

BYLAWS  
OF  
MOUNTAIN SPRINGS WATER CORPORATION

ARTICLE I

Offices

Section 1. Principal Office. The principal office of Mountain Springs Water Corporation, an Idaho Corporation ("Corporation") in the state of Idaho shall be located at 135 Bottle Bay Road, Sandpoint, in the County of Bonner, Idaho. The principal mailing address shall be Post Office Box 738, Sandpoint, Idaho 83864. The Corporation may have such other offices as the Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 2. Registered Office. The registered office of the Corporation required by the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), to be maintained in the state of Idaho shall be identical with the principal office. The address of the registered office, however, may be changed from time to time by the Board of Directors.

ARTICLE II

Members

Section 1. Annual Meeting. The annual meeting of the members shall be held on the first Monday in the month of May of each year, or on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors. The President shall call a special meeting of the members upon the written request of members having at least one-fifth (1/5) of the votes entitled to vote at such meeting.

Section 3. Place of Meeting. The Board of Directors may designate any place, either within or without the state of Idaho, as the place of meeting for the annual meeting or for any special meeting. A waiver of notice signed by all members entitled to vote at a meeting may designate any place, either within or without the state of Idaho, as the place for the holding of such meeting. If no designation is made, the place of meeting shall be the principal office of the Corporation in the state of Idaho.

Section 4. Notice of Meetings. It shall not be necessary for notice of annual meetings to be given to each member entitled to vote at such meetings. The Secretary, the President or members of the Board of Directors shall endeavor to give notice to as many members as reasonably practicable by any one or a combination of the following: (1) United States first class mail; (2) word-of-mouth; (3) posting notice at the principal office an/or one or more public places in the City of Sandpoint; or (4) publication in a newspaper of general circulation in the City of Sandpoint. If any notice is mailed to members, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at the member's address as it appears in the records of the Corporation or such other last known address of which the Corporation may have notice, with postage thereon prepaid.

Section 5. Waiver of Notice. Whenever any notice is required to be given to any member under the provisions of the Act or under the provisions of the Articles of Incorporation of the Corporation ("Articles") or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 6. Officers of the Members' Meetings. The presiding officer at members' meetings shall be the President of the Corporation or, in the absence of the President, the Vice President or, in the absence of both the President and Vice President, a chairperson elected by the members present at the meeting. The Secretary of the Corporation or, in the absence of the Secretary, any person appointed by the presiding officer of the meeting, shall act as Secretary of a members' meeting.

Section 7. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the Board of Directors of the Corporation may provide that the stock membership books shall be closed for a stated period but not to exceed, in any case, 50 days. If the stock membership books shall be closed for the purpose of determining members entitled to notice of or to vote at a meeting of members, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock membership books, the Board of Directors may fix in advance a date as the record date for any such determination of members, such date in any case to be not more than 50 days and, in case of a meeting of members, not less than 10 days prior to the date of which the particular action requiring such determination of members is to be taken. If the stock membership books are not closed and no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 8. Voting Record. The officer or agent having charge of the stock membership books for memberships of the Corporation shall have available a complete record of the members entitled to vote at each meeting of members, or any adjournment

thereof. Such record shall be produced and kept open at the meeting and shall be subject to the inspection of any member during the meeting.

Section 9. Quorum and Voting Requirements. A majority of the members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. The members present at a duly organized and convened meeting where a quorum has been present can continue to do business as a quorum until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members, unless the vote of a greater number is required by the Act, these Bylaws or the Articles.

Section 10. Proxies. A member may vote either in person or by proxy executed in writing by the member. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution. Every proxy shall be revocable at the pleasure of the member who executed it.

Section 11. Voting of Memberships. Subject to the provisions of Section 14 of this Article II, each outstanding stock certificate shall be entitled to one vote upon each matter submitted to a vote at a meeting of members.

Section 12. Voting of Stock Certificates by Certain Holders. Stock certificates standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such other corporation may determine.

Stock certificates held by a personal representative, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such stock certificate into his name. Stock certificates standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote stock certificates held by him without a transfer of such stock certificates into his name.

Stock certificates standing in the name of a receiver may be voted by such receiver, and stock certificates held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A member whose stock certificates are pledged shall be entitled to vote such shares until the stock certificates have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the memberships so transferred.

Section 13. Informal Action by Members. Any action required or permitted to be taken at a meeting of the members of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent shall

have the same effect as a unanimous vote of members and may be stated as such in any articles or documents filed with the Idaho Secretary of State under the Act.

Section 14. Cumulative Voting. At each election for Directors, every member entitled to vote at such election shall have the right to vote, in person or by proxy, the number of stock certificates owned by him for as many persons as there are Directors to be elected and for whose election he has a right to vote or to cumulate his votes by giving one candidate as many votes as the number of such Directors multiplied by the number of his stock certificates shall equal or by distributing such votes on the same principle among any number of such candidates.

Section 15. Initial Memberships. Gerald and Patricia Lewis and their assignees, to the extent of one hundred ten (110) parcels, own memberships in this Corporation in an amount equal to the aforementioned parcels, by virtue of the Water System Access Agreement, which is attached to the Minutes of the First Meeting of the Board of Directors of this Corporation. Each membership will be evidenced by the issuance of a stock certificate to the member. As a part of the Water System Asset Agreement, certain payments must be made to Gerald and Patricia Lewis. Part of the purchase price for said membership when initially acquired from Gerald and Patricia Lewis shall be up to three thousand two hundred and fifty dollars (\$3,250) immediately paid to Gerald and Patricia Lewis. Discounts of this price are within the sole discretion of Gerald and Patricia Lewis. The price to be paid to Gerald and Patricia Lewis by a new member after 1995 may be increased on a compound basis at the rate of three percent (3%) per year as of January 1st each year. Additional dues, assessments, fees and charges relating to these memberships will be collected by the Corporation.

Section 16. Lewis Parcels. Five (5) additional parcels owned by Gerald and Patricia Lewis or their assigns on property presently owned by them shall be given one (1) membership each in the Corporation as further consideration for the transfer of the water system assets pursuant to the Water System Asset Agreement attached to the Minutes of the First Meeting of the Board of Directors of this Corporation. Each of these memberships will be evidenced by the issuance of a stock certificate to Gerald and Patricia Lewis. The general legal description of the property is as follows:

Any property within Township 56 North, Range 2, West B.M., Sections 1, 2 or 35 in Bonner County, state of Idaho.

These parcels shall receive free water service and two free fire hydrants and shall not be subject to dues, assessments, fees or charges of any kind at any time by this Corporation or any successor corporation or entity; provided that any main extension charges shall be paid by Lewis or their successors.

Section 17. Additional Members. Additional parcel owners may become members in this Corporation by the purchase of a membership in this Corporation if, and only if, additional adequate water sources are acquired by this Corporation and are approved as to quantity and quality by the Idaho Division of Environmental Quality or its

successor. Stock certificates will be issued to members to evidence their ownership interests.

Section 18. Ownership of Memberships. Except for the period of time during which Gerald and Patricia Lewis own the Initial memberships, a membership in the Corporation shall be deemed to run with the land so that any time a parcel is sold to which the membership in this Corporation applies, ownership of the membership shall automatically transfer to the new owner of the property without a formal assignment of the membership. Nonetheless, new purchasers of property are required to notify the Corporation of the ownership change. In order to receive water service, a membership must have been acquired by the owner of the subject parcel or his or her predecessor in interest. If a parcel is subdivided into one or more additional parcels, one service shall continue to be allowed to one of the parcels only in the absence of approval by the Corporation of additional applications for service. Such service may be unreasonably withheld by the Corporation in its sole discretion.

Section 19. Rules, Regulations and Rates. The parcel owned by each member shall be subject to all rules, regulations and rates including, but not limited to, service requirements and regulations, assessments, conditions, hookup fees and charges adopted by the Directors or members of this Corporation as they may be amended from time to time, except as exempted by Section 16 of these Bylaws.

Section 20. Remedies. In the Corporation's sole discretion, unpaid dues, assessments, fees and charges of any kind billed by the Corporation may be used as a basis to deny future service to the property until the bill has been paid in full by the person for whose benefit service was rendered or by any present or future owner of the property to whom the water will be served. Upon request, the Corporation shall provide a current report regarding fee status of unpaid bills to any prospective purchaser of the property. Alternatively, the Corporation may utilize any other measure allowed by the Rules and Regulations of the Corporation or permitted by law to collect said bills.

### ARTICLE III

#### Board of Directors

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors except as may be otherwise provided in the Act or the Articles. If any such provision is made in the Articles, the powers and duties conferred or imposed upon the Board of Directors by the Act shall be exercised or performed to such extent by such person or persons as shall be provided in the Articles.

A Director shall perform such Director's duties as a Director, including such Director's duties as a member of any committee of the Board upon which such Director may serve, in good faith, in a manner such Director reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing such Director's duties, a

Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) one (1) or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, public accounts or other person as to matters that the Director reasonably believes to be within such person's professional or expert competence; or

(c) a committee of the Board upon which such Director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence;

but such Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who performs such duties shall have no liability by reason of being or having been a Director of the Corporation.

Section 2. 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 such Director's dissent shall be entered in the minutes of the meeting or unless the Director 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 certified or registered mail to the Secretary of the Corporation within three (3) days after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3. Number, Tenure and Qualifications. The number of Directors of the Corporation shall be five. Each Director shall hold office until the next annual meeting of members and until his successor shall have been elected and qualified. Directors shall be members of the Corporation but need not be residents of the state of Idaho.

Section 4. Vacancies. Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of such Director's predecessor in office. Any directorship to be filled by reason of any increase in the number of Directors may be filled by the Board of Directors for a term of office continuing only until the next regular election of Directors.

Section 5. Removal of Directors. At a meeting of the Directors called expressly for that purpose, any Director may be removed, with or without cause, by a vote of a majority of the Directors then in office.

Section 6. Committees. The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate one (1) or more committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the

authority of the Board of Directors in the management of the Corporation to the full extent permitted under the Act. Each such committee shall consist of two (2) or more Directors. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or such Director by law. Nothing in this bylaw shall be deemed to prohibit the Board of Directors from establishing committees, some or all of whose members may be non-directors, provided that such committees shall not have and may not exercise any of the powers of the Board of Directors.

Section 7. Directors' and Committee Meetings. Meetings of the Board of Directors, regular or special, or meetings of any committee designated thereby, may be held either within or without the State of Idaho. Unless otherwise specified in this section or in the notice for such meeting, all meetings shall be held at the principal office of the Corporation.

Except as otherwise provided in this section, regular or special meetings of the Board of Directors or any committee designated thereby may be called by or at the request of the President, any Director or the chair of a committee, as the case may be, upon written or verbal notice thereof given to all other Directors or committee members, as the case may be, at least three (3) days before the meeting. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same location as, the annual meeting of members. The Board of Directors may provide, by resolution, the time and place of the holding of additional regular meetings without other notice than such resolution.

Members of the Board of Directors or any committee designated thereby may participate in a meeting of the Board of Directors or such committee by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and the participation by such means shall constitute presence in person at a meeting. For any meeting held by conference telephone or similar communications equipment, notice of the meeting shall be given at least one (1) hour prior thereto by telephone or other communication directly with the Directors and/or committee members.

The attendance at or participation of a Director or committee member in any meeting shall constitute a waiver of notice of such meeting, except where a Director or committee member attends or participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee designated thereby need be specified in the notice or waiver of notice for such meeting.

Section 8. Waiver of Notice. Whenever any notice is required to be given to any Director or committee member under the provisions of the Act, the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice,

whether before or after the time state therein, shall be equivalent to the giving of such notice.

Section 9. Quorum and Voting Requirements. A majority of the number of Directors fixed by Section 3 of this Article III of these Bylaws shall constitute a quorum for the transaction of business at meetings of the Board of Directors. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A majority of the number of committee members fixed and appointed by the Board of Directors or the President, as the case may be, shall constitute a quorum for the transaction of business at a meeting of such committee. The act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee.

Section 10. Action Without a Meeting. Any action required by the Act to be taken at a meeting of the Board of Directors of the Corporation, or any action that may be taken at a meeting of the Directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the actions so taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

Section 11. Compensation. No Director or committee member shall receive a salary or other compensation for service in that capacity but may be reimbursed for actual expenses incurred in the performance of such service. This provision shall not preclude any Director from serving the Corporation in any other capacity and receiving additional compensation therefor.

Section 12. Conflicts of Interest. A conflict of interest transaction is not void, voidable or the basis for imposing liability on any director if the transaction was fair at the time it was entered into or if:

- (a) The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board or committee of the board authorized, approved or ratified the transaction; or
- (b) The material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved or ratified the transaction.

A conflict of interest transaction is also authorized, approved, or ratified, if it receives the affirmative vote of a majority of the directors on the board or on the committee, who have no direct or indirect interest in the transaction. If a majority of the directors on the board who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken.



Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors, or a committee thereof, that authorizes, approves or ratifies such contract or transaction.

Section 13. Loans. The Corporation shall not lend money to or use its credit to assist its Directors or officers.

Section 14. Liability of Directors for Wrongful Distribution of Assets. In addition to any other liabilities imposed by law upon the Directors of the Corporation, the Directors who vote for or assent to any distribution of assets, other than in payment of its debts, when the Corporation is insolvent or when such distribution would render the Corporation insolvent, or during the liquidation of the Corporation without the payment and discharge of or making adequate provisions for all known debts, obligations and liabilities of the Corporation, shall be jointly and severally liable to the Corporation for the value of such assets which are thus distributed, to the extent that such debts, obligations and liabilities of the Corporation are not thereafter paid and discharged.

A Director shall not be liable under this section if, in the exercise of ordinary care, such Director relied and acted in good faith upon written financial statements of the Corporation represented to such Director to be correct by the President or by the officer of the Corporation having charge of its books of account, or certified by an independent licensed or certified public accountant or firm of such accountants to reflect fairly the financial condition of the Corporation, nor shall such Director be so liable if, in the exercise of ordinary care and good faith, in determining the amount available for such distribution, such Director considered the assets to be equal to their book value.

A Director shall not be liable under this section, if, in the exercise of ordinary care, such Director acted in good faith and in reliance upon the written opinion of an attorney for the Corporation.

A Director against whom a claim shall be asserted under this section and who shall be held liable thereon shall be entitled to contribution from persons who accepted or received such distribution knowing such distribution to have been made in violation of this section in proportion to the amounts received by them respectively.

Section 15. Dues, Assessments, Fees and Charges. At any regular annual meeting or at such other meeting as may be held by the Board of Directors, the Board of Directors may set dues, assessments, fees and charges to be paid, and amend the Rules, Regulations, and Rates.

## ARTICLE IV

### Officers

Section 1. Number. The officers of the Corporation shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. The Board of Directors may elect or appoint such other officers

and assistant officers as it may deem necessary. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. Officers need not be Directors.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the meeting held after each annual meeting of the members. Each officer shall hold office until his successor shall have been elected and qualified or until his death, resignation or removal in the manner hereinafter provided.

Section 3. Removal. Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Duties. The duties and powers of the corporate officers, in addition to those herein provided, may be fixed and determined by the Board of Directors.

Section 6. President. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the members of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation, any promissory notes, deeds, mortgages, leases, contracts, or other instruments that the Board of Directors has authorized to be executed, except in the cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The President shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. The Vice President. In the absence of the President, or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to the Vice President by the President or by the Board of Directors.

Section 8. The Secretary. The Secretary shall attend all meetings of members and the Board of Directors and shall prepare and maintain proper minutes of those meetings. The Secretary shall be the custodian of the official seal of the Corporation, if any, and shall affix that seal on all documents executed on behalf of the Corporation,

pursuant to due authorization by the Board of Directors. The Secretary shall maintain at the registered office or principal place of business of the Corporation a register of members of the Corporation, showing the names and addresses of the members. The Secretary shall have the custody of and properly protect all executed deeds, leases, agreements and other legal documents and records to which the Corporation is a party or by which it is legally affected. The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board of Directors.

Section 9. The Treasurer. The Treasurer shall be the principal financial officer of the Corporation and shall have charge and custody of and be responsible for all funds and securities of the Corporation. The Treasurer shall sign all checks and promissory notes of the Corporation and shall receive and give receipts for moneys due and payable to the Corporation from any source whatsoever and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VIII of these bylaws. The Treasurer shall keep or cause to be kept, adequate and correct accounts of the Corporation, including accounts of its assets, liabilities, receipts and disbursements. The Treasurer shall submit to the Board of Directors and the President, when required, statements of the financial affairs of the Corporation. The Treasurer shall in general perform all of the financial duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 10. Salaries. The salaries of the officers, if any, shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

## ARTICLE V

### Stock Certificates and Their Transfer

Section 1. Stock Certificates. Stock certificates representing memberships of the Corporation may be in such form as may be determined by the Board of Directors. Stock certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary.

Section 2. Transfer of Memberships. Membership in the Corporation shall be deemed to run with the land so that any time a parcel is sold to which a stock certificate evidencing membership in this Corporation applies, ownership of the membership shall automatically transfer to the new owner of the property without a formal assignment of the stock certificate. In order to receive water service, a membership must have been acquired by the owner of the subject parcel.

## ARTICLE VI

### Bylaws, Rules, Regulations and Rates

The parcel owned by each member shall be subject to all Bylaws, rules, regulations and rates including, but not limited to, dues, assessments, fees, charges, service requirements and regulations, and conditions adopted by this Corporation.

## ARTICLE VII

### Order of Business

Section 1. The order of business at all meetings of the members, so far as applicable, shall be as follows:

- 1st Call of roll of members;
- 2nd Reading and disposal of any unapproved minutes;
- 3rd Report of officers and committees;
- 4th Election of Directors;
- 5th Unfinished business;
- 6th New business;
- 7th Adjournment.

Section 2. The order of business at all meetings of Directors, so far as applicable, shall be as follows:

- 1st Reading and disposal of any unapproved minutes;
- 2nd Report of officers and committees;
- 3rd Unfinished business;
- 4th New business;
- 5th Adjournment.

## ARTICLE VIII

### Miscellaneous

Section 1. Indemnification. The Corporation shall indemnify any Director, officer or former Director or officer of the Corporation against expenses actually and reasonably incurred in connection with the defense of any action, suit or proceeding, civil or criminal, in which such person is made a party by reason of being or having been a Director or officer, except in relation to matters as to which such person is adjudged to be liable for willful misconduct in the performance of such person's duties to the Corporation.

Section 2. Books and Records. At its registered office or principal place of business, the Corporation shall keep: (i) correct and complete books and records of account; (ii) minutes of the proceedings of its members and Board of Directors; and (iii) a record of the names and addresses of all members. Any books, records and minutes may

be in written form or in any other form capable of being converted into written form within a reasonable time. All books and records of the Corporation may be inspected by any member, or such member's agent or attorney, for any proper purpose at any reasonable time.

Section 3. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 4. Checks and Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation as provided in these Bylaws or in such manner as shall from time to time be determined by the Board of Directors.

Section 5. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 7. Annual Financial Statements. The Board of Directors shall cause to be prepared a balance sheet as of the closing date of each fiscal year, together with a statement of income and expenditures for the year ending on that date.

Section 8. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year, except that the first fiscal year shall begin on the date of incorporation.

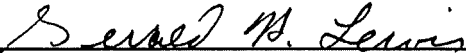
Section 9. Corporate Seal. The Board of Directors may provide for a corporate seal that shall have inscribed thereon the name of the Corporation, the state of incorporation and the words "Corporate Seal."

Section 10. Amendments. Rules, regulations, and rates may be altered, amended or repealed and new rules, regulations, and rates may be adopted by a majority vote of the Board of Directors or by a majority vote of the members.

We, the undersigned, constituting the initial Board of Directors of MOUNTAIN SPRINGS WATER Corporation hereby adopt and certify the above and foregoing bylaws as the bylaws of said Corporation.

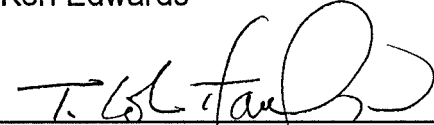
These bylaws may be executed in counterparts, and all such counterparts shall constitute one and the same instrument.


DATED at Sandpoint, Idaho, this 4 day of April, 1995.

  
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Gerald H. Lewis

  
\_\_\_\_\_  
Richard Jones

\_\_\_\_\_  
Ken Edwards

  
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T. Cole Hanford

  
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Martin L. Mire  
BHB/32831