

BY-LAWS
of
PANORAMA HILLS WATER COMPANY, INC.

ARTICLE I
SHAREHOLDERS

Section 1. Annual Meeting of Shareholders:

The annual meeting of the shareholders of the Panorama Hills Water Company, Inc. hereinafter referred to as Company, shall be held annually at the principal office of the Company at Panorama Hills Lodge in Bonneville County, State of Idaho, or at any other place so designated by the Board of Directors, within a radius of 15 miles of the Panorama Hills area development, at an hour and on or before March 31st of each year, as shall be set by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting.

It shall be the duty of the secretary to cause notice of such annual meeting by giving written notice of the time, place and purpose of the meeting of all shareholders entitled to vote at such meeting at least ten (10) days prior to the date of the annual meeting. If such written notice is placed in the United States Mail, postage prepaid, and addressed to a shareholder at his last known Post Office address, notice shall be deemed to have been given him.

Section 2. Special Meetings:

Special meetings of the shareholders may be called at the principal office of the Company at Panorama Hills Lodge, Bonneville County, State of Idaho, or at any other place so designated by the Board of Directors, within a radius of 15 miles of the Panorama Hills area development, at any time by a majority vote of the Board of Directors. If more than eighteen (18) months are allowed to elapse without the annual shareholders meeting being held, any shareholder may call such meeting to be

held at the registered office of the Company. At any time, upon written request of any director, or of any shareholder or shareholders holding in the aggregate one-third (1/3) of the voting power of all shareholders, it shall be the duty of the secretary to call a special meeting of shareholders to be held at the registered office of the Company at such time as the secretary may fix, not less than ten (10) days or more than thirty-five (35) days after the receipt of said request, and if the secretary shall neglect or refuse to issue such call, the director or shareholder or shareholders making the request may do so.

Section 3. Adjournments.

An adjournment or adjournments of any annual or special meeting may be taken without new notice being given by a majority of the Board of Directors or by a majority vote of the shareholders.

Section 4. Organization:

The President of the Company shall call the meeting of the shareholders to order and shall act as the chairman at such meetings. In the absence of the President, the Vice-President shall act as chairman of the meeting. In the absence of both the President and Vice-President, the Board of Directors may appoint any stockholder to act as chairman of the meeting. The Secretary of the Company shall act as secretary of all meetings of the shareholders, but in the absence of the Secretary at any meeting of the shareholders, the presiding officer may appoint any shareholder to act as the secretary of that meeting.

Section 5. Voting Rights:

At each meeting of the shareholders, every shareholder of record shall have the right to vote one vote for every share of stock out of the membership stock standing in his name on the books of the corporation.

Proxies shall be valid only for a period of eleven (11) months from the date of their issue and shall at no time be binding upon a purchaser of a membership and related property whose grantor issued and executed the proxy. Every shareholder shall have the right to cast his vote either in person or by proxy duly authorized in writing and filed with the secretary.

Shares of a corporation belonging to itself shall not be voted nor counted in calculating the total power of all shareholders of such corporation at any given time.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Terms of Office:

The business property and corporate powers of the corporation shall be managed and controlled by the Board of Directors. The number of Directors shall be three (3). Directors need not hold membership in the association.

The Directors shall be elected as follows: One for a term of three (3) years, one for a term of two (2) years, and one for a term of one (1) year commencing with the year in which these By-Laws are adopted. At each subsequent annual election, the successors to the Directors who have terms which expire in that year shall be elected to hold the office for the term of three (3) years so that the term of office of all of the Directors shall not expire in any one year. Each Director shall serve for the term for which he has been elected and until his successor has been duly chosen.

All elections of the Directors shall be held at the annual meeting of the shareholders.

Section 2. Vacancies:

Vacancies of the Board of Directors shall be filled by the majority of the remaining Board of Directors and each person so elected to fill such vacancy shall fill out the unexpired term of the person causing the vacancy or until his successor is elected.

Section 3. Place of Meeting:

The meeting of the Board of Directors may be held at such place as the President or a majority of the Board of Directors may from time to time appoint within a radius of 15 miles of the Panorama Hills area development.

Section 4. Regular Meetings:

Regular meetings of the Board of Directors shall be held at least once annually following each annual meeting of the shareholders. No notice shall be required of such regular meeting of the Board of Directors.

Section 5. Special Meetings:

Special meetings of the Board of Directors shall be held whenever called at the direction of the President and/or a majority of the Board of Directors.

The Secretary shall give notice of each such special meeting by mailing the same at least three (3) days before the meeting, but such notice may be waived by the Directors in writing signed by the person or persons entitled to such notice, whether before or after the time of such meeting, and shall be equivalent to the giving of such notice. Such written signature shall be affixed to the minutes of the meeting of the Board of Directors. Attendance of a Director at such meeting shall constitute a waiver of notice thereof except where a Director attends such a meeting for the express purpose of objecting to the transaction of any business because such meeting is not lawfully convened. Neither the business to be transacted at, nor the purpose of any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum Voting:

A majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of business and the action of a majority of the Directors present at a meeting at which a quorum is present shall be the action of the Board of Directors.

ARTICLE III

OFFICERS

Section 1. Officers:

The effective officers of the Company shall be a President, and one or more Vice-Presidents, Secretary, and Treasurer. The offices of Secretary and Treasurer may be combined in one person who shall be called Secretary-Treasurer. The office of President and Vice-President shall be filled by a majority vote of the Board of Directors who shall elect one of their number to act as

such President and one or more of their number to act as Vice-President(s).

Section 2. Other Officers and Agents:

The Board of Directors shall have the authority to appoint and remove all other officers, agents, or employees of the Company, prescribe their duties, fix their compensation, and require from them security for their faithful service.

Section 3. Removal from Office.

All elected officers shall be subject to removal at any time by the affirmative vote of a majority of the whole of the Board of Directors present and voting. All officers, agents and employees other than officers elected by the Board of Directors shall hold office at the discretion of the Board of Directors and may be removed by the Board of Directors whenever in their judgment the best interest of the Company will be served thereby. Any member of the Board of Directors shall be subject to removal of office at any time by the affirmative vote of a majority of the registered shareholders of the company at a legally convened meeting.

Section 4. Powers and Duties of the President

The President shall preside at all meetings of the shareholders and of the Board of Directors, subject to the power of the Board of Directors, he shall have the general supervision and superintendency of the affairs of the Company. He shall keep the Board of Directors informed and shall freely consult with them in the business of the Company.

He may sign and execute all instruments required of the Company on behalf of the Board of Directors and after they have authorized the action to be taken. He shall sign all certificates of the shares of membership stock of the Company. He shall do and perform all such other duties as may be from time to time assigned to him by the Board of Directors.

Section 5. Vice-President

The Vice-President(s) shall act in all cases in which the President is absent, or in case of his death or disability.

Section 6. A) Secretary and B) Treasurer:

A) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of the meetings of the shareholders in books provided for that purpose. He shall attend

to the giving and serving of all notices of the Company. He may sign with the President in the name of the Company on the contracts authorized by the Board of Directors, and when so ordered by the Board of Directors shall affix the seal of the Company; and too, he shall have charge of the certificate books and stock ledger and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to the examination of any shareholder, and he shall perform all of the duties incident to the office of the Secretary, subject to the control of the Board of Directors.

B) The Treasurer shall have custody of all funds and securities of the Company which may have come into his hands when necessary or proper. The Treasurer shall endorse in behalf of the Company their corporate checks, notices and other obligations and shall deposit the same to the credit of the Company in such bank or banks or depository as the Board of Directors may designate. He shall sign all receipts and vouchers and payments made to the Company, alone or jointly with such other officers as may be designated by the Board of Directors and shall pay out the deposits of the same under the direction of the Board of Directors. The Treasurer and President shall sign all bills of exchange and promissory notes of the Company. He shall enter a statement of his cash account, he shall enter regularly into the books of the Company to be kept by him for that purpose, full and accurate accounts of all money received and paid by him on all accounts of the Company. He shall at all reasonable times and places exhibit his books and accounts to any Director of the Company and he shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors.

The Treasurer shall, at the regular annual meeting of the shareholders, prepare a financial statement of the affairs of the Company and shall be required to give a report of the financial condition of the Company at said meeting, or he may be called upon for a financial statement of the financial condition of the

Company at any time by a majority action of the Board of Directors.

The Treasurer may be required to furnish bond in such amount as shall be determined by a majority of the Board of Directors.

The Board of Directors shall, at least once annually, and before the annual meeting of the shareholders, conduct an audit of all of the affairs of the Company, including the accounts and records of the Treasurer.

ARTICLE IV

MEMBERSHIP STOCK - SEAL

Section 1. Membership Certificates (Shares).

The Company shall not issue any stock, but shall issue membership certificates (shares) to each member thereof, which shall be transferable to subsequent purchasers who may purchase improved lots in the Panorama Mills Development, or any Development serviced by this water company. All certificates shall be consecutively numbered and signed by both the President and Secretary and each certificate shall represent an equal membership in said Company. The same information appearing on the face of each certificate shall also appear upon the Company's books.

All certificates of membership surrendered to the Company shall be cancelled and no new certificate shall be issued until the certificate for the same number of shares shall have been surrendered and cancelled; except that lost or destroyed certificates, upon appropriate affidavits showing that the same has been lost or destroyed, or after due diligence cannot be located or found, may upon application to the Board of Directors, supported by such affidavit, be reissued. Each certificate of membership held by any member of the corporation shall be entitled to receive its proportionate share of any and all water produced in the wells of said corporation or the pro-rata shares that shall be distributed by the Board of Directors of said corporation.

Section 2. Transfer of Certificates:

Whereas the purpose of the Company is to acquire, hold, own, maintain, and control waters from water wells located in Panorama

Hills Development or other sources of supply and to distribute the same among its shareholders equally and equitably. It is hereby provided that membership in the Company shall be in all cases be considered appurtenant to ownership of lots in Panorama Hills Development, and any other addition or development serviced by this water company, and that one membership in the Company shall be issued for an appurtenant to each such lot.

Section 3. Restriction of Transfer of Membership:

Shares in the Company shall be transferred only to successive titleholders of the lots to which each share is appurtenant and, it is further provided that the Secretary shall endorse on the front of each and every membership certificate in the association the lot to which said certificate is appurtenant and that in the event of mortgage, foreclosure, alienation, or other transfer of said lot, the membership certificate in the Company shall at all times be considered appurtenant to said lot and the obligations arising from membership in the Company be considered as covenants running with the land.

Section 4. Regulations:

The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the Articles of Incorporation, these By-Laws, and the laws of the State of Idaho, as they may deem expedient concerning the issue, transfer and registration of certificates for shares of membership in the Company.

Section 5. Closing the Transfer Books:

The certificate transfer books shall be closed for ten (10) days before the annual meeting of the shareholders, and during such period no share shall be transferred.

Section 6. Corporate Seal:

The Board of Directors shall provide a suitable seal containing the name of the Company, which seal shall be in the charge of the Secretary.

Section 7. Cost of Transfer:

For each certificate transferred on the books of the Company there shall be a minimum cost of \$5.00. Any additional costs shall be charged in accord with rules and regulations to

be promulgated by the Board of Directors.

ARTICLE V

ASSESSMENTS

Section 1. Levy of Assessments:

The Board of Directors shall have the power to levy assessments against the membership certificates of the Company at such times and in such amounts as may be necessary for paying the indebtedness of and for carrying on the business of the Company, in conformity with the statutes of the State of Idaho. No member shall be charged with more than his proportionate share thereof as determined by the Board of Directors.

Assessments shall be levied on a monthly basis against the users of water from said water system and said assessment shall include a sufficient amount to capitalize any and all expenses.

Section 2. Notice of Assessment:

Monthly assessments shall be mailed to each and every member of the Company at their last known addresses and deposit of said notice in the mails of the United States of America shall be deemed sufficient notice for any and all notice requirements under the provisions of these By-Laws.

Section 3. Failure to Pay Assessment, Lien on Property:

In the event any member of the Company fails to pay his assessment for a period of thirty (30) days, the association may discontinue service (furnishing water) until such time as all assessments are paid in full. The association shall have a lien on each member's property who fails to timely pay all assessments when due to secure payment of the same.

ARTICLE VI

AMENDMENTS

Section 1. Amendments:

The By-Laws of this cooperative association may be altered, amended, or new By-Laws adopted at any regular meeting or at any special meeting of the shareholders thereof called for that purpose by the affirmative vote of two-thirds of the shareholders present at such meeting; provided that a quorum as specified in

the By-Laws of the association and the laws of the State of Idaho be present.

Section 2. Qualification of Members:

Only those owners of lots (property) in Panorama Hills Development, and contiguous additions and developments served by Panorama Hills Water Company, which have homes constructed on the same shall have voting rights in the Company.

Membership in Company shall be automatic upon purchase of a lot (property) in Panorama Hills Development, and contiguous additions and developments served by Panorama Hills Water Company, Inc. but no voting rights shall be exercised until such time as homes are constructed on said property and the water system is placed into service.

Section 3. No Changes for One Year:

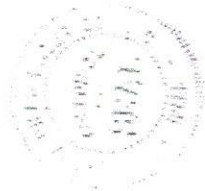
These By-Laws shall not be further amended nor altered in any way for a period of one year from February 28, 1977, except by a two-thirds (2/3) majority of all eligible shareholders and subject to the approval of the F.H.A. and V.A.

Section 4. Ownership of Water System:

The Company shall acquire the water system, including land, rights of way, reservoir, storage tanks, pumps, motors, pipelines and other appurtenances whatever by appropriate deed, bills of sale or other documents and own the same rather than acquire and operate the same on a lease arrangement.

I hereby certify that the following amendments to the By-Laws of Panorama Hills Water Company, Inc. were approved at a special meeting of the members, following due and proper notice, on the 12th day of July, 1977, at the corporate offices, Panorama Hills Lodge, Route 1, Box 206, Idaho Falls, Idaho, 83401, at the hour of 7:30 a.m.

DATED this 13th day of July, 1977.



Michael J. Strater
Secretary
Panorama Hills Water Company, Inc.