

BY-LAWS

OF THE

CRAWFORD CLIPPER
DITCH COMPANY
(CCDC)

OF

CRAWFORD, COLORADO

Incorporated in 1885

Amended and Adopted xxxx

FINAL DRAFT BYLAWS

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OF THE
CRAWFORD CLIPPER
DITCH COMPANY

This company shall be known as the Crawford Clipper Ditch Company (CCDC), with all the rights and privileges pertaining to a legally formed ditch company pursuant to Colorado law, including C.R.S. 7-42-101, et. seq. The term ditch will comprise of all physical property owned by CCDC that is located in ditch right-of-way whether piped or open and all land owned or leased by CCDC.

ARTICLE I
BOARD OF DIRECTORS

The Corporate powers of CCDC shall be exercised by a board of five directors, who shall be duly elected by the shareholders pursuant to Article IV. The voting pattern will repeat every three years, and each Director shall serve a three-year term. All directors must be shareholders.

An individual may be elected to the Board of the Crawford Clipper Ditch Co. if they meet the following requirements; they are a CCDC shareholder in good standing and they own real property in the CCDC area of operations. Ownership of real property means having title to real property in the individual's name, or as a joint tenant, or by demonstrating manager status of an LLC holding title or trustee status of a trust holding title to the real property. Board candidates will have the burden of proof, under this definition, of real property ownership.

Board member distribution by ditch laterals: It it is in the best interest of the Crawford Clipper Ditch Co. to have each major lateral represented on the Board, West, Zanni, Center and Spurlin. Shareholder vote will make the final decision on who represents Crawford Clipper Ditch Co, on the Board.

The Board of Directors shall be the custodians of the Company's property, and shall have charge of all business affairs of the company, and shall execute the wishes of the shareholders, as the same shall be made of record at any annual or special meeting. The Board of Directors shall have the power to institute lawsuits or injunction proceedings only when authorized by a majority of the shares issued at either an annual or special meeting.

The Board shall conduct not less than four (4) regularly scheduled Board meetings each calendar year with the first 30 minutes of each meeting open to shareholder comment. A Board member missing more than two (2) regularly scheduled monthly meetings, unexcused, in a 12 month period may be subject to dismissal from the Board. The date and time of the monthly meeting will be made available on the CCDC website – www.clipperditch.com.

The Board of Directors shall not receive any compensation as such officers, but may receive a reasonable fee for services rendered to the company.

When any vacancy shall happen in the board of directors, by death, resignation, dismissal or otherwise, it shall be filled by appointment, by the remaining directors and shall be in effect until the next shareholder meeting.

ARTICLE II
SHAREHOLDER MEETINGS

Annual Meetings. The annual meeting of the shareholders shall be held in Crawford, Delta County, Colorado, on the last Saturday in January each year at two o'clock p.m. at a place named in the Call for the Annual Meeting.

- a. Before the annual meeting of each year, the company books shall be audited from the 1st (first) day of January to the 31st (thirty-first) day of December of each year by a committee of three shareholders, one of whom shall be the Vice-President, the other shall be the Treasurer and the third will be nominated by the shareholders at the annual meeting in the year prior to the audit. If the board has not selected a Vice-President then two shareholders shall be nominated to participate in the annual audit with the Treasurer and they will be nominated in the year prior to the audit. Those three shareholders, as auditor, shall examine all bills and accounts filed against the company and add their recommendation thereto.
- b. The Board of Directors shall make a report to the shareholders at each annual meeting regarding the financial condition of CCDC and the condition of the ditch, and provide an estimate of the amount of labor, money, and materials that will be necessary to keep the ditch in good repair for the ensuing year. This will be called the budget and the budget will be voted on at the annual or special meeting by the shareholders.
- c. Elections for any open Board of Director seats shall take place at the annual meeting.

Special Meetings. Special meetings may be called by the Board of Directors or upon the petition of shareholders representing one thousand (1000) shares of stock. No business shall be transacted at any special meeting except such as shall be mentioned in the notice of said meeting.

Quorum. A meeting quorum shall be defined as fifty percent plus one (50%+1), of all outstanding shares, and is required to call an Annual Meeting or Special Meeting to order. A vote of one-half plus one (1/2+1) of the shares present, at said meeting, shall be necessary for the transaction of any CCDC business or for the election of any members to the Board of Directors (bylaws voting exception ref Article IX). Shareholders must be in good standing (Article IV) to vote and each share of stock shall be entitled to one vote. A meeting quorum shall be necessary for the transaction of any CCDC business, or for the election of any members to the Board of Directors. Once a meeting quorum is established a simple majority of voting shares present or by proxy shall carry the motion. Once a meeting quorum is achieved the meeting can be called to order and meeting quorum status will be enforced regardless of the comings and goings of shareholders until the meeting is adjourned.

Voting. Shareholders may vote in person or by proxy at any meeting of the shareholders, and each share of stock shall be entitled to one vote. A voice vote may be taken rather than a written vote in which case each voice will considered one vote. A voice vote that is unanimous will be considered passed, if there are any dissenting voice vote(s) a written vote shall be taken. Any shareholder in good standing may request a written vote.

ARTICLE III
NOTICE

Public notice of the time and place of all annual or special meetings shall be published not less than ten

(10) days prior to any such election or meeting in the newspaper published in or nearest to the place in which the principal office of the company shall be kept. The time, date and location of the Annual Meeting shall also be posted on the CCDC website, www.clipperditch.com.

Notice to all shareholders of the time and place of all annual or special meetings shall be made by written notice via email to shareholders with a valid email address on record or by US Mail to those shareholders that do not have an email address. Notification by email and US Mail shall be made no less than thirty (30) days before such meeting. All emails shall originate from the board approved email address, board@clipperditch.com and all mailings will be approved by the President or Secretary of the Board. Notice of all special meetings shall state the purpose(s) for such meeting.

It is the responsibility of the shareholder to ensure that the Board has their correct mailing address and email address on record. If any shareholder shall fail to furnish the Board with their correct mailing address and/or email address, they shall not be entitled to such notice.

ARTICLE IV ELECTIONS

Any shareholder who is in good standing with the Company is eligible to be nominated and elected to the Board of Directors. "Good Standing" shall mean that all dues, assessments and special assessments are paid in full as determined by the CCDC Secretary/Treasurer at the time of the meeting.

The election shall be by written ballot or voice vote as referenced in Article II. Each shareholder in good standing shall have the right to vote in person or by proxy the number of shares owned by him or her, and in balloting for directors he or she may vote said number of shares for as many directors as are to be elected. If paper ballots are required for the election of CCDC Board Members, shareholders are invited to observe the count and three shareholders in good standing, that are not CCDC board members, may participate in the count.

The shareholders shall proceed to nominate any number of shareholder(s) to be elected as director(s). The election shall be by ballot, on which each person voting shall write the names of as many persons as are to be elected from the nominees or in the case of a unanimous voice vote the director position will be appointed to the nominated individual

ARTICLE V OFFICERS

The officers of CCDC shall consist of a President, Vice President (optional), Secretary/Treasurer and board members such that the total number of sitting board members shall be five (5). Officers of the Board shall be appointed by the Board.

President. It shall be the duty of the President to preside at all meetings of the shareholders and of the Board of Directors. He/She shall sign all instruments of writing that are necessary to be signed by the CCDC officers. The President shall have the responsibility of the care of CCDC ditch/pipeline and shall superintend the cleaning, repairing, and maintenance of said ditch/pipeline.

Vice President – If the position of Vice President is deemed necessary, by the Board, it will be filled by

a Board member, by majority vote of the Board. The Vice-President shall perform the duties of the President in his absence and other duties as specified in these bylaws. If the position of Vice-President is not filled these duties will be assigned to either the secretary or treasurer.

Secretary. It shall be the duty of the Secretary to keep a correct record of the proceedings of the annual and special meetings of the company and to record proceedings of the Board of Directors meetings. Secretary shall receive and file all claims made in writing against the company. Secretary will maintain and record all CCDC shares transactions and issue shares certificates to shareholders. Secretary shall insure that all government filings are made in a timely manner. Secretary shall assist the Treasurer in maintaining ledgers and/or records. Secretary shall receive from the shareholders their due in money. Secretary can superintend the above mentioned duties, as required, to a secretarial employee. Secretary shall have signature authority of CCDC as required by verbal approval from President. Secretary shall perform all other duties that usually devolve upon such office. Secretary may hold both the position of Secretary and Treasurer concurrently. Further more it is understood, by all parties, that all records, digital, physical or otherwise, are the intellectual property of CCDC.

Treasurer. It shall be the duty of the Treasurer to receive all monies or the equivalent thereof in the hands of the Secretary and shall give his/her receipt therefore. Treasurer shall keep a complete record of his/her receipts and disbursements,. Treasurer shall maintain a ledger in electronic and paper format of his/her books in monthly, quarterly and annual format. Treasurer will insure timely filing and payment of federal and state corporate and payroll liabilities. Treasurer will transmit ledgers, both electronic and physical, to a designated CPA for annual tax preparation. Treasurer will make an annual report to shareholders at the Annual Meeting. Treasurer can superintend the above mentioned duties, as required, to a bookkeeper. Treasurer shall ensure that government filings and other paperwork and payments as required by the State of Colorado are made in at timely manner (C.R.S. 7-136-102 and 7-136-103). Treasurer shall perform all other duties that usually devolve upon such office. Treasurer may hold both the position of Treasurer and Secretary concurrently. Further more it is understood, by all parties, that all records, digital, physical or otherwise, are the intellectual property of CCDC.

ARTICLE VI ASSESSMENTS

The shareholders may, at any annual meeting or special meeting, where a quorum is present called for the purpose of levying fees or assessments by a majority vote in favor of making such assessment and any such fee shall be levied on existing capital shares.

Annual assessments shall be voted on at the Annual Meeting and recorded in the minutes. Annual assessments shall include, but not be limited to, the following; annual certificate fee, per share fee, certificate transfer fee, and turn fee.

The annual CCDC fees to shareholders will be voted on at the Annual Meeting or Special Meeting.

Certificates may be transferred to another individual or organization for a fee. The transfer fee may be adjusted from time to time at an Annual Meeting by a majority vote of shareholders. Lost certificates will be replaced at half the transfer fee plus the cost of a public notice posting in a local publication.

Any past due fees are the responsibility of the seller, at the time of property sale. If the title company fails to collect those past due accounts then they become the liability of the buyer. No certificates will be re-issued without past due balances being settled. It is the responsibility of a buyer to ensure that

certificates are surrendered at closing.

Best effort will be made to mail CCDC annual assessments and certificate charges to all shareholders no later than March 1st of each year. Assessment payments will be due and payable on April 15th of the year of the initial mailing. If a shareholder cannot make their payment on April 15th it will be the shareholders responsibility to contact the CCDC board and request a payment plan. Shareholders may request that their annual assessment, certificate charges and/or special assessment(s) be paid in installments. Payments made using the installment plan must first be approved by the Board, on a case by case basis and the installment period will not exceed 3 (three) months. The payment schedule will be as follows 1/3 (one-third) due and payable on April 15th, 1/3 (one-third) due and payable on May 15th and 1/3 (one-third) due and payable on June 15th. Failure to make a payment will have the consequences set forth in Article VII.

If turn fees are not available at the time assessments are mailed (March 1st) turn fees will be carried over to the next year and paid in arrears.

Non-CCDC shareholders who want to run Crawford Reservoir water through the Crawford Clipper Ditch shall pay an annual fee, not less than the per share assessment for CCDC decree water or on the basis of a fee determined at an Annual Meeting. Fee's will be assessed on a per acre foot basis and there will be a turn fee assessed for each turn, there will be no charge for the first turn.

ARTICLE VII SHARES/FINES/PENALTIES

If a shareholders assessments have not been paid by the day of the first release of water, in the year in which the assessments were made, water will not be released to the shareholder until all assessments, dues, special assessments, turn charges, fines and penalties have been paid in full (C.R.S. 7-42-104).

If a shareholder fails to pay their assessments on time and if the outtake used by this shareholder is shared by one or more shareholders, all shareholders on the shared outtake will be informed via email of the name of the delinquent shareholder and the number of shares of water that are not being delivered. When the delinquent shareholder has paid their assessments all shareholder on the shared outtake will be informed via email and water will be delivered to that individual.

Failure to pay assessments, dues, special assessments, turn charges, fines or penalties, by the end of a fiscal year will result in a lean being placed on the shareholders property for the outstanding assessments/dues/special assessments/fees/fines/penalties plus a 1.5% monthly penalty will be assessed on the outstanding balance. Water will be turned when until all assessments/dues/special assessments/fees/fines/penalties have been paid in full.

Exchanging decree water with other CCDC shareholders during irrigation season will be allowed at the discretion of the Board, provided there is ditch and/or pipeline capacity.

There is to be no pump in use at any lateral of the Crawford Clipper Ditch, the pump for the Crawford Cemetery is exempt. Anyone found using a pump to remove water from the Crawford Clipper Ditch shall be liable for criminal charges and any fines levied will be at the discretion of the CCDC Board.

The minimum number of shares to come out of the open ditch, from the main lateral, on any new

diversion, must be twenty shares (20). The cost of the diversion shall be borne by the initiator of the request at a cost plus 20% basis. A new diversion shall be burdened with a new annual certificate fee. No new outtakes will be allowed along the piped sections of the ditch. Splitting downstream of the primary outtake, along a piped section of the ditch, will require review and approval by the CCDC Board.

Shares cannot be split into smaller increments than one share. No certificate will be issued in less than a full number of shares (no fractions). Grandfathered shares are exempt.

Shareholder must not adjust gates, valves or otherwise redirect flow on the main laterals. When the ditch rider finds that a gate has been adjusted without prior approval he/she will reset the gate. If this happens a second time the gate will be locked in the proper position.

ARTICLE VIII OPERATIONS AND MAINTENANCE

The ditch Company's responsibility for delivering water ends at the diversions off the main lateral(s) from this point on it is the responsibility of the owner to maintain that ditch and all appurtenances, and make sure the ditch or pipe is adequate to carry his/her water through the measuring device. This ditch must be kept cleaned and large enough to carry the amount of reservoir water he/she wishes to run, plus his/her decreed water. Shareholder measuring device must be maintained to work properly. Open ditches must be cleaned a minimum of ten (10) feet above and ten (10) feet below a flume so water flows freely. Vegetation must be cleared in proximity of the measuring device allowing easy access by the ditchrider. A shareholder shall not install structures of any kind in or over the Crawford Clipper Ditch without prior written approval from the majority of the CCDC Board of Directors. Any existing structures, currently installed in the Crawford Clipper Ditch, will be assessed by the Board and if necessary by an engineering firm and if deemed unfit for current or future use, will be removed at CCDC expense.

Water delivered by the Crawford Clipper Ditch Co is for agricultural use only. If a shareholder elects to use CCDC water for something other than agricultural use, CCDC assumes no responsibility or liability for water quality, and makes no representations that the water delivered meets any water quality standards or is appropriate for any use other than irrigation. The CCDC cannot take responsibility for the chemical content of agricultural ditch water that flows through the open ditches in and near the town of Crawford. Much of the storm water runoff from the town of Crawford runs directly into the Clipper Ditch. The CCDC also takes no responsibility for future changes, of use of the CCDC ditch water, as such are required to be addressed in the water court. Shareholders should also note that from time to time the CCDC finds it necessary to use algecide in the ditch/pipeline to improve flow and/or prevent plugging. The CCDC reserves the right to use algecide when deemed necessary without prior notification to shareholders.

In the case of an offtake with a meter, the meter will be considered the primary and legal means of measuring flow. If a meter and Parshall flume are both present at said offtake and both are in good operating condition and flows are within the specified operational window of the device, the meter will be considered the legal measuring device.

ARTICLE IX
AMENDMENT

These by-laws may be amended at any annual or special meeting by a two-thirds vote of all stock issued in favor of the amendment.