

AMENDED BYLAWS AND RULES AND REGULATIONS OF BEAVER/ SHINGLE CREEK IRRIGATION COMPANY

WHEREAS, the Board of Directors (the “Board”) of Beaver/Shingle Creek Irrigation Company (the “Company”) deems it necessary to adopt these Amended and Restated Bylaws and Rules and Regulations pertaining to the administration and business affairs of the Company, the issuance and transfer of shares in the Company, the distribution of Company water, the assessment of shares and procedures for the collection of delinquent assessments, and related matters for the purpose of assuring the orderly governance of the Company and a fair and equitable distribution of water to its shareholders.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of the Company that the Bylaws and Rules and Regulations by which the Company shall hereafter be governed are as follows:

ARTICLE I LEGAL AUTHORITY

These Amended and Restated Bylaws and Rules and Regulations (“Bylaws”), are promulgated pursuant to and in conformance with the Utah Revised Nonprofit Corporation Act, Utah Code Ann. §16-6a-101 *et seq.* (the “Act”), and pursuant to specific authority granted to the Board of Directors as set forth the Company’s Articles of Incorporation.

ARTICLE II BOOKS AND RECORDS

1. Books and Records. The Company shall keep as permanent records, at its principal office, the following books, records and documents: (a) its Articles of Incorporation; (b) its Bylaws and Rules and Regulations; (c) resolutions adopted by the Board; (d) the minutes of all shareholder’s meetings, for a period of three years; (e) records of all action taken by shareholders without a meeting, for a period of three years; (f) all written communications to shareholders generally as shareholders, for a period three years; (g) a list of the names and business or home addresses of its current directors and officers; (h) a copy of its most recent annual report delivered to the Division of Corporations annually; (i) all financial statements prepared for periods ending during the last three years; (j) minutes of all meetings of the Board; (k) a record of all actions taken by the Board without a meeting; (l) a record of all actions taken by a committee of the Board in place of the Board on behalf of the Company; (m) a record of all waivers of notices of meetings of shareholders and of the Board or any committee of the Board; (n) a record of its shareholders in a form that permits preparation of a list of the name and address of all shareholders in alphabetical order, showing the number of votes each shareholder is entitled to cast; (o) shares transfer records; and (p) appropriate accounting records.

2. Inspection of Records. A director or shareholder is entitled to inspect and copy any of the records of the Company during regular business hours, at the Company’s principal office, so long as the director or shareholder gives the Company written demand, at least five business days before the date on which the director or shareholder wishes to inspect and copy the records. A director or shareholder may inspect and copy the records only if the demand is made in good faith, for a proper purpose, the director or shareholder describes with reasonable particularity the purpose and the records the director or shareholder desires to inspect, and the records are directly connected with the described purpose.

ARTICLE III

MEMBERSHIP; SHARES

1. Membership and Shares Issuance. Membership in the Company shall be evidenced by the issuance of one or more whole shares certificates in one or more classes as authorized by the Articles of Incorporation and shareholders may be referred to as either shareholders or members herein.

a. Ownership of shares of this Company shall be evidenced only by a share certificate, which shall be in such form as may be adopted by the Board identifying thereon, among other things, the certificate number, the Class, the name of the registered owner and the number of shares owned, and which shall be signed by the president and secretary and have the Company seal impressed thereon.

b. Certificates of shares shall be issued in numerical order, and each shareholder shall be entitled to a certificate signed by the president and the secretary, or an assistant secretary, certifying to the number of shares owned by said shareholder. In the event any officer who has signed a certificate has ceased to be an officer before the certificate has been delivered, such certificate may, nevertheless, be adopted and issued and delivered by the Company as though the officer who signed such certificate or certificates had not ceased to be such officer of the Company.

c. Only shareholders of the Company shall be entitled to divert and use water of the Company. Any unauthorized use of water of the Company is strictly prohibited and shall be prosecuted to the full the extent of the law. However, the Company may lease water currently surplus to the needs of its shareholders to non-shareholders to keep the water rights in use and in good standing and free from claims of forfeiture.

2. Classes of Shares.

a. Shares of Company stock may be issued in one or more classes. The aggregate number of shares regardless of Class A and Class B shares that the Company is authorized to issue is 31,000 shares of common stock, and 900 shares of Class C common stock. Each share regardless of Class shall have a par value of \$10.00 per share. While fractional shares have been issued in the past, and will continue to be honored, commencing with the adoption of these Amended By-Laws no additional fractional shares of any class will be issued by the Company.

b. Each share of Company stock shall represent and secure to the owner thereof the rights sets forth in the Articles of Incorporation, which rights may be exercised in conformance with the Articles of Incorporation and these By-Laws and Rules and Regulations of the Company.

c. The initial classes of shares and their authorized uses are as follows:

CLASS A.....Agricultural, Livestock Water, and Irrigation Uses.

CLASS BDomestic/Municipal Use.

CLASS CWater Available under shares owned by the Company in
the Provo River Water Uses Association.

(1) Class A shares represent the shareholder's right to receive irrigation water and water for livestock through the Company's irrigation distribution system for the irrigation of lands within the Company's historic service area. One share of Class A stock shall entitle the holder thereof to 0.3 acre-feet of water in an average year; the quantity of water delivered per share is to be adjusted annually and during the course of any given irrigation season depending upon the available water supply. Class A shares do not entitle the shareholder to use any of the Company's water available under

its shares in the Provo River Water Users Association.

(2) Class B Shares represent Class A Shares that have been surrendered to the Company for conversion to domestic/municipal use pursuant to a shareholder-requested change application for water to be diverted from a well or wells and no longer delivered for irrigation use through the Company's irrigation distribution system. One share of Class B stock shall be issued for each share of Class A stock so surrendered for conversion in accordance with these Articles and the Bylaws of the Company. Class B shares do not entitle the shareholder to use any of the Company's water available under its shares in the Provo River Water Users Association. One share of Class B shares shall entitle the holder thereof to 0.33 acre-feet of water in an average year. Unless waived by the Board for good cause or until such time as the Company installs a piped pressurized sprinkler irrigation system, the conversion of each three shares of Class B shares to domestic/municipal use, will require the converting shareholder to leave one share of Class A stock in the irrigation distribution system to provide the converting shareholder's proportionate share of carrier water to the irrigation system to avoid impairing the remaining Class A shareholders. Class A shares dedicated to carrier water cannot form the basis of further diversion and beneficial use of that quantity of water and cannot be converted to Class B shares unless and until such time as the Company installs a piped system thereby eliminating the need for carrier water; subject further to State Engineer approval and the satisfaction of return flow obligations.

3. Class C shares represent the right to use a portion of the Company's water available under shares of stock owned by Company in the Provo River Water Users Association. As of the date of these Amended and Restated Articles of Incorporation, no Class C shares have been issued by the Company. Each share of Class C stock, entitles the shareholder to use 1 acre foot of water on average, depending upon the available supply in storage in the Provo River Project facilities. In order to qualify to hold Class C shares, if issued by the Company, a person must first hold at least one share of either Class A or Class B shares in the Company.

3. Voting Rights. Regardless of Class, each share of Class A and B shares shall have equal voting rights with each other, and each share shall be entitled to only one (1) vote. All votes shall be cast in person or by written proxy. Class C shares are not entitled to vote.

4. Holders of Shares. Only registered shareholders shall be entitled to be treated by the Company as the holders in fact of the shares standing in their respective names, and the Company shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provide by the laws of the State of Utah.

5. Transfers of Shares. Transfers of shares shall be made only upon the shares transfer records of the Company, kept at the office of the Company, and shall be made in conformance with and subject to the following:

a. In order to effectuate a transfer of shares upon the shares transfer records of the Company, the shareholder requesting the transfer shall present to the secretary such documentation as shall be legally sufficient, in the opinion of the Board and the Company's legal counsel, to justify the transfer of title of shares, including, but not limited to the following documents, as applicable:

(1) a properly endorsed, original shares certificate as shown on the shares records of the Company (see Article 5 below, regarding lost or mutilated shares);

(2) a death certificate and other probate records, as necessary to demonstrate a right to the shares because of inheritance;

(3) deeds signed by the record owner of the shares in which the intention of the owner to transfer the shares to the grantee named in the deed is clearly and unequivocally set forth; or

(4) any combination of the foregoing.

b. The Company shall establish, by separate resolution, a charge or a share transfer fee that is to be paid to the Company by the shareholder requesting the transfer prior and as a condition to the transfer of the shares on the shares transfer records. The amount of the fee shall be sufficient to cover all actual out-of-pocket costs, including printing costs, administrative costs, and legal costs, if any, incurred by the Company in connection with making the transfer.

6. Lost or Mutilated Certificates. In case of loss or destruction of any certificate of shares, another certificate may be issued in its place upon filing with the Board proof of such loss or destruction including an affidavit, duly sworn, representing that the affiant is the owner of the shares to be transferred; that the original shares certificate or certificates have become mutilated or lost, and that after diligent search the certificate or certificates cannot be found; that the shares of shares represented by the certificate or certificates have not been sold or transferred; that the affiant is requesting that the Company issue new certificates; and that in the event lost shares certificates are later found, the same will be immediately surrendered to the Company for insertion in the shares transfer records. In addition, the Board may require the posting of a satisfactory bond of indemnity to the Company or such other security as the Board deems acceptable under the circumstances of the transfer of such shares, in such sum as the Board, on a case-by-case basis, may reasonably provide.

7. Leased Shares/Leased Surplus Water. Shares of the Company may be leased by any shareholder to any other shareholder or non-shareholder subject to the following:

a. Any shareholder desiring to lease shares shall, as a condition to authority to lease said shares, provide to the Company, in writing, no later than March 1 of any year in which said shares are to be leased, a written lease agreement or written authorization confirming the lease of said shares, including, but not necessarily limited to, the following information:

(1) name and address of the owner of the shares to be leased;

(2) name and address of the lessee;

(3) certificate number and number of shares to be leased;

(4) identification of the company ditch or lateral, the headgate(s) or structure(s) on the Company's diversion and Company System through which the water is to be delivered to the lessee;

(5) the term of such lease agreement;

(6) a provision to the effect that the lessee of said shares shall be subject to and agree to abide by all lawfully adopted by-laws and rules and regulations of the Company; and

(7) such other information as may be required by the Board.

b. The term of any agreement for lease of shares of the Company shall be for a period not less than a full irrigation season (April 1 through October 31).

c. The lessee of said shares shall have no right to sub-lease all or any portion of the shares leased by lessee.

d. No shares of the Company shall be leased in denominations of less than one share.

e. The Company shall bill the owner of the shares to be leased for all annual and special assessments levied against any leased shares and the owner of the shares shall have the sole responsibility to pay said assessments as and when the same shall become due. It shall be the sole responsibility of the owner of any leased shares to seek reimbursement, if any, for payment of said assessments from the lessee of the shares.

f. All voting rights with respect to any leased shares of the Company shall be exercised by the owner of said shares unless the shareholder and lessee of such shares otherwise agree.

g. The lessee of any shares of the Company shall be subject to and agree to abide by these and all other bylaws and rules and regulations of the Company as a condition to delivery of water.

h. The Company may lease water that is surplus to the current needs of the shareholders on such terms and conditions and for a period as determined by the Board to be in the best interests of the Company in order to preserve surplus water from claims of possible forfeiture for non-use.

8. Rules. The Board shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, conversion and registration of certificates for shares of the capital shares of the Company, not inconsistent with the laws of the State of Utah, the Articles of Incorporation and these Bylaws.

ARTICLE IV SHAREHOLDER'S MEETINGS

1. Place of Meetings. All meetings of the shareholders shall be held at such place as shall be determined from time-to-time by the Board, and the place at which such meeting shall be held shall be stated in the notice and call of the meeting.

2. Annual Meeting. An annual meeting of the shareholders of the Company shall be held on the last Monday of February of each year, at 2:00 p.m. at the offices of the Company, unless otherwise stated in a resolution of the Board. The failure to hold an annual or regular meeting at the time and date determined shall not affect the validity of any corporate action. The business for the meeting shall include, but not be limited to, the following: (a) calling the meeting to order, (b) proof of notice of the meeting, (c) reading of the minutes of the previous annual meeting, (d) report of officers, (e) report of committees, if any, (f) election of directors, and (g) miscellaneous business.

3. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, including emergencies, unless otherwise prescribed by state law, may be called by the president of the

Company, or in the event of his failure or refusal to act, by a majority vote of the Board, and shall be called at any time by the president or vice president, or the secretary or treasurer, upon the request of shareholders owning not less than twenty-five percent (25%) of the outstanding shares of the Company entitled to vote at such meeting. Business transacted at all special meetings shall be confined to the subjects stated in the call of the meeting.

4. Notice of Meetings.

a. Time and Manner of Notice. Notice of the date, time and place of any annual or special meeting of shareholders shall be given to each shareholder of record of the Company entitled to vote, in conformance with the following:

(1) Notice shall be given by mailing written or printed notice of the same at least ten (10) days prior to the meeting; and if notice is mailed by other than first-class or registered mail, not less than thirty (30) days nor more than sixty (60) days prior to the date of such meeting. Such notice shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, and addressed to the shareholder's address appearing on the shares transfer records or other records of the Company. Notice may be waived in writing, signed by the shareholder entitled to the notice and delivered to the Company for inclusion within the minutes or for filing with the corporate records.

(2) In addition to written notice, notice may, but need not be given by publication. If by publication, notice of the meeting shall be published two separate times, with the first of the publications being no more than 30 days before the meeting and the last publication being no fewer than 10 days prior to the meeting.

(3) An emergency meeting may be called using the most reasonable means of notice possible, including notice communicated in person, by telephone, by any form of electronic communication, including fax or e-mail, by mail, by private carrier or any combination of the above.

b. Contents of the Notice. The notice may include any matter or matters to be approved or discussed and shall include a description of any matter or matters that must be approved by the shareholders or for which approval is sought in connection with conflict of interest transactions, indemnification of directors and officers, amendments to the articles of incorporation and bylaws, merger plan, sale of Company property other than in the ordinary course of business, and dissolution of the Company. The Company shall give notice of a matter a shareholder intends to raise at the meeting if requested in writing to do so by a person entitled to call a special meeting and the request is received by the secretary or president of the Company at least 10 days before the Company gives notice of the meeting.

5. Record Date. The Board may fix in advance a date, not exceeding thirty (30) days preceding the date of any meeting of shareholders, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting. If a record date is not established for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, the date on which notice of the meeting is mailed shall be the record date. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

6. Quorum. A quorum at any annual or special meeting of shareholders shall consist of those shareholders present and entitled to vote at such meeting.

7. Voting at Meetings.

a. Shareholder Voting List. A complete list of the shareholders entitled to vote at the ensuing election, arranged in alphabetical order and sequentially numbered with a number for each shareholder, showing the address of each shareholder entitled to notice of and to vote at the meeting, and the number of voting shares held by each, shall be prepared by or at the direction of the Secretary who shall have charge of the shares ledger and be filed in the office where the election is to be held, at least two (2) days before every election. The shareholder voting list shall, during normal business hours and during the proceedings of the election, be open to the examination of any shareholder. Such 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 shareholder during the whole time of the meeting. The original shares transfer record shall be prima facie evidence as to the shareholders entitled to examine such list or transfer record or to vote at the meeting of shareholders.

b. Voting in Person or by Written Proxy. Each vote at any annual or special meeting of the shareholders shall be by personal vote or by written proxy.

c. Manner of Voting. Voting at all meetings of shareholders shall be by voice vote, by vote indicated by raise of the hand, by written ballot, or as may be otherwise directed by the presiding officer. Written ballots may be sent to shareholders with the notice of the shareholder meeting. Written ballots so mailed with the notice of meeting will be counted if properly signed by the shareholder of record and received by the Secretary at least 24 hours prior to the date of the meeting. Procedures for use of written ballots shall conform to the procedures set forth in Article IV, Section 8.

d. Votes Per Share. Each shareholder shall have one vote for each share of shares having voting power, registered in his name on the books of the Company. If a shares certificate stands of record in the name of two or more persons, only one person may vote the share and that share shall still be entitled to only one vote.

e. Voting of Shares by Fiduciaries.

(1) Shares held by an entity may be voted by an officer or duly authorized agent of the entity, and evidence of such fiduciary status acceptable to the Company is submitted as requested by the Company.

(2) Shares held by an administrator, executor, guardian, or conservator may be voted by him either in person or by proxy without a transfer of such shares into his name.

(3) Shares 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 shares held by him without a transfer of such shares into his name as transferee.

(4) Shares standing in the name of a receiver may be voted by such receiver, and shares held by, or under the control of a receiver, may be voted by such receiver without the transfer thereof into his name, if authorization to do so is contained in an appropriate order of the court by which such receiver was appointed.

(5) A shareholder whose shares are pledged shall be entitled to vote such shares until

the shares shall have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred, unless the pledgee and pledger otherwise agree. The pledgee must provide evidence of such agreement to the Company prior to the record date to be entitled to vote.

(6) Shares of Company shares belonging to the Company (Treasury Shares), or held by it in a fiduciary capacity, shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

f. Inspectors of Election. Two inspectors of election shall serve at each meeting of the shareholders at which any vote shall be taken. The secretary of the Company and one or more other person appointed by the Board before or at the meeting shall serve as the inspectors. If the Secretary is up for election, the Board will appoint another Board member to be an inspector in lieu of the Secretary. The inspectors shall receive and take charge of all proxies and written ballots received prior to the record date, and shall decide all questions touching upon the qualification of voters, the validity of proxies, the validity of written ballots, and the acceptance and rejection of votes. In case of a tie vote by the inspectors on any question, the presiding officer shall decide the matter.

8. Action by Written Ballot Without a Meeting.

a. Any action that may be taken at any annual, regular, or special meeting of shareholders may be taken without a meeting if the Company delivers in person, or by first class mail, a written ballot to every shareholder entitled to vote on the matter.

b. Such written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action to be decided by written ballot.

c. Action by written ballot pursuant to this section shall be valid only when the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting.

d. All solicitations for votes by written ballot shall:

(1) state the percentage of approvals necessary to approve each matter other than election of directors;

(2) specify the time by which a ballot must be received by the Company in order to be counted; and

(3) be accompanied by written information sufficient to permit each shareholder casting the ballot to reach an informed decision on the matter.

e. A written ballot may not be revoked by the shareholder casting the same.

f. Action taken under this section has the same effect as action taken at a meeting of shareholders and may be described as such in any document.

g. The shareholders voting list for meeting and action by written ballot without a meeting shall be prepared in conformance with the provisions of Subsection 7.a. Shareholder's Voting List, of this Article.

ARTICLE V BOARD OF DIRECTORS

1. Number, Tenure and Qualifications.

a. Number of Directors and Term of Office. The powers and business affairs of the Company shall be exercised and managed by a governing Board of Directors (the “Board”) consisting of a minimum of five (5) Directors who shall each serve for a term of two (2) years. Notwithstanding the foregoing, the number of directors to serve may be modified at any annual meeting or special meeting of the shareholders except that the Board shall in no event consist of less than five (5) directors. Initially, five Class A shareholders shall be elected members of the Board. When the Class B shareholders acquire more than 20% of the outstanding shares of the Company, the Class B shareholders shall be entitled to elect one member of the Board and the Class A shareholders will elect the other four members. As the Class B shareholder acquire more than 40% of the outstanding shares, the Class B shareholders will be entitled to elect two members of the Board and the Class A shareholders will elect the other three members of the Board. As the Class B shareholders acquire 60% or more of the outstanding shares, the Class B shareholders will elect three members of the Board and the Class A shareholders will elect the remaining two Board members. To insure continuity of the Board, the Board shall establish staggered terms for Board members so that no more than 3 Board members are subject to election in any one calendar year. Class C shareholders shall not be entitled to elect a member of the Board, but will be represented by the Class A and/or Class B Board members.

b. Qualification of Directors. To qualify to serve on the Board, each Director shall be a natural person 18 years of age or older, and either be:

(1) an individual personally owning a minimum of ten (10) shares of either Class A or Class B stock (“Individual Shareholder”), or

(2) a person duly authorized, in writing, to vote the shares of a shareholding entity (an “Entity Representative”), which owns a minimum of (10) shares of either Class A or Class B stock.

(3) A shareholding entity for the purpose of this Article V (“Shareholding Entity”) shall include the following:

A. A corporation, limited liability Company, partnership or other business entity recognized under Utah law;

B. A municipal corporation, local district, special service district, school district or other governmental entity;

C. An administrator, personal representative or executor of an estate serving under Letters Testamentary issued by a court, or an appointed guardian or conservator of a protected person duly appointed by the court, and their appointed successors;

D. A trustee or successor trustee holding shares on behalf of one or more beneficiaries duly established trust; and

E. A court appointed Bankruptcy Trustee or Receiver or his appointed successor.

c. As a condition to an Entity Representative being qualified to serve on the Board, the person shall present such written evidence as the Company may reasonably require, demonstrating the person's authority and/or fiduciary capacity to vote the shares in behalf of the Shareholding Entity, and such person shall be required to maintain voting authority in behalf of the Shareholding Entity in order to maintain qualification to serve on the board.

d. If an Individual Shareholder or an Entity Representative shall sell or transfer his or its stock in the Company, or if an Entity Representative serving on the Board shall for whatever reason cease to be authorized to vote the shares of a Shareholding Entity, then in either case the Director shall at once cease to be a Director, and the vacancy shall be filled in conformance with the provisions of the By-Laws of the Company, as they may be amended from time to time.

e. General Powers. In addition to the powers and authorities which by these Bylaws and the Articles are expressly conferred upon it, the Board may exercise all such powers of the Company and do all such lawful acts and things as are not by proscribed by statute, the Articles, or these Bylaws directed or required to be exercised or done by the shareholders. Without limiting the general powers of the Board to exercise control of the Company set forth above, the Board shall have the power, among other things: (i) to buy, sell, exchange, or dispose of the real and personal property of the Company as may be deemed necessary; however, no sale, exchange or lease of real estate or water rights shall be valid unless and until approved by two-thirds majority of those shareholders present in person, by written ballot or by proxy and entitled to vote at a regular or a special meeting of the shareholders called for that purpose at which a quorum is present; (ii) to regulate the transfer of Company shares; (iii) to prescribe the duties of its officers, agents, and employees, and fill all vacancies in the Board caused by an increase in the number of members of the Board, by death, by resignation or otherwise; (iv) to locate and construct wells, pipelines, dams, reservoirs, canals, ditches, head gates and diversions to provide for the storage and delivery of waters to the shareholders of the Company; (v) to regulate the water rights and sources of water supply of the Company and the distribution and delivery of Company water to its shareholders, including the rationing of water in times of scarcity; (vi) to levy assessments on all shares of Company shares and enforce and collect such assessments; (vii) to employ engineers, attorneys, superintendents, Water Masters and other subordinate officers, agents and laborers as in their judgment the business of the Company may require, prescribe their duties, and provide for their compensation; (viii) to make rules and regulations for the administration and regulation of affairs of the Company; and (ix) to have and exercise any and all such express and implied powers as shall be necessary or convenient to effect any or all of the purposes for which the Company is organized so long as such actions are not inconsistent with the Articles, these Bylaws or the Act.

f. Regular Meetings. Regular meetings of the Board shall be held on a regular basis at the principal office of the Company or at such other place or places within or without the State of Utah, and on such dates and times as the Board may from time-to-time designate. Regular meetings of the Board may be held without notice.

g. Special Meetings. Special meetings of the Board may be called at any time by the President, or in his absence, by the Vice President, or by any two Directors, to be held at the principal office of the Company or at such other place or places, within or without the State of Utah, as the Directors may from time-to-time designate. Notice of any special meeting shall be given at least five (5) days previously thereto by written notice mailed to each Director at said Director's home or business address, or personally by telephone. If mailed, such notice shall be deemed to have been delivered when deposited in the United States Mail so addressed, postage prepaid. The attendance of a Director at a meeting shall constitute a

waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

h. Action Without a Meeting.

(1) Any action required or permitted to be taken at a Board of Directors' meeting may be taken without a meeting if each and every director in writing either votes for the action; or votes against the action or abstains from voting and waives the right to demand that action not be taken without a meeting.

(2) Action is taken under this section only if the affirmative vote for the action equals or exceeds the minimum number of votes that would be necessary to take the action at a meeting at which all of the directors then in office were present and voted.

(3) An action taken pursuant to this Section 5 is not effective unless the Company receives a written document satisfying the requirements of subsection a. of this Section 5, signed by all directors, and which is not revoked pursuant to subsection d. of this Section 5. The writing may be received by electronically transmitted facsimile or other form of wire or wireless communication providing the Company with a complete copy of the document, including a copy of the signature on the document. A director's right to demand that action not be taken without a meeting shall be considered to have been waived if the Company receives a writing satisfying the requirements of this subsection c. that has been signed by the requisite number of directors and not revoked pursuant to subsection d. of this Section 5. Action taken pursuant to this section shall be effective when the last writing necessary to effect the action is received by the Company, unless the writings describing the action taken set forth a different effective date.

(4) If the writing is received by the Company before the last writing necessary to effect the action is received by the Company, any director who has signed a writing pursuant to this Section 5 may revoke the writing by a writing signed and dated by the director describing the action and stating that the director's prior vote with respect to the writing is revoked.

(5) An action taken pursuant to this Section 5 has the same effect as an action taken at a meeting of directors and may be described as an action taken at a meeting of Directors in any document.

c. Quorum. At any meeting of the Directors, a majority of the directors in office immediately prior to the beginning of the meeting shall constitute a quorum for the transaction of business, but if less than said number is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

d. Manner of Acting. Each director shall be entitled to one (1) vote on all matters brought before the Board. If a quorum is present when the vote is taken, the affirmative vote of the majority of the directors present at a meeting shall be the act of the Board.

e. Presumption of Assent. A Director of the Company who is present at a meeting of the Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he 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 registered mail to the Secretary of the Company immediately after the adjournment

of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

f. Committees. Standing or temporary committees may be appointed from time-to-time from among the members of the Board or from among the shareholders, and the Board may invest such committees with such power as it may see fit, subject to such conditions as may be prescribed by such Board. An Executive Committee may be appointed by resolution passed by a majority of the whole Board and shall have all the powers provided by the Act, except as specially limited by the Board. All committees so appointed shall keep regular minutes of the transactions of their meetings, and shall cause them to be recorded in books kept for that purpose in the office of the Company and shall report the same to the Board of Directors. All committees shall serve at the pleasure of the Board.

g. Compensation. Compensation to directors for their service on the Board may be authorized and fixed as determined from time-to-time by the Board. Directors shall be reimbursed, with approval of the Board, for any actual and reasonable expenses incurred by a director in the performance of his duties as a Director. Members of special or standing committees may likewise be reimbursed upon approval of the Directors.

h. Vacancies. All vacancies in the Board, whether caused by resignation, death or otherwise, may be filled by a majority vote of the remaining Directors attending an annual or special meeting of the Board called for that purpose, even though less than a quorum is present. A Director thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor, and until his successor is elected and qualifies.

i. Removal of Directors. The shareholders may remove one or more Directors elected by them, for cause. A Director or Directors may be removed only at a meeting called for the purpose of removing that Director or those Directors and if the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of a Director or Directors. A Director or Directors may only be removed if the number of votes cast to remove the Director or Directors would be sufficient to elect the director at a meeting to elect directors. A director elected by the Board to fill the vacancy of a director elected by the shareholders may be removed for cause only by the shareholders, and not by the Board.

j. Resignation. A Director may resign at any time by giving written notice to the Board, the President or the Secretary of the Company. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE VI OFFICERS

1. Number, Election and Term of Office. The officers of the Company shall be a President, a Vice-president, a Secretary and a Treasurer, who shall be elected and appointed for a term of one year by the Directors at their first meeting after the annual meeting of shareholders, and who shall hold office until their successors are elected and qualify. The office of Secretary and Treasurer may be held by the same person. Those persons to serve in the office of President and Vice-president shall be elected from among the membership of the Board. Those persons to serve in the office of Secretary and Treasurer may, but need not be, members of the Board, and if not members of the Board they shall be appointed by the Board and not elected. The Board may also choose additional Assistant Secretaries and Assistant Treasurers.

2. Duties. The duties of the officers shall be as follows:

a. President. The President shall be the principal executive officer of the Company and, subject to the control of the Directors, shall have general supervision and control of the business and affairs of the Company. The President shall, when present, preside at all meetings of shareholders and Directors. He may sign or countersign, with the secretary or any other proper officer of the Company thereunto authorized by the Directors all certificates for shares of the Company, as well as any deeds, mortgages, bonds, contracts and other instruments of the Company as authorized by the Board, and shall perform all such other duties as are incident to his office or are properly required of him by the Board.

b. Vice-president. In the absence of the President, or in the event of his death, inability or refusal to act, the Vice-president shall perform and exercise the duties and functions of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-president shall perform and discharge such other and further duties as may be assigned from time to time by the Board.

c. Secretary The Secretary shall keep the minutes of the shareholders' and Board meetings in one or more books provided for that purpose, see that all notices regarding annual shares assessments, delinquencies and shares sales are duly given in accordance with the provisions of these Bylaws, be custodian of the corporate records and of the seal of the Company, keep a register of the post office address of each shareholder, have general charge of the shares transfer books of the Company and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or the Board; and perform all duties incident to the office of Secretary and such other and further duties as from time to time may be properly required by the Board.

d. Treasurer. The Treasurer shall have the charge and custody of and be responsible for all the funds and securities of the Company from any source whatsoever, and in such capacity shall deposit all such funds in the name of the Company in such banks, trust companies or other depositories as shall be selected in accordance with these Bylaws, shall keep regular books of account, shall disburse the funds of the Company in payment of the just demands against the Company, or as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Board from time-to-time as may be required an account of all transactions and of the financial condition of the Company; and perform all duties incident to the office of Treasurer and such other and further duties as from time to time may be properly required by the Board.

3. Absence or Inability to Act. In the case of absence or inability to act of any officer of the Company and of any person herein authorized to act in his place, the Board may from time to time delegate the powers or duties of such officer to any other officer or any Director or other person whom it may select.

4. Vacancies. Vacancies in any office arising from any cause may be filled by the Directors at any regular or special meeting.

5. Other Officers. The Board may appoint such other officers and agents as it shall deem necessary or expedient, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

6. Compensation. Compensation to officers of the Company shall be authorized and fixed as determined, from time-to-time, by the Board. The officers shall be reimbursed, with approval of the Board, for any actual and reasonable expenses incurred by an officer in the performance of his or her

duties as an officer and general manager of the Company.

7. Fidelity Bonds. The Board may, by resolution, require any and all of the officers to give bonds to the Company, with sufficient surety or sureties, conditioned for the faithful performance of the duties of their respective offices, and to comply with such other conditions as may from time to time be required by the Board of Directors.

8. Tenure and Removal from Office. The officers of the Company shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board.

9. Resignation. Any officer may resign his office by giving the Board notice in writing thirty (30) days before the same is to take effect, but resignations may be accepted on shorter notice.

ARTICLE VII INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. Indemnification. The Company, as authorized by law and the Amended and Restated Articles of Incorporation, shall indemnify and defend any and all persons who may serve or who have served at any time as directors or officers, or both, or who at the request of the Board may serve or at any time have served as directors or officers or both, of any other corporation in which the Company at such time owned or may own shares or of which it was or may be creditor, and their respective heirs, executors, administrators, successors, representatives and assigns against any and all expenses and amounts paid upon judgments or pursuant to decrees, including, but not limited to, counsel fees, court costs and amounts paid in settlement (before or after suit is commenced), actually and reasonably incurred by such person in connection with the defense, discharge or settlement of any claim, action, suit or proceeding (whether civil, criminal, administrative or other) in which they, or any of them, are, or may be, involved in or made parties, or a party, or which may be asserted against them, or any of them by reason of being, or having been, directors and officers, or a director or an officer of the Company, or of such other corporation (whether or not such person is a director or officer at the time of incurring the obligation to pay such expense, judgment or decree). No officer shall be liable for negligence or misconduct in the performance of his or her duty to such corporation if he, she or they acted in good faith; the director or officer reasonably believed that the director's or officer's conduct was in, or not opposed to, the Company's best interests; and in the case of any criminal proceeding, the director or officer had no reasonable cause to believe the director's conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent is not, of itself, determinative that the director or officer did not meet the standard of conduct described herein. Notwithstanding the foregoing, the Company shall not indemnify a director or officer hereunder in connection with a proceeding by or in the right of the Company in which the director or officer was adjudged liable to the Company; or in connection with any other proceeding charging that the director or officer derived an improper personal benefit, whether or not involving action in the director's or officer's official capacity, in which proceeding the director or officer was adjudged liable on the basis that the director or officer derived an improper personal benefit.

2. Advance of Expenses. The Company shall pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding in advance of final disposition of the proceeding if the director or officer furnishes the Company a written affirmation of the director's or officer's good faith belief that the director or officer has met the applicable standard of conduct set forth

in Subsection 7.1 of this Article; the director or officer furnishes the Company a written undertaking, executed personally or on the director's or officer's behalf, to repay the advance, if it is ultimately determined that the director or officer did not meet the standard of conduct; and a determination is made that the facts then known to those making the determination would not preclude indemnification hereunder. The required undertaking shall be an unlimited general obligation of the director or officer; need not be secured; and may be accepted without reference to financial ability to make repayment.

3. Notice to Shareholders. If the Company indemnifies or advances expenses to a director or officer under this Article in connection with a proceeding by or in the right of the Company, the Company shall give written notice of the indemnification or advance to the shareholders in conformance with the requirements of the Act.

4. In Addition to Other Rights. The indemnification provided for in this Article shall be in addition to all other rights to which the person indemnified may be entitled under any law, bylaw agreement, resolution, of the shareholders or otherwise.

ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DRAFTS

1. Contracts. The 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 Company, and such authority may be general or confined to specific instances.

2. Loans. The Board, upon resolution duly adopted, shall have the authority to incur indebtedness on behalf of the Company, in an amount not to exceed \$40,000. Any loans or indebtedness in excess of that amount shall be incurred by the Company only upon a majority vote of shareholders present in person or by written ballot or proxy at a regular or special meeting called for that purpose. The Board shall be authorized to issue notes, bonds, and/or make and perform contracts with the United States, the State of Utah and other governmental entities and agencies and/or private lenders, pursuant to which the Company shall be authorized to sell, lease, exchange, mortgage and/or pledge all or substantially all of the assets of the Company as and for security for loans, or otherwise, for the purpose of acquiring water, water rights, water shares, sources of water supply, and real and personal property, and for the development of and/or improvements to the Company's water diversion and canal systems and related appurtenances and equipment or otherwise for the purpose of attaining or furthering any of its lawful purposes and objectives; provided, however, that no such note, bond, contract or other evidence of indebtedness which exceeds \$40,000 and/or which requires a pledge of all or substantially all of the assets of the Company as and for security therefore shall be authorized or valid unless: (i) the Board shall adopt a resolution recommending the same to the shareholders and directing that the resolution be submitted to a vote at a meeting of shareholders having voting rights, which may be either an annual or special meeting, (ii) written notice of such meeting shall have been duly given in conformance with the requirements of these Bylaws, and (iii) said resolution shall be approved by a majority vote of all the shareholders in person or by proxy or written ballot at a meeting in which a quorum is present.

3. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company, shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall from time-to-time be determined by resolution of the Directors.

ARTICLE IX DISTRIBUTION OF COMPANY WATER

1. Exclusive Control. All diversion, distribution and storage facilities, and all other related facilities of the Company, shall be under the exclusive control and management of the Board, and the Water Masters and other employees acting under authority of the Board. Distribution of water to shareholders shall only be made by order of the Board or by such Water Masters and other employees as may be designated and acting under authority of the Board. In all instances, the Board shall have the responsibility to assure that the water of the Company is used in a beneficial manner, efficiently and without waste.

2. Water Master. The Board may appoint and employ a Water Master and such other employees as the Board deems necessary, and shall fix the compensation to be paid to the Water Master and other employees. If employed, the Water Master shall have the following duties:

a. Authority. The Water Master is the official representative of the Company, with authority to distribute the water of the Company equitably, by share, to its shareholders.

b. Duties and Responsibilities. The duties and responsibilities of the Water Master shall include the following:

(1) The Water Master has the duty and responsibility to establish and manage a water turn schedule and a system of headgate settings in order to effect the equitable distribution of water to the shareholders. The shareholders shall be subject to and agree to abide by the water turn schedule and headgate settings once established by the Water Master. The Water Master will coordinate with the individual shareholders and cooperate with them to the extent possible, in carrying out the duties and responsibilities of the office. Decisions of the Water Master pertaining to the distribution of water may be appealed by any shareholder to the Board, which shall have the final say in such matters.

(2) The Water Master shall be responsible to name, number or otherwise identify each diversion device and to re-paint and otherwise maintain the identification on each device as necessary to assure its proper identification.

(3) The Water Master shall ride the full length of the Company's System on a frequent and regular basis, as necessary, for the purpose of inspecting the Company System and diversion devices, setting head gates and checking turns and usage. More frequent inspections of the Company System may be required, for safety reasons, depending on the circumstances.

(4) The Water Master shall meet with the Board on a monthly basis during the irrigation season.

(5) The Water Master shall submit a written report to the Board at the end of each irrigation season. The report shall include the following information:

(a) a complete log of the Water Master's activity on the Company System, including a record of the date, route, starting time and ending time of each trip together with a notation of anything unusual or out of the ordinary discovered thereon;

(b) an itemization of the diversion devices and the shares of shares of the

Company, including the certificate number and number of shares, assigned to each device;

(c) a list of the responsible persons, including name, address and phone number, assigned to each diversion device;

(d) a list of the names, addresses and phone numbers of those persons to be contacted in the event of an unscheduled or emergency shut-off of the Company System; and

(e) tables of headgate settings at each diversion device.

c. Appeal of Water Master Decisions. In the event a shareholder shall contest a decision of the Water Master with regard to the distribution of water, the shareholder shall first attempt to resolve the issue with the Water Master. The final decision of the Water Master may be appealed by a shareholder to the full Board which shall have the final say in such matters. The Board will convene as soon as reasonably practical to consider and timely resolve such an appeal.

3. Distribution; Theft of Water.

a. Distribution. Subject to the provisions of Section 6 of this Article, each shareholder in the Company shall be entitled to a flow of water bearing the same ratio to the total flow of water available for distribution to all shareholders as the number of shares owned by him bears to the total number of shares of shares outstanding; provided, however, that this regulation shall not preclude the rotation and use of water among shareholders by agreement and with the consent and approval of the Board. Water shall be distributed to the shareholders only through authorized diversion devices installed and maintained in the Company System and the main lateral ditches by the shareholders. The amount of water distributed to each shareholder at a given diversion device shall be determined according to the shares of shares assigned by said shareholder to that diversion device as hereinafter set forth. The Company shall maintain a flow of at least 5% of the low flow in the Company System for livestock water.

b. Theft of Water. The taking of water by any shareholder out of turn or exceeding the amount of water to which the shareholder is entitled pursuant to the shareholder's shares of Company shares, without the express written approval of the Water Master, shall constitute theft of the Company's water and such action will be prosecuted to the full extent of the law. The Company shall withhold the delivery of water to any shareholder who is caught taking water out of turn or otherwise taking water to which he is not entitled until such time as the Board is assured that the unlawful taking of water has been terminated and will not continue.

4. Diversions - Title, Installation, Maintenance and Modification.

a. Title.

(1) Company System. Based upon a 1948 aerial photo of the Company's service area, Beaver Creek, Thorn Creek and South Ditch constitute the main conveyance facilities of the Company. These conveyance facilities and the main diversion structures used in the diversion of water into these facilities and any lateral ditch serving two or more shareholders ("Company System"), are owned and shall be operated, maintained, repaired and replaced by the Company, at its sole expense. The Company shall maintain at the Company office an official map showing the current ditches and laterals that are deemed to be part of the Company System and those that are privately owned lateral ditches that comprise part of a Shareholder's System as defined in subparagraph (2) below.

(2) Shareholder System. Each device used for the diversion of water from the Company System by a shareholder, and all associated, meters, sumps, screens and ditch and pipeline laterals extending from each such diversion device to the shareholder's place of use (the "Shareholder System"), is and shall be owned, operated, maintained, repaired and replaced by the individual shareholder at the shareholder's sole cost and expense.

b. Installation and Maintenance.

(1) No diversion device shall be installed in the Company System without the express written approval of the Board. Each Shareholder System shall have an accurate measuring device installed within five feet of the diversion off the Company System to permit the accurate measurement of water diverted into the Shareholder System. Persons desiring to install a diversion device in the Company System shall first make a written application to the Board on a form provided by the Board. Information required for the application shall include:

- (a) a complete set of plans and specifications for the device;
- (b) the exact location of the device;
- (c) the certificate number(s) and number of shares of shares of the Company to be assigned to said diversion device;
- (d) a map detailing the location and number of acres to be irrigated through said diversion device; and
- (e) the intended date of installation of the device.

Persons who desire to divert water through more than one diversion device shall be required to make a separate written application for each device.

(2) All diversion devices within a Shareholder System shall be installed by the shareholders in conformance with these Bylaws and such other specifications as may be required by the Board from time-to-time. Shareholders shall not divert water from the Company System through any siphon device or pump without the express written approval of the Board.

(3) Shareholders shall provide convenient access to the diversion devices for Company officials. This must include access to the diversion device and shut-offs, to the downstream end of the pipe for head gates and pipes used to provide water to open ditches, to sumps and screen boxes used on gravity-flow sprinkler systems, and to meters on systems which require them. Shareholders, who pump water for use above the Company System, if any, must also provide convenient access to their diversion device, including, without limitation, either a foot bridge across the Company System or a path along the upper side of the Company System when an established bridge is close by, at the discretion of the Board.

(4) No diversion device shall be installed in such a manner as to hinder or otherwise interfere with the Company's right-of-way along the bank of the Company System. In that regard, screening devices used around the inlet to the diversion device shall not obstruct the flow of water in the Company System, and in no case shall said screening devices extend more than three feet

into the stream flow of the Company System.

(5) Shareholders shall be obligated to maintain their diversion devices in good repair so as not to waste the valuable water supplies of the Company. Diversion devices which appear to the Water Master to be leaking excessively or which are in danger of washing out, must immediately be repaired or replaced by the shareholder(s) owning the device. In each such a case, the Water Master shall identify such device and the name(s) of the shareholder(s) owning the same, and the President of the Company shall notify the person responsible for the device, as hereinafter set forth, of the requirement to repair or replace the device. Subject to the next sentence, if the device is not properly repaired or removed within one (1) year from the date of notice, the Company shall have authority to remove said diversion device from the Company System. In the event of an emergency, the Company shall have the authority to remove immediately any diversion device which may, in its discretion, be a threat to the safety of any person or property or to the integrity of the bank of the Company System. New diversion devices shall be installed in conformance with the provisions of these Bylaws, and in the event the Company is required to remove the old device, it shall not approve the installation of the new device unless and until the party responsible for said device has paid the Company, in full, for all costs and expenses incurred by the Company in connection with the removal of the old device.

(6) Except in the event of an emergency, work on diversion devices shall be performed during the non-irrigation season so as to prevent the loss of irrigation to the shareholders.

(7) New and replacement diversion devices which shall be authorized by the Board shall be installed in conformance with the following specifications:

(a) The types of diversion devices authorized include: (i) headgate with galvanized pipes through the Company System banks into open ditches; (ii) head gates with galvanized pipes through the Company System banks into sumps or screen boxes and then into closed gravity-flow sprinkler systems; (iii) head gates with galvanized pipes through the Company System banks into a pumping system; and (iv) pumping systems which pump water for use on the uphill side of the Company System. The Board shall not permit new sumps and gravity-flow sprinkler systems or pumping systems to be installed onto old leaking head gates.

(b) All new and replacement head gates and pipes from the gate through the canal bank to be installed in the Company System shall be approved by the Board prior to its installation.

(c) All new diversion devices which divert water into gravity flow sprinkler systems shall have a sump or screen box. The Board shall approve the dimensions and construction materials of any such sump prior to its installation. If the lid to the screen box or sump is to be locked, the shareholder shall provide a key for the lock to the Water Master.

(d) All new diversion devices which divert water into a pumping system for use on the uphill side of the Company System shall have a shut-off valve and totalizing meter. Any diversion device which requires a meter shall be properly screened to protect the meter. A shareholder shall not hinder or obstruct, in any way, the Water Master's ability to gain entry to the meter for purpose of inspection and reading the meter. If it appears to the Water Master that the meter is not recording properly, he shall notify the Board, and the Board may require that the meter be removed, cleaned and checked, and repaired or replaced by the shareholder using the same, at said shareholder's sole cost and expense. Periodic, routine removal and maintenance of the meters may be required by the Board.

(8) The Company shall not permit installation or use of any diversion device unless the user of that device shall own and maintain at least one (1) share which is assigned to said device.

(9) The installation and use of any hidden diversion device constitutes theft of the Company's water and is prohibited. Offenders will be prosecuted by the Company to the full extent of the law. The Company shall remove all diversion devices from the Company System which do not have shares of shares assigned to them.

c. Checks, Dams & Obstructions.

(1) No shareholder shall place any dam or check in the Company System, for any purpose, without the express written approval of the Water Master. Shareholders who have received approval for the use of a dam or check in the Company System shall have the sole and separate responsibility to clean and maintain the same, at the shareholder's expense. In the event a shareholder shall fail to clean and maintain a dam or check as required herein, the Company shall remove the same at the shareholder's cost and expense.

(2) Shareholders who maintain dams or checks in the Company System shall indemnify and hold the Company harmless from and against any claim, liability or damage to the Company System and/or other property, real or personal, of the Company, its shareholders or any other person, and for injury to persons or animals, resulting from or arising out of the shareholder's use and maintenance of said dam or check.

d. Responsible Persons and User Information.

(1) A responsible person shall be designated for each shareholder-owned diversion device, in conformance with the following:

(a) Where title to a diversion device is in the name of a single shareholder, that shareholder shall be the responsible person. In those instances where title to a diversion device is in the name of a corporation, association or entity, or two or more individual shareholders, then such corporation or association or entity or the individual shareholders shall appoint the person designated as the responsible person for the shareholder diversion device.

(b) A record of the name of the responsible person, together with said person's address, home and work telephone numbers and the number of the diversion device for which said person is responsible, shall be maintained by the Water Master of the Company. It shall be the duty of the individual shareholder, corporation, association or entity, as the case may be, to notify the Water Master, in writing, of any changes in the responsible person for a diversion device.

(c) No water shall be authorized for diversion from a new or existing diversion device unless and until a responsible person has been designated and a current record made of such designation with the Water Master. Shareholder diversion devices which do not have a responsible person registered with the Water Master shall be locked closed and not re-opened until a responsible person has been designated and recorded as provided herein.

(2) In order to provide for the reasonable and orderly conduct of the Company, the responsible persons designated for each shareholder diversion device shall, at the request of the

Board, provide information relative to the water users and the lands irrigated with water diverted through said diversion device. Such information may include, but is not limited to, the names, addresses and telephone numbers of those persons who divert and use water through the diversion device, a map identifying the location of secondary diversions off of the shareholder's system, if any, and the place of use of the water diverted through the diversion device.

(3) Responsible persons shall be obligated to ensure, to the extent possible, that water diverted through a diversion device is only used by those who own or rent shares of the Company or are rightfully entitled to use water by virtue of membership in another corporation, association or entity which is a shareholder of the Company.

5. Canal and Right-of-way Encroachments.

a. No person, corporation, association or entity, public or private, shall be authorized to construct, install or place any structure, including, but not limited to, any bridge, fence, pipeline, utility line or other such structure, which extends over, under, into, across or through the Company System or otherwise encroaches upon the Company System or right-of-way, without the express written approval of the Board. No such use of the Company System or right-of-way shall be authorized except by specific grant of easement or written license on forms provided by the Company, and no such easement or license shall be granted except upon the following conditions:

(1) The grantee shall first be required to submit to the Board, plans and specifications setting forth in detail the proposed use of the Company System and/or right-of-way. Such other and further information as shall be necessary, in the discretion of the Board, to properly review and consider said proposed use shall be submitted promptly by the grantee upon request.

(2) The grantee shall agree to construct and install any such structure, and to own, operate, maintain, repair and replace the same, in good working order, and to repair any Company System bank damaged because of any such structure, so long as the structure shall remain in place, all at grantee's sole cost and expense. Particularly with respect to bridges or other such structures extending over the top of the Company System, a minimum free board clearance of at least 12 inches must be provided between the surface elevation of the water in the Company System at maximum design capacity of the Company System and the bottom of the structure.

(3) The grantee shall indemnify and hold the Company harmless from and against any liability or damage to the Company System and/or other property, real or personal, of the Company, its shareholders or any other person, and for injury to persons or animals, resulting from or arising out of the grantee's ownership, operation and maintenance of any such structure.

b. No substance or material, of whatsoever kind or nature, including, without limitation, storm drainage water off roadways or other developments, shall be introduced into the Company System or upon the Company right-of-way, without the express written approval of the Board. Absent authority from the Board, any unauthorized encroachment or introduction of material into the Company System or rights-of-way of the Company are prohibited and any such trespass shall be prosecuted by the Company to the full extent of the law.

c. Any person, corporation, association or entity, public or private, which owns, operates and maintains any existing structure which extends over, under, into, across or through the Company System or otherwise encroaches upon the Company System or right-of-way shall, as of the effective date hereof, be subject to the terms and provisions of this Paragraph 5.

6. Emergency Situations.

a. In an emergency situation, duly authorized officials, employees, agents and/or contractors of the Company shall have the right of access to the diversion devices and other related facilities of the shareholders for the purpose of making emergency repairs to the same. All costs and expenses incurred by the Company in making such emergency repairs shall be reimbursed by the shareholders as billed by the Company.

b. In times of water shortage due to drought or any other natural or man-made condition or occurrences, the Company shall have the full right and authority to declare a water emergency, and to ration or otherwise regulate the distribution and use of water to the shareholders until the emergency situation has been alleviated.

7. Violations. In the event any shareholder shall violate any provision of these Bylaws, or other lawfully adopted regulation promulgated by the Board as authorized herein, the Board may authorize the Water Master to terminate water service to the shareholder until the violation is corrected.

ARTICLE X

CHANGES IN POINT OF DELIVERY, PLACE AND NATURE OF USE OF WATER

1. Requested Changes Within the Company System. A shareholder may not change the point of delivery and place of use of the Company's water from one point of delivery on the Company System (the "Prior Delivery Point") to a new point of delivery on the Company System (the "New Delivery Point"), without the prior written approval of the Board. Approval for such a change may be requested only once per year and must be made prior to February 1 of each year. If the change requested is to a new lateral ditch, then 50% of the other shareholders in the new lateral ditch and 50% of the shareholders in the old lateral ditch must also consent to the transfer. The Board will mail written forms to all shareholders on both the new and old laterals for their vote, within 10 days of the Board's review of the shareholder request.

a. In evaluating the request for such a change, the Board shall consider all relevant factors pertinent to the requested change including, but not limited to, the following:

(1) whether the shareholder requesting the change has fully paid all outstanding assessments against the shareholder's shares;

(2) whether there is sufficient excess capacity in the New Delivery Point for the proposed use;

(3) whether sufficient water will remain at the Prior Delivery Point so as to insure the delivery of water with adequate flow and no increase in carrier losses to the other shareholders and whether conditions may be imposed on such requested change to mitigate any harm to the other shareholders;

(4) whether there will be increased maintenance costs to the Company and/or its shareholders; and

(5) whether such a change will, in any way, impair, adversely affect or otherwise interfere with any existing rights of the Company and/or any of its shareholders.

b. Procedure for Effecting the Requested Change Within the Company System. The procedure to be followed by a shareholder requesting a change within the Company System, and the procedure to be followed by the Board in reviewing and taking action on the request are as follows:

(1) Any shareholder, as a condition to making such a change shall first be required to submit a formal written application for such change to the Board prior to January 10 of the year in which the change is proposed to be made. The application form shall be provided by the Company and shall contain the following information:

(a) the name and address of the applicant;

(b) the certificate number and number of shares to be changed;

(c) the place of use of water delivered at the Prior Delivery Point;

(d) the proposed point of delivery and place of use at the New Delivery Point, and the nature of use of Company water proposed at the new place of use; and

(e) the purpose for which the change is requested.

(2) The applicant shall be required to pay a non-refundable application fee in such amount as may be determined from time-to-time by separate resolution of the Board to cover administrative costs incurred by the Company in reviewing and processing the application.

(3) In the event a shareholder desires to change an existing headgate on a Company System at the Prior Delivery Point and/or the New Delivery Point, the approval of 50% of the shares receiving water out of said headgate at the Prior Delivery Point and/or the New Delivery Point, as the case may be, shall approve the change as a condition precedent to Board approval of the transfer; except that if the shareholder desires to change to a New Delivery Point into a ditch owned by an incorporated or other business entity, the approval of said entity shall be required as a condition precedent to Board approval of the transfer.

(4) The applicant, at applicant's sole expense, shall pay all costs of constructing and installing the Shareholder's System and related facilities at the New Delivery Point, including reimbursing the Company for all costs and expenses incurred by the Company in connection with the change.

(5) The applicant, at applicant's sole expense, shall re-construct, install, alter, repair and/or replace any part of the system of the Company and related facilities used in connection with the delivery of water to the applicant in connection with the Prior Delivery Point so as to avoid or remedy any adverse affect or interference to the Company or other shareholders resulting from the change requested by the applicant.

(6) If in the opinion of the Board, there is a need for the Company's attorneys, engineers or other consultants to review the application to insure that the proposed changes do not adversely affect the Company and/or any other shareholder, then the Company shall provide the applicant with a detailed statement of the costs and fees incurred by the Company in connection with such review and the applicant shall be required to pay all such costs and fees as billed by the Company.

(7) The applicant shall defend, indemnify and hold the Company, and its directors, officers, employees and consultants harmless from and against any claims, liability or damage to any property, real or personal, of the Company, its shareholders or any other person, and for injury to persons or animals, resulting from or arising out of the applicant's change.

(8) All fees, costs and expenses which are required to be paid by the applicant in connection with the application for change as provided herein shall be deemed a special assessment against the applicant's shares of shares, collectible in conformance with the provisions of these Bylaws pertaining to special assessments.

2. Requested Changes Outside the Company System or Otherwise Involving a Change in the Underlying Water Rights of the Company. No shareholder shall be permitted to file or cause to be filed with the Utah Division of Water Rights a permanent change application, temporary change application or exchange application involving a change to a point of diversion, nature or purpose of use and place of use outside the Company System and/or otherwise involving any element of the Company's underlying water rights without the express written approval of the Board and full compliance with the requirements of §73-3-3.5 Utah Code Annotated, 1953, as amended (the "Change Statute"), and the following rules and regulations:

a. **Applicable Changes.** Proposed changes which require approval of the Board under the provisions of this Section 2 include, but are not limited to, the following:

(1) A proposed change to a point or points of diversion different from the Company's authorized point or points of diversion, including proposed changes to a source or sources of water supply different from the Company's authorized source or sources of water supply;

(2) A proposed change to a place of use different from the Company's authorized place of use of water, including proposed changes to a distribution system different from the Company's existing Company System;

(3) A proposed change to a purpose or nature of use of water which is different from the Company's authorized nature of use of water, including, if applicable, a proposed change to a period of use different from the Company's authorized period of use, including the surrender of the shareholder's Class A shares and reissuance of Class B shares if the proposed change of use is from irrigation to domestic/municipal use; and/or

(4) Any other proposed change which requires the filing of a permanent or temporary change application or exchange application with the Division of Water Rights on the underlying water rights of the Company.

b. **Evaluation Factors.** In evaluating the request for a change under this Section 2, the Board shall evaluate all relevant factors pertaining to the change as requested including, but not limited to the following:

(1) any increased cost to the Company or its shareholders;

(2) interference with the Company's ability to manage and distribute water for the benefit of all shareholders;

(3) whether the proposed change represents more water than the shareholder's pro rata share of the Company's water right;

(4) impairment of either the quantity or quality of water delivered to other shareholders under the existing water rights of the Company, including rights to carrier water;

(5) whether the proposed change would cause a violation of any statute, ordinance, regulation, or order of a court or governmental agency;

(6) whether the shareholder has or can arrange for the beneficial use of water to be retired from irrigation within the Company's service area under the proposed change; and/or

(7) the cumulative effects that the approval of the change application may have on other shareholders or Company operations.

c. Change Procedure. The procedure to be followed by a shareholder requesting a change under this Section 2, and the procedure to be followed by the Board in reviewing and taking action on the request are as follows:

(1) Written Application. Any shareholder, as a condition to making any change referenced in subparagraph 2 a. above shall first be required to submit a formal written application for such change with the Board prior to January 1 of the year in which the change is proposed to be made. The Board may provide a standard application form for such purpose.

(a) The application requesting the change shall contain the following minimum information:

(i) the name and address of the applicant;

(ii) the quantity of water sought to be changed;

(iii) the certificate number and number of shares affected by the change;

(iv) the current point or points of delivery for the Company's water under the shares prior to the change;

(v) the proposed point or points of diversion for the water under the shares after the change;

(vi) the current place of use of water under the applicant's shares and a legal description of the land proposed to be retired from irrigation;

(vii) the proposed place of use, including a legal description of the land upon which the water under the shares is proposed to be used after the change;

(viii) the proposed nature of use and period of use for the water under the shares after the change; and

(ix) an explanation of the proposed change including the need and purpose for which the change is requested.

(x) if the proposed change of use is from agricultural irrigation to domestic/municipal use, the shareholder shall also surrender his or her Class A Shares and the Company shall reissue to the shareholder Class B shares and Class A shares dedicated to carrier water as provided herein.

(b) Within a reasonable time after receipt of the application for change, the Board shall specifically request any further information that may, in its discretion, be required for it to properly evaluate and consider the request and, if applicable, prepare any required change or exchange application, if any, which may be required to be filed with the State Engineer. The applicant shall fully cooperate with the Company in providing such additional information as requested.

(2) Notice of Application.

(a) The Board, within thirty (30) days from the date of receipt of the application, may, but need not, send notice of the request to any or all other shareholders who, in the opinion of the Board, may be affected by the requested change. Such notice shall include a copy of the change request and provide that any affected shareholder may file a written objection to the request within ten (10) days of mailing such notice.

(b) The applicant, and any other shareholder who has filed a written objection to the change proposed in the request, shall receive ten (10) days written notice of the meeting at which the request is to be considered by the Board, and shall be allowed to attend.

(c) The cost of mailing all notices shall be an additional cost to the Company which shall be paid by the applicant pursuant to the provisions of Subparagraph d. of this Section immediately below.

d. Payment of All Costs and Expenses Associated with the Change. The applicant shall be required to pay all costs and expenses incurred by the Company in connection with the applicant's proposed change, as follows:

(1) The applicant shall pay, as billed by the Company, all costs and expenses relating to the Board's consideration and processing of the application, including, without limitation, all costs and expenses incurred by the Company which are associated with:

(a) all administrative costs and expenses as a result of the requested change, including, without limitation, all legal, engineering and other consultants' fees and costs;

(b) all costs and expenses incurred in connection with the preparation and filing with the State Engineer of any required change or exchange application to effect the applicant's requested change;

(c) all costs and expenses incurred in connection with any and all administrative and judicial proceedings in connection with any change or exchange application;

(d) all costs and expenses related in any way to the applicant's diversion of water at the new point of diversion, including, without limitation, the construction, installation, repair, maintenance, and replacement of all facilities, structures, equipment and appurtenances related thereto;

(e) all costs and expenses associated with the re-construction, alteration, repair, maintenance and replacement of any existing or new delivery device and related facilities of the Company and/or any other shareholder which shall be necessitated in order to avoid or remedy any adverse affect or interference resulting from the change requested by the applicant; and

(f) all costs and expenses incurred in connection with the submittal of proof of appropriation with respect to the change.

(2) All costs and expenses which are required to be paid by applicant in connection with the application for change as provided above shall be deemed, individually and collectively, to be special assessments against the shares of shares of the applicant, enforceable and collectible in conformance with the provisions of the Bylaws pertaining to assessments.

(3) Simultaneously with the filing of the application for change, the applicant shall surrender to the Board the applicant's share(s) upon which the proposed change is based. The Company shall hold said certificates as security for the payment of all costs and fees for which applicant is responsible as provided in subparagraph d. (1) (a) through (f) above. The certificates shall be returned to the applicant upon payment in full of all such costs and fees. If the applicant's shares are held by a lender or other secured party as collateral for a loan, applicant shall pay a fee in an amount to be determined by the Board to reimburse the Company for its costs incurred in considering the shareholder's requested change application. Payment shall be a condition precedent to applicant's receiving the Company's consent to file a change application.

e. Application Agreement. As part of the application, the applicant shall be required to enter into an agreement with the Company wherein the applicant shall acknowledge and agree as follows:

(1) Notwithstanding the fact that the applicant may divert and utilize water from a point of diversion and/or at a place of use outside the Company distribution system and outside the authorized place of use of the Company's water supply, and for a purpose other than the purpose for which Company water has historically been used, the applicant, nevertheless, shall:

(a) be and remain a shareholder of the Company and be treated the same as and be subject to and shall agree to abide by the Company's Articles of Incorporation, these Bylaws, as well as any and all other reasonable rules and regulations which may be promulgated by the Board from time-to-time, as applicable, and

(b) continue to pay all assessments on applicant's share(s) as and when the same become due;

(2) The applicant shall be subject to such conditions, and/or limitations that may be reasonably necessary to insure that the change requested by the applicant shall not adversely affect or otherwise interfere with any existing rights of the Company and/or any of its other shareholders.

(3) The applicant shall defend, indemnify and hold the Company, and its directors, officers, employees and consultants harmless from and against any claims, liability or damage to any property, real or personal, of the Company, its shareholders or any other person, and for injury to persons or animals, resulting from or arising out of the applicant's change.

(4) The applicant shall pay all costs and expenses which applicant is obligated to pay pursuant to the provisions of Article, as billed by the Company.

f. Action by the Board. No later than 120 days from the date of receipt of a properly submitted application requesting the change, the Board, at a duly-called meeting, shall take action on the application, subject to the following:

(1) The Board shall notify the applicant of its decision in writing which shall be sent to the applicant by regular mail. If the Company fails to respond to the change request within said time, the failure to respond shall be considered to be a denial of the request.

(2) Based on the facts and circumstances of each proposed change, the Company may, by resolution duly adopted by majority vote, approve the change request, approve the change request with conditions or deny the change request, subject to the following:

(a) If the requested change is approved, in connection with the change or exchange application to be filed with the Utah Division of Water Rights, the Board, in its sole discretion, may either require that the Company be a co-applicant with the applicant on such application, or that the applicant may file such application in applicant's own name. With respect to either method, a letter assenting to the change or exchange application shall be signed by the president of the Company as follows:

(i) The letter of assent shall set forth all conditions imposed by the Board in conformance with these regulations and clearly state that the Company's assent to the filing of the change or exchange application is subject to the conditions imposed by the Board and that said conditions are to be included in the State Engineer's memorandum decision and certificate pertaining to the requested change.

(ii) Each condition shall be clearly set forth and include, but not be limited to, as applicable, any required limitations and adjustments that the applicant must make in the quantity of water which the shareholder shall be authorized to divert and use from the shareholder's source of supply outside the System; the bearing of all losses or reductions caused by the change through evaporation, seepage, and percolation; the structuring of proper credits and/or deductions for carrier water or return flow; the duty to take water in turn; the obligation to pay for reorganizing the water distribution program or schedule of the Company so as to adjust for differing flows in the Company System and required adjustments to other Company facilities; the modification of diversion structures, diversion devices, and connections; and any and all other adjustments and modifications to the Company System, and any Shareholder Systems, all as may be prescribed by the Board of the Company in its sole discretion.

(iii) The applicant shall attach the letter of assent to the change or exchange application filed with the Utah Division of Water Rights.

(iv) The applicant shall pay all costs, fees and expenses associated with the preparation, filing and prosecution of the change or exchange applications through all

administrative and legal proceedings, including costs of appeal.

(b) If the requested change is denied, the written notice shall contain a brief explanation for the denial.

(3) A change request shall not be denied, absent other factors, if any anticipated or potential cost, damage, or impairment to the Company or its shareholders can be reasonably mitigated by the applicant without cost to the Company.

g. Accomplishing the Change/Exchange. Upon final approval by the State Engineer of the change or exchange application, the applicant, at applicant's sole expense, shall have the responsibility of accomplishing the change or exchange subject to any conditions imposed by the Company and/or the State Engineer.

h. Extensions. If the Company is a co-applicant on the change or exchange application, all requests for extension of time in which to submit proof filed with the Utah Division of Water Rights shall be co-signed by the president of the Company, unless the Board directs otherwise, in which case the applicant alone may file such a request. If the applicant alone files the change or exchange application, the applicant may file requests for extension of time without further approval of the Company, so long as copies of such requests are sent to the Company.

i. Notation on Shares Ledger Books. If the State Engineer approves the requested change or exchange, the Secretary shall make a notation thereof on the Company shares record reflecting the change and point of diversion, place or nature of use of the water represented by the shares which are the basis of the change or exchange.

j. Continued Beneficial Use. Subject to the provisions of Article XI, while the change or exchange is being accomplished, the applicant shall be responsible for continued beneficial use of the water represented by the shareholder's shares at the existing point of diversion and place of use under the shares which are the basis of the change or exchange or by lease or otherwise as approved by the Board in conformance with these Bylaws.

k. Compliance with Conditions. If the applicant fails to comply with any condition imposed by the Board in its approval of the requested change, either before or after a certificate of change is issued by the State Engineer, the Board may, after written notice to the applicant and after allowing reasonable time to remedy any failure, withdraw its approval of the application and petition the State Engineer for an order canceling the application or certificate, as the case may be; provided, however, the Company shall not withdraw its approval so long as all such conditions are being substantially complied with.

l. Retirement of Acreage Upon Proof. Upon submittal of proof on any change, the applicant shall arrange for the retirement from irrigation of the required amount of land within the Company's certificated or decreed service area, if applicable, and shall so notify the Company in writing.

ARTICLE XI

APPORTIONMENT OF WATER RIGHTS LOST BY FORFEITURE

1. Legal Authority. If, upon the issuance of a final decree or interlocutory decree in a quiet

title or general adjudication action of a court of competent jurisdiction, it is determined that a portion of the water rights owned or held by the Company has been forfeited for non-use under the laws of the State of Utah, the Board, pursuant to Section 73-1.4.5 Utah Code Ann. (2002), shall have the power and authority to apportion such loss or forfeiture to any and all shareholders whose failure to make beneficial use of the water caused the loss or forfeiture of that portion of the Company's water right. The procedure for allocating such forfeiture and loss of water shall generally follow the process set forth in §16-6a-609, Utah Code Ann. (2000) and the provisions of this Section, which shall control.

2. Determination of Forfeiture. Upon a court finding of forfeiture as set forth in Section 1 above, the Board shall conduct a survey or review of all beneficial uses of water within or without the Company's certificated or decreed service area, as changed from time-to-time by authority of the State Engineer. The survey and review shall attempt to identify those shareholders and the corresponding shares of Company stock owned by each that have caused the loss of the Company's water rights, in conformance with the following:

a. The survey or review shall include, but not be limited to:

(1) a review of the shares transfer records and other records of the Company;

(2) any reports, notes, or other data relative to the use and delivery of water kept by the Water Master or other water distribution officials of the Company; and

(3) any records of the State Engineer, including, without limitation, hydrographic surveys, maps, water commissioner reports, and non-use applications or any other relevant data or information.

b. The Board may retain such experts or consultants as it deems necessary to accomplish the survey and review.

c. The identification of specific areas of non-use in the findings and decrees of any court shall be deemed conclusive evidence of such non-use.

d. Shareholders having the longest period of non-use shall be considered first, proceeding to the next oldest in order to allocate the forfeiture among the responsible shareholders.

e. Any non-use of water by a shareholder occurring after the date of the relevant court decree will not be considered for purposes of the then current allocation of the loss, but may be considered in any future forfeiture loss allocation.

f. Shares and corresponding beneficial uses which are covered by valid non-use applications approved by the State Engineer or shares beneficially used through Board approved trading or leasing of shares within the Company's then approved service area shall not be considered as having caused the forfeiture to occur so long as the water there under has been beneficially used.

3. Notice to Shareholders; Opportunity for Hearing. If a shareholder is identified by the Board as causing, in whole or in part, the forfeiture of any water rights of the Company, the Board shall direct the Company secretary to send each such shareholder written notice of its findings and notifying the shareholder that his or her shares may be subject to cancellation for failure to beneficially use the water and the reasons therefore, subject to the following:

a. Any such notice shall give the affected shareholder thirty (30) days to file a written response to the Board and/or to request a hearing before the Board.

(1) If no response is received, the Board may proceed to take any action it deems reasonable and appropriate relative to canceling all or a portion of the shares of the shareholder to allocate the forfeiture as it deems necessary and appropriate.

(2) If the shareholder files a response and/or requests a hearing, the Board shall schedule the hearing or a meeting to consider the shareholder's written response at the next regular meeting of the Board or at a special meeting of the Board called for that purpose. The Board may schedule the hearing at a later time where the shareholder's response raises issues on which additional information or data is needed.

b. Notice of any hearing shall be sent to the affected shareholder by regular mail, not less than ten (10) days prior to such hearing.

c. No shares will be canceled unless and until the Board has taken final action as set forth herein.

4. Cancellation of Shares. After holding a hearing and/or considering an affected shareholder's written response, the Board shall consider all relevant information and data relative to non-use of the water represented by the shares, and may cancel all or part of such shares, as the case may be, if the evidence demonstrates that the water represented by such shares has not been beneficially used and that the non-use of water under said shares has caused a forfeiture of a portion of the Company's water rights. If the Board apportions all or a portion of the forfeiture of the Company's rights to any shareholder as herein provided:

a. A sufficient number of shares as necessary to account for the water right lost by forfeiture, including necessary transportation or carrier water losses, shall be treated by the Company as shares redeemed by the Company from the shareholder responsible for the loss, and said shares shall be cancelled; whereupon the total number of shares owned by that shareholder shall be reduced accordingly on the records of the Company, and the authorized shares of the Company shall be reduced by the amount of shares that were redeemed and cancelled.

b. Notice of any such redemption and cancellation shall be sent by the secretary of the Company to the affected shareholder by certified mail.

c. The redemption and cancellation of shares of any shareholder pursuant to this Section shall not relieve said shareholder of any liability for unpaid assessments on such shares or debts the shareholder may owe to the Company, including, without limitation, said shareholder's proportionate share of any underlying debt obligations incurred by the Company.

d. Any judicial proceeding to challenge the cancellation of shares as provided herein shall be commenced within sixty (60) days of the mailing of the notice of such cancellation.

5. Reduction in Delivery Pending Appeal. In making the apportionment, the Company shall reduce the amount of water provided to the shareholder in proportion to the amount of the lost water right during an appeal of a decision that reduced the Company's water rights, unless otherwise ordered

by a court of proper jurisdiction.

ARTICLE XII

SHARES ASSESSMENTS; FEES AND CHARGES; COLLECTION

1. Shares Assessments.

a. Levy of Assessments. All shares of the Corporation shall be subject to annual assessment so as to carry out the various purposes of the Corporation as set forth in the Articles of Incorporation, including, without limitation, the operation, maintenance, repair, modification, replacement and improvement of all the diversion, distribution and storage facilities, together with appurtenances thereto, which are now or may hereafter be owned by the Corporation. All shares of Company shares shall be fully assessable.

(1) Annual Regular Assessments. All shares of the Company shall be subject to annual assessment to carry out the purposes and objectives of the Company as set forth in the Articles of Incorporation, including, without limitation, its obligation to operate, maintain, repair, modify, replace and improve the Company System, as now owned or which may hereafter be owned by the Company.

(2) Special Assessments. The Company, by separate resolution, may levy special assessments for the purpose of defraying, in whole or in part, any extraordinary expenses not reasonably capable of being fully paid with funds generated by annual regular assessments, the costs of any unexpectedly required repair or replacement of any part of the Company System, and for the construction, reconstruction, repair of, or any improvement to the Company System. The Board shall issue orders levying a special assessment in the same manner as orders levying annual assessments.

b. Determination of Assessments. The amount of the regular assessment shall be determined annually by the Board and the amount of any special assessment shall be determined if and when needed, in conformance with these Bylaws and applicable laws of the State of Utah regarding the levy of assessments. All assessments shall be due and payable as hereinafter set forth, except that special assessments shall be authorized and be due and payable as necessary in the discretion of the Board, as provided below.

c. Assessment Lien. All unpaid assessments shall constitute a lien against the delinquent shares, which shall have priority over any mortgage, lien, pledge, sales contract, escrow contract, lease, conditional or unconditional transfer, or any other encumbrance, lien, claim, attachment, execution, or other charge or interest in or upon or deemed or claimed to be against the shares, and the right of the Company to assess the shares for such assessments shall be paramount and superior to all those liens, claims, charges, or interests.

d. Assessment Procedure. The procedure for levying and enforcing the collection of assessments against the shares of the Company shall be as follows:

(1) The Board, on or before March 1 of each water year, shall determine the amount necessary to pay in full, as the same become due, all administrative costs, costs of construction, improvement, operation, maintenance, repair, and replacement of the Company System, the payment of all outstanding indebtedness of the Company, and payments for any and all other purposes for which the Company is organized in that water year, and shall make and levy a regular assessment against the outstanding shares of the Company in an amount sufficient to generate the necessary revenue.

(a) The Board shall give to each shareholder a formal written notice levying the annual regular assessment. The notice shall specify the amount of each assessment per share, and the date, to whom, and date upon which payment of the assessment is due. The secretary shall issue the notice in the form attached as EXHIBIT "A" hereto. The notice shall be mailed to each shareholder or designated person at the address of said shareholder as set forth in the Company's records.

(b) All annual regular assessments shall be deemed delinquent after the due date set forth in the notice levying the annual regular assessment. Special assessments shall be due as determined by the Board at the time of their levy and be deemed delinquent after the due date. Any delinquencies after the due date for any regular or special assessment will accrue interest at the rate of 1.5% per month until paid. Delinquent shares shall be sold as provided herein. The date for the sale of delinquent shares shall be fixed at a date and time to be established by the Board following the delinquency date.

(2) The Company shall not deliver water to any shareholder who is delinquent in the payment of any regular or special assessments as of the date of delinquency, without express authorization from the Board.

(3) If any assessment or a portion thereof remains unpaid after the due date specified in the notice, the secretary shall thereafter prepare a Notice of Delinquency and Sale which shall contain a list of all delinquent shares, and the date time and place at which delinquent shares shall be sold as provided herein. The Notice of Delinquency and Sale shall be published in the form attached as EXHIBIT "B" hereto. The Notice of Delinquency shall be published in a newspaper of local circulation, once each week for at least two (2) weeks prior to the date of sale of the delinquent shares, the first publication of which shall be at least fifteen (15) days prior to the actual date of the sale of the delinquent shares as set forth in the notice. In addition, the secretary shall also prepare and mail an Individual Notice of Delinquency and Sale to each of the shareholders identified in the Notice of Delinquency and Sale to be published as hereinabove set forth. The Individual Notice of Delinquency and Sale shall be in the form attached as EXHIBIT "C" hereto.

(4) Pursuant to the provisions of U.C.A. ' 16-4-15 (1961), and as it may be amended, the publication of the Notice of Delinquency shall vest jurisdiction in the Company to sell and convey a perfect title to all shares listed therein upon which any portion of any regular or special assessment or expenses of advertising remains unpaid at the hour appointed for the sale, subject however to assessments subsequently levied; however, the Company shall sell no more of the shares than is necessary to pay the assessments due and expenses of advertising and sale, including interest, late fees and charges, and attorney's fees, incurred by the Company.

(5) On the day, at the place and at the time appointed in the Notice of Delinquency and Sale, the Board, in its discretion, may determine to sell the shares at public auction, or in lieu of public auction, the Board may determine to have the Company purchase the delinquent shares, subject to the following:

(a) In the event the Board determines to sell the shares at public auction, only so many shares of delinquent shares as shall be necessary to pay the past due assessment and charges thereon shall be sold (which may be less than the total shares owned by the delinquent shareholder). The shares shall be sold to the highest bidder, for cash. The person offering to accept the

least number of shares in exchange for said offeror's payment of the total assessment and expenses due shall be deemed to be the highest bidder. (For example, if person A offers to accept 3 shares in exchange for A's payment of the total past due assessment and expenses, and person B offers to accept 2 shares in exchange for B's payment of the total past due assessment and expenses, person B shall be the high bidder.) The shares purchased shall be transferred to the highest bidder on the shares transfer records of the Company upon payment by the high bidder of said assessment and expenses.

(b) In the event no one purchases the shares at public auction, the Board may have the Company, through the secretary or general manager, make a credit bid for the shares and purchase the delinquent shares at the amount of the delinquent assessment and expenses due; whereupon, the amount of the assessment and expenses shall be credited as paid in full, and entry of the transfer of the shares to the Company shall be made on the shares transfer records of the Company. Shares purchased by the Company are subject to redemption for thirty (30) days following the sale, during which time the shareholder may redeem the shares for the amount of the delinquent assessment, together with interest, any penalties and the Company's costs of sale. All purchases of shares by the Company for delinquent assessments shall vest the legal title to said shares in the Company, and the shares so purchased shall become treasury shares. Thereafter, if the shares are not redeemed, the Company may resell such shares at any time at current market prices in accordance these By-Laws. While the shares remain the property of the Company they are not assessable.

The form of Sale and Assignment of Shares, to be used under either of the above scenarios, shall be in the form attached as EXHIBIT "D" hereto.

(c) If the delinquent shares are purchased at public auction by a member of the Board or by an officer of the Company for his or her own account, the shares remain subject to redemption by the shareholder for a period of thirty (30) days following the sale, during which time the shareholder may redeem the shares for the amount of the delinquent assessment, together with interest, any penalties and the Company's costs of sale. If the shares are not redeemed, title shall vest in the purchasing Board member or officer of the Company.

(6) Upon conclusion of the sale, the secretary of the Company shall prepare and file in the permanent corporate records three affidavits, as follows:

(a) The first affidavit, entitled "Affidavit of Assessment", shall state that the secretary mailed the notice of order levying assessments as required herein. A form for the Affidavit of Assessments is attached as EXHIBIT "E" hereto.

(b) The second affidavit, entitled "Affidavit of Sale of Shares", shall state that the shares sale occurred at the time and place as set forth in the Notice of Order Levying Assessments and Notice of Delinquency and Sale, and set forth the particular quantity of shares sold, to whom and for what price the shares was sold, and acknowledge that the money was paid and received. A form for the Affidavit of Sale of Shares is attached as EXHIBIT "F" hereto.

(c) In addition, the secretary of the Company shall obtain a "Proof of Publication" affidavit from the publisher of the newspaper that published the Notice of Delinquency and Sale indicating that the notice was published in the paper, the dates of publication, etc.

2. Fees and Charges. The Board, by separate resolution, may levy such fees and charges, other than and in addition to regular and special assessments, as it may deem necessary for the administration

of the Company and otherwise in carrying out the purposes and objectives of the Company as set forth in the Articles of Incorporation.

ARTICLE XIII CALENDAR YEAR

The Company shall operate on a calendar year basis, January 1 through December 31.

ARTICLE XIV AMENDMENT OF BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board upon the majority vote of the shareholders present in person or by proxy at a regular or special meeting called for the purpose, held pursuant to notice, and at which a quorum is present. Notice of any such meeting shall be given no more than 20 days and no less than 10 days in advance of the meeting.

ARTICLE XV SAVINGS CLAUSE

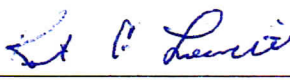
If any section, sub-section, sentence, clause or phrase of these Bylaws is for any reason held to be invalid by a court of law, such determination shall not affect the validity of the remaining portions of these Bylaws, which shall remain binding, and enforceable against the shareholders of the Company.

ARTICLE XVI EFFECTIVE DATE

These Bylaws shall be in full force and effect from and after the date of passage and adoption by the Board.

WE HEREBY CERTIFY that the foregoing is the original or a true and correct copy of the Bylaws adopted by Beaver/Shingle Creek Irrigation Company this 6th day of March, 2015.

BEAVER/SHINGLE CREEK IRRIGATION COMPANY

By: 
President

ATTEST:


Secretary