

BY-LAWS

OF THE

CRAWFORD CLIPPER
DITCH COMPANY
(CCDC)

OF

CRAWFORD, COLORADO

Incorporated in 1885

Amended and Adopted xxxx

BY-LAWS
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 chartered ditch company and in accordance with the laws therein made and provided. The term ditch will comprise of all physical property owed by CCDC that is located in ditch right-of-way whether piped or open.

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.

Board member distribution by ditch laterals: When possible each major lateral of the CCDC must be represented on the board – West, Zanni, Center and Spurlin with no more than two board members from any one lateral sitting on the board at any one time.

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 stock 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 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 first

day of January to the 31st day of December of each year by a committee of two shareholders, one of whom shall be the Treasurer and/or Secretary, and the other who shall be appointed by the President. Those two shareholders, as auditor, shall examine all bills and accounts filed against the company and add his/her 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 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 quorum is defined as a simple majority (one-half plus one) of all outstanding CCDC stock, in good standing and each share of stock shall be entitled to one vote. A 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 quorum is established a simple majority of voting shares present or by proxy shall carry the motion. Once a quorum is achieved the meeting can be called to order and 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.

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.

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 shareholder's responsibility to ensure that the Board has his/her correct mailing address and email address on record. If any shareholder shall fail to furnish the Board with his/her correct mailing address and/or email address, he/she 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.

The election shall be by written ballot. 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.

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.

ARTICLE V OFFICERS

The officers of CCDC shall consist of a President, , and 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 and shall superintend the cleaning, repairing, and maintenance of said ditch.

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 stock transactions and issue stock 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 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 stock.

Annual assessments shall be voted on at the Annual Meeting and recorded in the minutes. Annual assessments shall include, but not 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 responsibility of the seller. 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.

CCDC annual assessments and certificate charges will be mailed to all shareholders no later than March 31st of each year. 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. The installment plan payments should be paid in full by the end of the fiscal year.

If any assessments remain unpaid after June 1st, a first notice will be sent out by mail. A second notice will be sent on September 1st by certified mail to all delinquent shareholder's and if payment has not been received by the next Annual meeting a motion by the Board will be made and voted on by all shareholders to have the shareholder's water turned off for the following irrigation season or until payment has been made. A processing fee of 18% of the unsettled amount will be assessed for each certified letter sent.

After water has been shut off, for shareholder lack of payment, a \$200.00 fee and \$20.00 per share plus all costs associated with the sale of said stock will be added to any account. At such time stock shall be forfeited to the company and a sufficient amount of said stock be advertised and sold to pay said indebtedness.

It is further provided that after sufficient amount of said stock has been advertised and sold to pay said advertised indebtedness any residual balance of said stock and cash shall revert back to former shareholder.

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 stock assessment for CCDC decree water or on the basis of a fee determined at an Annual Meeting.

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.

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. If the lock is removed by a shareholder there will be a fine equal to 25% of the certificate fee charged to the offending shareholder. If the infraction occurs again a charge of 50% of the certificate fee will be assessed to the offending shareholder infraction. If another infraction should occur the offending shareholder's water will be shut off.

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 CCDC Board.

ARTICLE VII SHARES

The minimum number of shares to come out of the 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.

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

Crawford Clipper Ditch Company decree water, sold as shares, **may not** be sold, traded or otherwise moved/transported outside the CCDC area of operations. The sale of Crawford Clipper Ditch Company shares beyond the defined boundaries of the Crawford Clipper Ditch Company shall be deemed a breach of contract between shareholder and Ditch Company and legal proceedings shall be enacted.

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.

If a lateral is getting too much return water that would necessitate reducing CCDC decree offtake, the board has the right to balance excess decree water to the other laterals..

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.