# BYLAWS OF DOME WELL CORPORATION

The following By-Laws have been agreed upon this day October 27, 1996

# Article I.

## General Provisions

### Section 1.01

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It is understood that these By-Laws have been agreed upon by members of the Dome Well Corporation, owners of properties located in the NE 1/4 of SEC 21, T 17S R 16E G&SRB&M, Pima County, Arizona. Hereby set By-Laws for purposes of defining rules and regulations for operations of said Corporation.

# Section 1.02

It is understood by all members that the twelve (12) members interested in the easements and Well Site of the above section of land have formed a corporation in their interest named the "Dome Well Corporation" filed with the Arizona Corporation Commission on September 25, 1989.

#### Section 1.03

It is understood that the Miller and Tennyson property which were (see Exhibits  $\underline{A} \& \underline{B}$  hereto) quit claimed deeded in favor of the properties set forth in Exhibit  $\underline{C}$  in bx. instrument in Docket 08702 at

Page 1774 et. seq. & Docket 08702 at Page 1786 et. seq. for use of easement, electrical, and Well usage to the members of the Dome Well Corporation, shall remain in effect and belong to the Dome Well Corporation, until a time when the Dome Well is no longer needed for water purposes, and if another water source is provided to the members. At this time the property of Miller and Tennyson will be deeded back to the owners of the parcels from which they were carved and the Well abandoned.

#### Article II

# Membership

#### Section 2.01

Each property set forth in Exhibit <u>C</u> shall constitute a membership unit with the then current owner or owners being a single member/Shareholder.

#### Section 2.02

Miller and Tennyson conveys to each property, as set forth in Exhibit  $\underline{C}$  attached hereto and hereby incorporated herein, an undivided one-twelfth (1/12) interest in all personal property and improvements located at the Well Site & Electrical Service Site (as set forth in Exhibit  $\underline{A}$  attached hereto and hereby incorporated herein) (The Well Site and the Electrical Service Site as described in Exhibit  $\underline{A}$  and  $\underline{B}$  attached hereto), including but not limited to the pumps, water mains and valves. Ownership of said undivided one-twelfth interest is appurtenant to and shall run with each property set forth in Exhibit  $\underline{C}$  attached hereto and hereby incorporated herein. Any transfer of title to said properties shall also serve to transfer an undivided one-twelfth (1/12) interest as set forth in this paragraph.

#### Section 2.03

Each Shareholder set forth in Exhibit  $\underline{C}$  grants to every other Shareholder set forth in Exhibit  $\underline{C}$  an easement over a section of their property not more than 20 feet in width, as more particularly set forth in Exhibit  $\underline{D}$ , for the location of any and all water and electrical lines necessary for the delivery of water to the properties set forth on said Exhibit  $\underline{D}$  and the installation, maintenance and repair thereof, which easement is appurtenant to and shall run with the land.

#### Section 2.04

Miller and Tennyson hereby grant to the benefit of each property described in Exhibit <u>C</u> an easement from said Well Site and Electric Site, respectively, to the outer boundary of the Miller and Tennyson

property, as more particularly described on a map attached hereto & hereby incorporated herein as  $\operatorname{Exhibit} \underline{D}$ . Said easement shall run with the land for as long as shareholder or his/her successors in interest or assigns shall continue to use water produced from the Well and Well-Site, or as otherwise set forth in these By-Laws. Said easement shall be used solely for the installation, maintenance and repair of a permanent water line from the Well to the shareholder's property and said easement shall not be used for any other purposes whatsoever without the express written consent of Miller and Tennyson or their successor/s in interest.

# Section 2.05

It shall be each shareholder's sole responsibility to install, maintain and repair the water line located on his/her property running from his/her water meter inward at each shareholder's own expense.

# Article III

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# Fees and Cost

# Section 3.01

Shareholders agree to share any and all costs of repair, maintenance, renewal, replacement and upgrading of the Well, the Well casing, any improvements on the Well-Site, and mains, including but not limited to pumps, electrical equipment, valves, and other appurtenances necessary to the continued production and delivery of water from the Well and storage of water produced by the Well, and all taxes imposed and all other costs associated with redrilling or replacing the well, and the cost of any insurance deemed necessary by a majority of the shareholders, on the basis that each shareholder shall be liable for one-twelfth (1/12) of said cost.

# Section 3.02

Shareholders agree that a water meter shall be installed as a capital expense on the outfall line from the Well to measure the total water production of the Well. Each shareholder shall install or cause to be installed a water meter and a lockable shut off valve on his/her water line located where individual residential service taps into the distribution line on the shareholder's side of the property line within two months of the recording of these By-Laws for those who are currently using the system. Said meter to be installed at the cost of the shareholder. Cost of the meter only, not to exceed \$35.00, will be credited to the shareholders maintenance account, one (1) year after receipt of installation. At this time the meter will become part of the Dome Well Corporation's equipment.

At the time of installation, the shareholder grants to the other shareholders or their agent, or assigns a perpetual right and license to access the water meter for the purposes of reading or cut-off due to non-use or for non-payment.

#### Section 3.03

Each shareholder shall pay on a monthly basis a cost determined by the monthly meter reading on the shareholder's meter and the rate schedule set forth in section 3.04, on or before the 30th day of each month. The meter to the shareholder's property shall be read on or about the 15th day of each month by a shareholder or someone at his/her direction who shall then prepare and send invoices to each shareholder. The prorated cost for water use from the Well shall include all operating costs such as, but not limited to, electrical service to the Well, routine maintenance, water quality testing, and cost of employing a water system operator.

#### Section 3.04

The following rate schedule will be used to calculate usage and maintenance cost to each shareholder:

Monthly Base Rate	Non Connected	\$15.00 **
Monthly Base Rate	Connected	\$20.00
Monthly Base Usage	Connected	\$ 5.00
Water Usage up to 6,500 gallons/month		No charge
Water Usage 6,501-15,000 gallons/month		\$.0015 per gallon
Water Usage 15,001-		\$.0030 per gallon
Late Fee		\$5.00
Interest on past due balances		.01% per month

#### Section 3.05

These monthly rates shall remain in effect until changed by the Board of Directors or by the majority vote of the members entitled to vote at the annual meeting.

# Section 3.06

It is expressly understood that the shareholder shall be liable for all costs and improvements, including, but not limited to, increasing the production and storage capacity of the Well and water system to provide water service above and beyond that which exists as of the date of these By-Laws. Each shareholder shall pay his/her share of costs described upon the number of shares held. Members not connected to the Well will be responsible at their cost for extensions and mains to their property line. Extensions on the shareholders side of the property will be the responsibility of the shareholder.

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# PO Box 541 Vail Arizona 85641

September 19, 2009

To: All Sharcholders

At the August 5, 2009 meeting of the Dome Well Board of Directors, the Board unanimously voted to add section 3.07 to our By-Laws pertaining to the ADEQ Arsenic Compliance POU program.

Enclosed is a copy of the new section 3.07 which is incorporated into page 4 of our By-Laws and you should replace the old page with this new page.

David H Mill

Treasurer

#### Section 3.03

Each shareholder shall pay on a monthly basis a cost determined by the monthly meter reading on the shareholder's meter and the rate schedule set forth in section 3.04, on or before the 30th day of each month. The meter to the shareholder's property shall be read on or about the 15th day of each month by a shareholder or someone at his/her direction who shall then prepare and send invoices to each shareholder. The prorated cost for water use from the Well shall include all operating costs such as, but not limited to, electrical service to the Well, routine maintenance, water quality testing, and cost of employing a water system operator.

#### Section 3.04

The following rate schedule will be used to calculate usage and maintenance cost to each shareholder:

Monthly Base Rate
Monthly Base Rate
Monthly Base Usage
Water Usage up to 12,000 gallons/month
Water Usage 12,001-16,999 gallons/month
Water Usage 17,000-21,999
Water Usage 22,000-26,999
Water Usage 27,000Late Fee
Interest on past due balances

Non Connected \$15.00 Connected Connected

\$20.00 \$ 0.00

No charge \$.0015 per gallon

\$.0030 per gallon \$.0045 per gallon

\$.0060 per gallon

\$10.00

.10% per month

#### Section 3.05

These monthly rates shall remain in effect until changed by the Board of Directors or by the majority vote of the members entitled to vote at the annual meeting.

#### Section 3.06

It is expressly understood that the shareholder shall be liable for all costs and improvements, including, but not limited to, increasing the production and storage capacity of the Well and water system to provide water service above and beyond that which exists as of the date of these By-Laws. Each shareholder shall pay his/her share of costs described upon the number of shares held. Members not connected to the Well will be responsible at their cost for extensions and mains to their property line. Extensions on the shareholders side of the property will be the responsibility of the shareholder.

# Section 3.07

It is expressly understood by the shareholder that the Point of Use (POU) Reverse Osmosis (RO) water treatment device, mandated by the Arizona Department of Environmental Quality (ADEQ) for Arsenic Compliance, is the sole property of the Dome Well Corporation. The POU RO unit is installed, maintained and owned by the Dome Well Corporation. Furthermore, in the event of transfer of ownership of the property, the POU device will stay with the property.

If a Dome Well Corporation shareholder does not comply with the POU program they will have their water shut off. ADEQ requires 100% compliance of the POU program from the Dome Well Corporation shareholders. If the Dome Well Corporation does not have 100% shareholder compliance with the ADEQ Arsenic Compliance POU program the Dome Well Corporation will be removed from the POU Program.

# Article IV

# Delinquency & Remedies

#### Section 4.01

In the event a shareholder fails to pay his/her/her billed costs by the 30th of each month, the shareholder shall have no continuing right to the use of water from the Well until all back payment and arrearage, together with any costs and legal fees have been paid by the shareholder. Each shareholder grants the right to the other shareholders to terminate and discontinue access to and water use from the Well to the shareholder's property during any period when these monies are unpaid.

#### Section 4.02

Any capital cost share as provided in Section 3.01 above shall be invoiced to the shareholder itemizing the cost elements, and the shareholders shall pay his/her allocated share of such costs within thirty (30) days of the date of such invoice. In the event that any shareholder does not pay his/her allocated share of the capital costs, the remaining shareholders, in addition to the remedies set forth in Section 4.01 above, may elect to terminate the defaulting shareholder's rights and interest in the Well, Well Site and related easements.

#### Section 4.03

Cessation to pay charges when due coupled with cessation of use of water, for a period of ninety (90) days shall be cause for a meeting of shareholders to review circumstances of the shareholders continued use of the Well. The shareholders' may elect to terminate the defaulting shareholder's right and interest in the Well, Well Site and related easements due to non payment of monthly costs coupled with cessation of use of water as set forth above.

# Article V

## **Termination**

# Section 5.01

In the event that the shareholder shall elect to terminate his/her service and obtain water from an alternative source, shareholder shall provide the other shareholders written notice of his/her election to terminate this agreement not less than thirty (30) days from the effective date of such termination. In the event of such termination, all rights, title and interest conveyed to the shareholder in the Well, Well Site, Electric Service Site and any easements shall automatically terminate, and these By-Laws including any grant, or easements hereunder shall be null and void. Shareholder shall provide to the Corporation as part of the notice of termination a quit claim deed conveying any right, title or interest that the shareholder may have in the Well, Well Site, Electric Service Site, any easements, or personal property to the Corporation. Should any shareholder terminate his/her interest in this agreement, the

fractional share of each remaining shareholder shall be adjusted accordingly so that the total interests of all remaining shareholders shall equal a whole.

# Section 5.02

All parties hereto understand and agree that there is no warranty given by any party that there will be, at any time, water at a quantity or quality produced by the well for the needs or demands of the shareholder. There is no express or implied warranty made by any party hereto that the water produced by the well shall be of a quality fit for human consumption and/or domestic use.

# Article VI

### Members

All written notices as provided by these By-Laws shall be mailed to the parties by first class mail, postage prepaid, or hand delivered to the following address or to such other address as a party may subsequently direct by written notice to the Corporation.

# Shareholders:

- Meg Bennett
   13425 E. Copper Chief Trail
   Vail, AZ 85641
- Patricia Leonhardt
   17050 S. Copper Cut Trail
   Vail, AZ 85641
- Juanita/Richard Jepson
   17060 S. Copper Vision Trail
   Tucson, AZ 85704
- Walter R. Sr./Genevieve C. Yosin
   13373 E. Copper Chief Trail.
   Vail, AZ 85641
- Walter R. Yosin, Jr.
   13363 E. Copper Chief Trail
   Vail, AZ 85641
- Joseph S. Jr. /Candice A. Cunningham,
   12771 E. Wentworth Court
   Vail, AZ 85641

- 7. Terry/Corrine Tennyson 17000 S. Copper Cut Trail Vail, AZ 85641
- 8. Warren G. /Sherry L. Irwin 17065 Copper Vision trail Vail, AZ 85641
- 9. James R./Linda Kastella P.O. Box 31222 Tucson, AZ 85751
- 10. Patrick M. O'Connell 13340 E. Copper Chief Vail, AZ 85641
- JoAnn Larson
   13320 E. Copper Chief Trail
   Vail, AZ 85641
- 12. David/Janina Miller13430 E. Copper Chief TrailVail, AZ 85641

# Article VII

# Meetings-Voting

Section 7.01

Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be mailed or delivered not less than ten days nor more than fifty days before the date of the meeting by an officer of the Corporation, at the direction of the person calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be addressed to the member at his/her address as it appears on the records of the Corporation.

Section 7.02

Each shareholder shall be entitled to one vote on each matter submitted to a vote of shareholders.

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A shareholder entitled to vote may vote in person or, by proxy executed in writing by the shareholder or by his/her duly authorized attorney in fact.

Section 7.03

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Members present or represented by proxy, holding thirty-three (33) percent of the votes entitled to be cast shall constitute a quorum.

Section 7.04

An annual meeting of the Corporation will be held each year within three months after the close of the Corporations' fiscal year. Notice will be regulated according to Section 7.01.

# Article VIII

#### General

Section 8.01

This agreement shall be binding upon the heirs, assigns, trustees, and successors in interests of the parties hereto. It is expressly understood and agreed that shareholders shall not cause his/her fractional interest to be further divided or fractionized to any other party without the express written consent of all parties hereto or their successors.

Section 8.02

This agreement is intended to run with Miller's, Tennyson's and the Shareholders' land as described on Exhibits A., B., and C., and by recording of these By-Laws, shall be a covenant, condition and restriction upon the Shareholders' properties described on Exhibit C hereinabove. Acceptance of a deed or contract for purchase of any property described on Exhibit C shall be seen as an agreement to be bound by the terms of these By-Laws.

#### Section 8.03A

Each shareholder shall have a continuing lien upon all other shareholder's land for the payment of all prorated operating costs and any and all capital, repair, maintenance or other costs of the well, said lien to be subordinate to the lien of any first mortgage or deed of trust. Should charges as set forth herein not be paid within the times set forth herein, each such charge shall have added to it a charge as detailed in section 3.03 until paid. A delinquent shareholder shall also be liable for attorney's fees and other related costs incurred as a result of such delinquency. If any action is taken or any suit or arbitration proceeding is brought to collect any such sums or charges, then there shall be added to the amount thereof any costs incurred and attorney's fees incurred and included in any judgment or award rendered thereon.

Section 8.03B Subordination of the Lien to Mortgages

Section 8.03B(1)

The lien created hereby shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any property shall not affect the continuing lien. However, the sale or transfer of any property pursuant to mortgage foreclosure of a first mortgage, or a trustee's sale pursuant to power of sale or a foreclosure of a first deed of trust, or any proceeding in lieu thereof, shall extinguish the continuing lien as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such property from liability for any amounts thereafter becoming due or from the lien thereof.

# Section 8.03B(2) Mortgage Protection

Notwithstanding and prevailing over any other provisions of these By-Laws, the following provisions shall apply to and benefit each holder of a first mortgage upon a property (called the first mortgagee):

Section 8.03B(2.1)

The first mortgagee shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, regulation or rule, except for those matters which are enforceable by injunction or other equitable actions, not requiring the payment of money, except as hereinafter provided.

# Section 8.03B(2.2)

During the pendency of any proceeding to foreclose the first mortgage, including any period of redemption, the first mortgagee (or receiver appointed in such action) may, but need not, exercise any or all of the rights and privileges of the shareholder of the mortgaged property, including, but not limited to, the right to vote to the exclusion of the Owner's exercise of such rights and privileges.

Section 8.03B(2.3)

At such time as the first mortgagee shall become record Owner of the property, said first mortgagee shall be subject to all of the terms and conditions of these By-Laws, including, but not limited to, the obligation to pay for all charges accruing thereafter, in the same manner as any shareholder.

Section 8.03B(2.4)

The first mortgagee, or any other party acquiring title to a mortgaged property through foreclosure suit or through any equivalent proceeding arising from said first mortgage, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title to the mortgaged property free and clear of any lien authorized by or arising out of any of the provisions of these By-Laws which secured the payment of any charges accrued prior to the final conclusion of any such foreclosure suit or equivalent proceeding, including the expiration date of any period of redemption.

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Any such unpaid assessment shall nevertheless continue to exist as the personal obligation of the defaulting shareholder of the respective property and reasonable efforts shall be used to collect the same from the shareholder even after he/she is no longer a property owner. There shall be a lien upon the interest of the first mortgagee or other party which acquired title to a mortgage property by foreclosure suit or by equivalent procedures for all amounts due hereunder which accrue after the date the acquirer has acquired title to the property free and clear of any right of redemption.

Section 8.03B(2.5)

Each first mortgagee shall, upon notice to the party charged with the responsibility for keeping the accounts, be entitled to a written notification from such party of any default in the performance by the shareholder of a property encumbered by the mortgage in favor of such mortgagee of any obligation under these By-Laws which is not cured within sixty (60) days.

Section 8.03B(2.6)

Each first mortgagee shall, upon written notice to the party charged with the responsibility for keeping the accounts be entitled to (I) inspect the books and records during normal business hours; (ii) receive an annual financial statement within ninety (90) days following the end of the calender year and, (iii) receive written notice of all meetings and designate a representative to attend such meetings.

Section 8.04

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Each shareholder shall have the right to record a lien as set forth in section 8.03 above. Any lien

provided for hereunder which is not paid within six (6) months of recording, may be foreclosed in any manner provided or permitted for the judicial foreclosure or realty mortgages or deed of trust in the State of Arizona. Nothing herein shall be construed as requiring that any shareholder take any action required hereunder in any particular instance, and any failure to take such action at any time shall not constitute a waiver of the right to take such action at a later time or in a different instance.

Section 8.05

These By-Laws shall not become effective until executed by all parties, and recorded in the Office of the Pima County Recorder

Section 8.06

These By-Laws are expressly for the purpose of providing water availability to the properties described on Exhibit  $\underline{C}$ , and, it is expressly understood and agreed upon by the parties that this water availability is intended solely for uses allowed in the rural homestead zone and normal landscaping uses. Shareholder shall not provide water to any other party on or off the subject property, nor cause to be divided in any manner or fashion the rights of these By-Laws without the express written consent of all parties hereto.

Section 8.07

The initial fill and any other filling of swimming pools, other than to replace evaporated water, must be done from a source other than the Well covered by this agreement.

Section 8.08

These By-Laws shall supersede and replace any and all prior By-Laws or Agreements entered into by and between the parties to these By-Laws relating to water, share interest and/or right to the well in question.

Section 8.09

These By-Laws constitutes the sole By-Laws between the parties and there are no other By-Laws or agreements or understanding existing between the parties not expressed within these By-Laws.

Section 8.10

These By-Laws shall not be modified or amended except by written instrument executed by two thirds (2/3rds) of the Shareholders'.

Section 8.11

These By-Laws shall be construed pursuant to the laws of the State of Arizona.

# Section 8.12

In the event any party to these By-Laws seeks to enforce these By-Laws against another party in a Court of Law, the party deemed to have substantially prevailed in its cause of action shall have the right to recover its costs and reasonable attorney's fees from the other party.

# Section 8.13

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In the event of default in these By-Laws, in addition to the rights and remedies provided herein, the parties shall have all rights and remedies one against another available at law or equity.

WELL SITE OWNERS:	ELECTRIC SERVICE SITE OWNERS:	
	Tope	
David H. Miller	Terry Tennyson	
Janina Miller	Corrine Tennyson	

	Note that the second