

**RESOLUTION 10-03 OF THE BOARD OF DIRECTORS OF
SADDLE MOUNTAIN MUTUAL WATER COMPANY
SETTING ANNUAL SHAREHOLDER ASSESMENT**

WHEREAS, pursuant to statute and the articles and bylaws of the Saddle Mountain Mutual Water Company (“the Company”), including but not limited to Art. VII, §3 of the Company bylaws, the Board of Directors shall propose the annual assessment on shares of the Company to be determined by a vote of the shareholders of the Company at the annual shareholders’ meeting or special meeting held for that purpose;

WHEREAS, at the meeting of the Board of Directors held in April 2010, the Directors agreed that it is in the best interest of the Company to increase the annual shareholder assessment from \$20 per share per year to \$25 per share per year and hereby propose such assessment for approval by shareholders;

WHEREAS, the annual assessment must be approved by a vote of the shareholders of the Company pursuant to Art. VII, §3.A. of the Company bylaws.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SADDLE MOUNTAIN MUTUAL WATER COMPANY:

1. The shareholder assessment for Company fiscal year 2010 to be proposed at the 2010 annual meeting of the Shareholders shall be \$25 per share per year;
2. Upon approval by a vote of the shareholders at a meeting consisting of a quorum pursuant to Art IV, §7 of the Company bylaws, the above assessment rate shall be in effect unless modified pursuant to Art. VII, §§ 3.A. or 3.B.

The foregoing resolution was APPROVED AND ADOPTED by unanimous vote of the Directors at a duly noticed and conducted telephone meeting of the Board of Directors on April 15, 2010.

PRESIDENT

SECRETARY