corporation. The annual meeting of Stockholders for any year shall be held no later than thirteen (13) months after the last 5 annual meeting of Stockholders. However, failure to hold an annual meeting timely shall in no way affect the terms of Officers or Directors of the Corporation or the validity of actions of the Corporation.

Section 8. Special Meetings. Special meetings of Stockholders may be called by the President or by a majority of the Board of Directors then in office or by Stockholders having one-fourth (1/4) or more of the outstanding votes of the Corporation. The purpose of each special meeting shall be stated in the notice and may only include purposes which are lawful and proper for Stockholders to consider.

Section 9. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Utah, as the place of meeting for any meeting of Stockholders. If no designation is made, then the place of meeting shall be the principal office of the Corporation in the State of Utah.

Section 10. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered personally or by mail not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Notice shall be given by or at the direction of the President or the Secretary or the persons calling the meeting to each Stockholder of record entitled to vote at the meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Stockholder at his address as it appears on the records of the Corporation with postage thereon prepaid.

Section 11. Waiver of Notice. A written waiver of notice signed by a Stockholder, whether before or after a meeting, shall be equivalent to the giving of such notice. Attendance of a Stockholder at a meeting shall constitute a waiver of notice of such meeting, except when the Stockholder attends for

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the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 12. Acting Without Meeting. Any action of the Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken is signed by a majority of Stockholders of the Corporation in accordance with the provisions of Utah Code Annotated 16-6-33.

Section 13. Voting Record. If the Corporation has fifty (50) or more Stockholders of record, the officers having charge of the Stockholders records of the Corporation shall make, at least ten (10) days before each meeting of Stockholders, a complete list of the Stockholders entitled to vote at such meeting or any adjournment thereof. The list shall be kept on file at the registered office of the corporation or at the principal place of business of the Corporation, and any Stockholder shall be entitled to inspect the list at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Stockholder at any time during the meeting. If the requirements of this section have not been substantially complied with, then upon demand of any Stockholder in person or by proxy, the meeting shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 14. Stockholder Quorum and Voting. Unless otherwise required in the Articles of Incorporation, a majority of the Stockholders appearing in person or by proxy shall constitute a quorum at a meeting of Stockholders. If a quorum is present, unless otherwise provided by law, in the Articles of Incorporation, or as otherwise stated in this section, the affirmative vote of a majority of the Stockholders at the meeting entitled to vote on the subject matter shall be the act of the 8 Stockholders. After a quorum has been established at a Stockholder's meeting, the subsequent withdrawal of Stockholders, so as to reduce the number of Stockholders entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. If a quorum is not present when a meeting starts, then a majority of the Stockholders at the meeting may adjourn the meeting from time to time without further notice until a quorum is present. For purposes of expanding the water company, beyond the limits as stated in Article IV of the Articles of Incorporation, two thirds (2/3) of the Stockholders must be present to constitute a quorum. Recreational Lands Unlimited Inc and Key Dee Development Inc shall be considered the owner of one share of stock of the water company for each lot not sold for the purposes of voting at Stockholder meetings.

Section 15. Votes. Each voting Class "A" Stockholder shall be entitled to one vote on each matter and each voting Class "B" Stockholder to one-fourth (1/4) vote on each matter submitted to a vote at a meeting of Stockholders.

Section 16. Proxies. Every Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. Every proxy shall be in writing and shall be signed by the Stockholder or his otherwise duly authorized attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof. Every proxy shall be revocable at the pleasure of the Stockholder executing it, except as otherwise provided by law.

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### Article 3

#### BOARD OF DIRECTORS

Section 1. General Powers. Subject to the limitations of the Articles of Incorporation, these Bylaws, and the nonprofit corporation statutes concerning corporate action that must be authorized or approved by the Stockholders of the Corporation, all corporate powers shall be exercised by or under the authority of the Board of Directors, and the management and affairs of the Corporation shall be controlled by the Board of Directors.

Section 2. Number, Qualification, Election and Tenure. The number of Directors shall be the number of directors elected from time to time in accordance with these Bylaws, but shall never be less than three. The number of Directors may be increased or decreased from time to time by election in accordance with these Bylaws. The directors need not be Stockholders of this Corporation or residents of Utah. Directors shall be elected by the Stockholders at the annual meeting of 10 Stockholders commencing in 1994. Until then, Recreational Lands Unlimited Inc and Kay Dee Development Company Inc the Developers, shall elect the Directors. Directors shall serve until the next succeeding annual meeting after they are elected and until their successors have been elected and qualified.

Section 3. Annual Meetings. The Board of Directors shall hold its annual meeting at the same place as, and immediately following, each annual meeting of Stockholders for the purpose of the election of officers and the transaction of such other business as may come before the meeting. If a majority of the Directors are present at the annual meeting of Stockholders, no prior notice of the annual meeting of the Board of Directors shall be required. However, another place and time for such meeting may be fixed by written consent of all of the Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall be determined from time to time by the Board of Directors.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board (if there is one), the President or any Director. The person or person authorized to call special meeting of the Board of Directors may fix a reasonable time and place for holding them.

Section 6. Telephone Meetings. Directors may participate in meetings of the Board of Directors by means of a conference telephone or similar communications equipment by which all person participating can hear each other at the same time, and participation by such means shall constitute presence in person at such a meeting.

Section 7. Action Without Meeting. Any action of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken signed by all of the Directors is filed in the minutes of the Board of Director. Such consent shall have the same effect as a unanimous vote.

Section 8. Notice and Waiver. Notice of any special meeting shall be given at least three (3) days prior thereto by written notice delivered personally, by mail or by telegram to each Director at his address. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail with postage paid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting, either

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before, at, or after such meeting by signing a waiver of notice. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of such meeting or the manner in which it has been called or convened, except when a Director states at the beginning of the meeting any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 9. Quorum and Voting. A majority of Directors in office shall constitute a quorum for the transaction of business. The vote of a majority of Directors present at a meeting at which a quorum is present shall constitute the action of the Board of Directors. If less than a quorum is present, then a majority of those Directors present may adjourn the meeting from time to time without notice until a quorum is present.

Section 10. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors even though it is less than a quorum of the Board of Directors, unless otherwise provided by law or the Articles of Incorporation. A Director elected to fill a vacancy shall hold office only until the next election of Directors by the Stockholders. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting of Stockholders or a special meeting of Stockholders called for that purpose.

Section 11. Removal. At any meeting of Stockholders called expressly for that purpose, any Director or Directors may be removed from office, with or without cause, by vote of holders of a majority of the outstanding shares then entitled to vote at an election of Directors. New Directors may be elected by the Stockholders for the unexpired terms of Directors removed from office at the same meetings at which such removals are voted. If the Stockholders fail to elect persons to fill the unexpired terms of removed Directors, and if the Stockholders did not intend to decrease the number of Directors to serve on the Board, then the vacancies unfilled shall be filled in accordance with provisions in these Bylaws for vacancies.

Section 12. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting because of an asserted conflict of interest.

#### Article 4

##### OFFICERS

Section 1. Officers. The Officers of this Corporation shall be a President, Secretary and Treasurer, each of whom shall be elected by the Board of Directors. A Chairman of the Board, Vice President, and such other officers and assistant officers as may be deemed appropriate may be elected by the Board of Directors from time to time. Any two or more offices may be held by the same person. A failure to elect a President, Secretary or Treasurer shall not affect the existence of the Corporation.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its meeting after each annual meeting of Stockholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

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Each Officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any Officer may be removed from office at any time, with or without cause, on the affirmative vote of a majority of the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby. Removal shall be without prejudice to any contract rights of the person so removed, but election of an officer shall not of itself create contract rights.

Section 4. Vacancies. Vacancies in Offices, however occasioned, may be filled at any time by election by the Board of Directors for the unexpired terms of such offices.

Section 5. Duties. The Chairman of the Board, or the President if there is no Chairman of the Board, shall preside at all meetings of the Board of Directors and of the Stockholders. The President shall be the chief executive officer of the Corporation. Subject to the foregoing, the Officers of the Corporation have such powers and duties as usually pertain to their respective offices and such additional powers and duties specifically conferred by law, by the Articles of Incorporation, by these Bylaws, or as may be assigned to them from time to time by the Board of Directors.

Section 6. Salaries. The salaries of the Officers shall be fixed from time to time by the Stockholders and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation. The initial compensation of the officers shall be none.

Section 7. Delegation of Duties. In the absence or disability of any Officers of the Corporation or for any other reason deemed sufficient by the Board of Directors, the Board may delegate his powers or duties to any other Officer or to any other Director.

## Article 5

### EXECUTIVE AND OTHER COMMITTEES

Section 1. Creation of Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate an Executive Committee and one or more other committees.

Section 2. Executive Committee. The Executive Committee (if there is one) shall consult with and advise the Officers of the Corporation in the management of its affairs and shall have and may exercise, to the extent provided in the resolution of the Board of Directors creating such Executive Committee, such powers of the Board of Directors as can be lawfully delegated by the Board.

Section 3. Other Committees. Such other committees shall have such functions and may exercise such power of the Board of Directors as can be lawfully delegated and to the extent provided in the resolution or resolutions creating such committee or committees.

Section 4. Meetings. Regular meetings of the Executive Committee and other committees may be held without notice at such time and at such place as shall from time to time be determined by the Executive Committee or such other committees, and special meetings of the Executive Committee or such other committees may be called by an Stockholder thereof upon two (2) days notice to the other Stockholders of such committee, or on such shorter notice as may be agreed to in writing by each of the other

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Stockholders of such committee; given either personally or in the manner provided in these Bylaws pertaining to notice for Director's meetings.

Section 5. Vacancies. Vacancies on the Executive Committee and on other committees shall be filled by the Board of Directors then in office at any regular or special meeting of the Board of Directors.

Section 6. Quorum. At all meetings of the Executive Committee or other committees, a majority of the committee's members then in office shall constitute a quorum for the transaction of business.

Section 7. Manner of Acting. The acts of a majority of the members of the Executive Committee or other committees present at any meeting at which there is a quorum shall be the act of such committee.

Section 8. Minutes. The Executive Committee (if there is one) and the other committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

## Article 6

### STOCK CERTIFICATES

Section 1. Form and issuance. Stockholders of the Corporation shall be issued stock certificates signed by the President or a Vice President, and by the Secretary or an Assistant Secretary. Each stock certificate shall state the following: (a) the name of the corporation; (b) that the Corporation is organized under the laws of the State of Utah; and (c) the name of the person or persons to whom issued.

Section 2. Lost, Stolen or Destroyed Certificates. The Corporation may issue a new Stock Certificate in the place of any certificate previously issued if the Stockholder named in the certificate (a) makes proof in affidavit form that it has been lost, destroyed or stolen; (b) requests the issuance of a new certificate; and (c) satisfies any other reasonable requirements imposed by the Corporation.

## Article 7

### BOOK, RECORDS AND REPORTS

Section 1. Report to Stockholders. The Corporation shall send an annual report to the Stockholders of the Corporation not later than four months after the close of each fiscal year of the Corporation beginning in 1992. Such report shall include a balance sheet as of the close of the fiscal year of the Corporation and a revenue and disbursement statement for the year ending on such closing date. Such financial statements shall be prepared from and in accordance with the books of the Corporation, in conformity with generally accepted accounting principles applied on a consistent basis.

Section 2. Inspection of Corporate Records. Any person who is a Stockholder of the Corporation shall have the right, for any proper purpose and at any reasonable time, on written demand stating the purpose thereof, to examine and make copies from the relevant books and records of accounts, minutes, and records of Stockholders of the corporation. Upon the written request of any Stockholders, the Corporation shall mail to such Stockholder a copy of the most recent balance sheet and revenue and disbursement statement beginning in 1992. If such request is received by the Corporation before such

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financial statements are available for its last fiscal year, the Corporation shall mail such financial statements as soon as they become available. In any event, the financial statements must be mailed within four months after the close of the last fiscal year. Additionally, balance sheets and revenue and disbursement statements shall be filed in the registered office of the Corporation, shall be kept for at least five years, and shall be subject to inspection during business hours by any Stockholder, in person or by agent.

#### Article 8

##### NONPROFIT OPERATION

No dividends will be paid. No part of the income or assets of the Corporation will be distributed to its Stockholders, Directors or Officers without full consideration. No Stockholder of the Corporation has any vested right, interest, or privilege in or to the assets, property, functions or activities of the Corporation. The Corporation may contract in due course with its Stockholders, Directors and Officers without violating this provision.

#### Article 9

##### FISCAL YEAR

The fiscal year of the corporation shall be the period selected by the Board of Directors as the fiscal year of the Corporation.

#### Article 10

##### INDEMNIFICATION

The Corporation shall indemnify each Officer and Director, including former Officers and Directors, to the full extent permitted by the state corporation laws.

#### Article 11

The Bylaws and Articles of Incorporation may be amended only by the affirmative vote of two-third (2/3) of the shares of stock of the Corporation in a duly authorized meeting of Stockholders. Recreational Lands Unlimited Inc and Kay Dee Development Company Inc shall be considered a Stockholder for lots it has not sold for this purpose.