

**BY-LAWS
OF THE
MOAB IRRIGATION COMPANY
Moab, Utah
Updated 7 Feb 2023**

ARTICLE 1 - STOCK

Section 1. Certificates of Stock

Each stockholder of the Company whose stock has been paid for in full, shall be entitled to a certificate of stock or certificates showing the amount of stock of the Company standing in the books in his name. Each certificate shall be numbered, and bare the signature of the President and Secretary and the seal of the Company, and be issued in numerical order from the stock certificate book. A full report of each certificate of stock as issued shall be entered on the corresponding stub of the stock certificate book.

Section 2. Transfer of Stock

Transfers of stock shall be properly recorded in the stock books of the Company, and must be accompanied by the surrender of the duly endorsed certificate or certificates representing the transferred stock. Surrendered certificates shall be canceled and be attached to the corresponding stubs in the stock certificate book and new certificates issued to the parties entitled thereto.

Shares of company stock where the owner(s) are deceased, or where full rights of survivorship are not identified, must be transferred to new owners within two years of the death of the owner. Failure to transfer the certificate to new owners will result in non-availability of the water until such transfer is accomplished.

All shares issued to diversion points not allocated to one of the seven company diversion points on Mill Creek (i.e. wells, springs, etc) must have records filed with the State of Utah Division of Water Rights by the certificate owner. These stock certificates are to be stamped "TYPE B" to indicate they are tied to a specific water source. These certificates cannot be transferred to another water source without first filing transfer paperwork with the State of Utah Division of Water Rights.

No share will be allowed to be transferred out of Area 05, as designated by the State of Utah, not including the Colorado River.

A transfer fee set by the Directors, for each certificate of stock to be transferred, shall be paid to the Company.

Section 3. Lost Certificates

The Board of Directors may order a new certificate, or certificates of stock to be issued in place of certificate or certificates of the Company alleged to have been lost or destroyed.

In the case of lost or destroyed certificate or certificates, the Board of Directors must do one of the following:

- A. Require a bond in such sum as the Board of Directors may require, in any event, not less than the par value of the certificate or certificates of stock to be held by the Company.
- B. Require an affidavit from the registered owner of the stock or his successor in interest stating that the certificate or certificates have been lost and that no claim shall thereafter be based on said stock certificates.
- C. The Board may, in its discretion, refuse to replace any lost certificate except upon the order of some court having jurisdiction in such matters.

Section 4. Fractional Shares

Transfers of fractional shares currently existing, shall continue without restriction, however, any further shares that are split are limited to a 1/4 share division.

ARTICLE 2 - STOCKHOLDERS

Section 1. Annual Meetings

The regular annual meeting of the stockholders shall be held in Moab, Utah at a place, date, and time to be determined by the Directors. The meeting will typically be held at 7:00 p.m. on the first Monday of February each year. At this meeting the Directors for the ensuing year shall be elected and the officers of the Company shall present their annual reports.

Section 2. Special Meetings

Special meetings of the stockholders may be held at any time in Moab, Utah pursuant to a resolution of the Board of Directors, or by a call signed by the stockholders holding 10% of the voting stock of the Company. Calls for special meetings shall specify the time, place and object of the meeting and no other business than that specified in the call shall be considered at any such meeting.

Section 3. Notice of Meetings

A notice of every regular or special meeting of the stockholders, stating the time and place and in case of special meetings, the objectives thereof, shall be prepared and either emailed or post office mailed by the Secretary, postage prepaid, to the last known address or Email address on the records of the Company, of each stockholder, at least 10 days, but no more than 50 days, before the date of any such meeting.

Section 4. Voting

Only stockholders of record shall be entitled to vote at the regular and special meetings of stockholders. At such meetings each stockholder shall be entitled to one vote for each share of stock held in his name. All fractional shares will vote as a decimal equivalent. The Board may use a secure web-based voting system for the voting process.

Section 5. Election of Officers-Terms of Officer

The election of Directors shall be held at the annual meeting of the stockholders of the Company. At the annual meeting, one Board member will be elected for a five year term to fill the expired term of office for the Board of Directors.

Section 6. Quorum

A majority of the outstanding stock of the Company shall be necessary to constitute a quorum of meetings of stockholders. When a quorum is present at any meeting, a majority of the stock representing thereat shall decide any question brought before such meeting. In the absence of a quorum those present shall adjourn the meeting from day to day, but until a quorum is secured shall transact no business.

Section 7. Proxies

Any stockholders entitle to vote may be represented at any regular or special meeting of the stockholders by a duly executed proxy. Proxies shall be in writing and properly signed, but shall require no other attestation. No proxy, shall be recognized unless executed within two months of the date of the meeting at which it is presented. All proxies executed shall become the property of the Company and held for record.

Section 8. Officers of Meetings

The President, if present, shall preside at all meetings of stockholders. In his absence, the next officer in due order who may be present shall preside; for the purpose of these By-laws the due order of officers shall be as follows: President, Vice President, and Secretary/Treasurer. The Secretary of the company shall keep a faithful record of the proceedings of all stockholders meetings.

Section 9. Order of Business

The order of business at the annual meeting, and so far as practicable, at all other meetings of the stockholders shall be as follows:

1. Calling of roll.
2. Reading and disposal of any unapproved minutes.
3. Annual reports of officers.
4. Election of Directors.
5. Unfinished business.
6. New Business.
7. Adjournment

ARTICLE 3 - DIRECTORS

Section 1. Number and Authority

A board of five Directors shall be elected, who shall have entire charge of the property, interests, business and transactions of the Company, with full power and authority to manage and conduct the same. One Alternate Director may also be voted in at the Annual meeting. The Alternate Director's term is only for one year and only has authority to fill the quorum, but not as an officer (see section 7) when one of the regular Directors is absent. All nominations for a Board of Directors position shall be submitted to the Board of Directors by the 1st of December prior to the annual meeting. Nominations must have a signed consent letter by the person being nominated. The nomination list will be sent to all shareholders by the Monday following the January board meeting.

Section 2. Qualifications

No person shall be elected, nor shall be competent to act as Director of this Company unless they are at the time of their election, the shareholder of at least one full share of its stock. If the shareholder is an entity (Corporation, LLC, Trust, etc.) then the entity must provide written instruction to the Company authorizing its designated representative to act in the capacity of the entity. Only one designated representative of an entity who owns shares in the Company may serve on the Board at one time (for example, only one representative from the Conservancy District may serve on the Board at any one time). The entity cannot change the designated representative until the 5 year term of service is concluded.

Section 3. Vacancies

Any vacancy occurring in the Board of Directors may be filled until the next annual stockholders meeting by a majority vote of the remaining Directors.

Section 4. Regular Meetings

The regular meetings of the Board of Directors shall be held in the office of the Company at Moab, Utah at such time as called by the President, or in his absence by the Vice President, or in his absence by the Secretary/Treasurer.

Section 5. Special Meetings

Special meetings of the Board of Directors may be held any time and place in Moab, Utah, upon the call of the President or by majority consent of the Board.

Section 6. Quorum

A quorum at any board meeting shall consist of a majority of entire members of the Board. A majority of such quorum shall decide any questions that may come before the meeting.

Section 7. Election of Officers

Officers of the Company shall be elected by ballot by the Board of Directors at their first meeting after the election of the Directors each year. If any office becomes vacant during the year, the Board of Directors shall fill the same to the next annual stockholders meeting.

Section 8. Order of Business

The regular order of business at the meetings of the Board of Directors shall be as follows:

1. Reading and disposal of any unapproved minutes.
2. Reports of Officers.
3. Unfinished Business.
4. New Business.
5. Adjournment.

Section 9. Compensation of Officers

The Board of Directors shall fix the compensation of the Officers and agents of the Company.

Section 10. Removal of a Director

A Director that has more than three unexcused absences a year from regular board meetings, may be removed from the board by a majority vote of the remaining board members.

ARTICLE 4 - OFFICERS

Section 1. Qualifications

The officers of the Company shall be a President, Vice President, and Secretary/Treasurer. These officers shall be elected from amongst their number by the Board of Directors at the first regular meeting after the election of the Directors each year, and shall hold office for the term of one year until their respective successors are duly elected and qualified.

Section 2. The President

The President shall preside at all meetings, shall have general supervision of the affairs of the Company, shall sign and countersign all certificates, contracts and other instruments of the Company as authorized by the Board of Directors, shall make reports, to the Directors and stockholders, and perform all such other duties as are incident to his office or are properly required of him by the Board of Directors.

Section 3. The Vice President

The Vice President shall familiarize himself with the affairs of the Company, and in the absence, disability, or refusal of the President to act as the President, shall possess all of the powers and perform all of the duties of that officer.

Section 4. The Secretary/Treasurer

The Secretary/Treasurer shall issue notices for all meetings, shall keep their minutes, shall have charge of the seal and the corporate books, shall sign with the President such instruments as require such signature, shall have the custody of all monies and securities of the Company and shall keep a regular book of accounts. He shall sign or countersign such instruments as require his signature, shall make such reports and perform such other duties as are incident to his office, or are properly required of him by the Board of Directors. The Board of Directors may require the Secretary/Treasurer to give bond for the faithful performance of his duties in such form and with such sureties as may be required by the Board of Directors. NOTE - The Board of Directors may hire a public accountant to perform many of the duties of the Secretary/Treasurer, however, the Secretary/Treasurer officer position will still be filled by a Director who will become the primary contact with the accountant.

ARTICLE 5 - FINANCES

Section 1. Debt

No debts shall be contracted nor liability incurred, nor contract made by, or on behalf of this Company, unless the same be authorized or directed by a majority vote of the board of Directors at a regular meeting or at a special meeting called for that purpose.

Section 2. Bank Deposits

The Secretary/Treasurer shall deposit monies of the Company as the same come into his hands in such depository or depositories as may be designated by the Board of Directors, and such deposits shall be made in the name of the Company and monies shall be withdrawn there from only by check signed by the Secretary/Treasurer and countersigned by the President, Vice President, or in the absence of both, by a Director of the Company.

Section 3 Arbitration

For disputes \$100,000 and less or for unspecified damages -

If a dispute arises between a shareholder and the board, and if the dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the dispute by mediation administered by an impartial mediation service. The parties further agree that any unresolved controversy or claim not settled by mediation, shall be settled by arbitration administered by an impartial arbitration service and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

For disputes over \$100,000 -

If a dispute arises between a shareholder and the board, and if the dispute cannot be settled through direct discussions, the parties may agree to endeavor first to settle the dispute by mediation administered by an impartial mediation service. The parties further agree that any unresolved controversy or claim not settled by mediation, may be settled by arbitration administered by an impartial arbitration service and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

ARTICLE 6 - ASSESSMENT

Section 1. Time of Levy

The Board of Directors shall on or before September 15, of each year, prepare a budget for the coming year and levy an assessment for the purpose of paying all of the obligations anticipated for the Company in the following year. The budget will include, but not necessarily be limited to, the cost of distributing water, repairing ditches and dams, and other means of conveying water, and the anticipated expense of any new improvements to the delivery system. Other anticipated legal obligations which the Company may incur are also to be budgeted. This budget is to be part of the annual reports of officers at the annual meeting. In the case of an emergency, an additional assessment can be levied. An emergency is to be determined by a majority of the Board of Directors.

Section 2. Amount-When payable-Delinquent

All shares of stock of the Company shall be assessed equally. Any and all fractions of shares in the Company shall be assessed as a full share. A yearly administrative fee shall also be

assessed to each certificate holder. The amount of the assessment shall be paid on or before the date set by the Board of Directors in the Assessment Notice. Any stock upon which the assessment remains unpaid after the date fixed for its payment will be delinquent. Delinquent assessments are subject to a \$20.00 charge plus an interest charge of 1.5% per month on the unpaid balance.

Section 3. Notice

The Secretary/Treasurer shall mail to each stockholder, at his last known address, a notice of the stock assessment no later than 30 days prior to the due date of the assessment fee. The notice shall set forth the amount per share levied on the stock and the administrative fee, state that the assessment is payable at the date fixed by the Board of Directors at the office of the Secretary/Treasurer, and that if the same is not paid on the day specified, the same will be delinquent and advertised for sale at public auction on a day appointed by the Board of Directors and set forth in this notice. Utah Code 16-4-302 thru 16-4-312 will be used for the process to sell any shares to cover assessment costs.

Section 4. Unpaid Invoices

The process to recover an unpaid assessment as described in Article 6 can also be used by the Company to recover any other unpaid debts owed the company by shareholders.

ARTICLE 7 - SUNDRY PROVISIONS

Section 1. Corporate Seal

The corporate seal of the Company shall consist of two circles between which shall be the name of the Company and in the center shall be inscribed "Grand County, Utah", and such seal, as inscribed on the margin hereof, is hereby adopted as the Corporate Seal of the Company.

Section 2. Amendments

These by-laws may be amended, repealed or altered in whole or in part, or additional by-laws passed at any regular meeting of the stockholders or at any special meeting where such actions have been duly announced in the call. All proposals/motions for amending the By-Laws at the annual meeting shall be submitted to the Board of Directors by the 1st of December prior to the meeting. The proposed B-Law change(s) will be sent to all shareholders by the Monday following the January board meeting.

Section 3. Changes to Ditch/Pipe Lines

The following criteria shall be used for requests by applicants to change a company pipeline or ditch location.

1. A description of the proposed change, together with a recorded easement, supporting engineering drawings and a predetermined review fee, shall be approved by the Board prior to any ground work. This ensures that the flow of water will not be obstructed by the change and that the change is built to standards required by the Board.
2. Unless otherwise agreed, the applicant shall complete the change at no cost to the Company. The Company however, may elect to participate in costs if benefits accrue to the Company.
3. The easement document must include a one-year warranty. The Company will resume maintenance of the new line or ditch at expiration of the warranty period.-
4. The easement document shall state that the Company is not responsible to pay for or replace any surface improvements placed over the line should the company need to access the line for maintenance.
5. Other requirements/fees may be imposed by the Company as necessary.
6. Approval of a change request is at the discretion of the Company.

ARTICLE 8 - DISTRIBUTION OF WATER

Section 1. Distribution of Water

The water of the Company shall be allocated to one or more of the seven diversions according to the number of share designated on the Diversion Declaration Notice sent out with the annual assessment statement. The Diversion Declaration Notice is due upon time of payment of the assessment. The Declaration Notice must be signed by an owner listed on the stock certificate. A shareholder may make changes in their point of delivery up until January 1st. The board may deny water allocation changes to any diversion point. Older allocations have priority over more recent allocations. Changes in the allocation of water to the ditches between January 1st and October 31st may only be made upon the approval of the Board of Directors.

All Company water not called to be delivered in a given season will be divided between the valley ditches. This division will be based on the percentage of shares called to be delivered in each ditch.

Section 2. Zone Settings

Water in the valley ditches will be distributed in zones. The water will be scheduled on approximately a five-day rotation in the North (1) and Center (2) Ditches. It will be at the Board's discretion, working with the water master to set the length of time for each zone's water use.

Section 3. Assurance of Sufficient Water

No ditch in the lower valley shall be reduced below 10% of the water allotted to the valley users. This will guarantee, sufficient head of water to flow across the land. It will be at the Board's discretion to group ditches together and put them on turns if the percent of active stock falls below the 10% in one of the ditches.

Section 4. Leasing of Water

Stockholders may lease their water to another stockholder or non-stockholder entity. However, the stockholder is still responsible for how that water is used and must assure the lessee is following schedules and only using the appropriate amount. All complaints about a lessee's use of a stockholder's water will be directed to the owner of the share(s). The stockholder is also responsible for any fines incurred by the lessee. The Board reserves the right to deny a lease if it will adversely affect the distribution of water between the diversion points.

Section 5. Water Conservation Programs

Various Local, State, or Federal agencies may offer Conservation Programs to stockholders. Any stockholder wishing to participate in such programs must coordinate and get approval from the Board so as to avoid conflicts with Water Rights and water flows within the company's distribution system. Administrative fees may be applied to such requests and contracts.

ARTICLE 9 - THEFT AND CONSERVATION OF WATER

Section 1. Theft by Non-Stockholders

When it is determined by the Board or their agent that water is being diverted by a non-stockholder without proper authority from the Board or a stockholder, the following action may be taken by the Board.

1. First Offense: An oral warning from a Board member or an agent of the Company.
2. Second Offense: The Board will issue a warning in a written notice as to the theft of water.
3. Repeated Offense: The Board will pursue legal action in the courts.

Section 2. Theft by a Stockholder

When it is determined by the Board or their agent that water is being diverted by a stockholder out of set time without proper authority from the Board or stockholder who's turn it is, the following action may be taken by the Board. Theft of water includes taking water out of turn, failing to shut off your valves at the end of your turn, and failing to maintain private risers, valves, pipelines, etc. which are leaking water outside your turn.

1. First Offense: An oral warning from a Board member or an agent of the Company.
2. Second Offense: The Board will convey a written warning as to the theft or misuse of water.
3. Repeated Offense: The Board of Directors may impose a \$50 fine for each offense. Each fine must be paid prior to receiving water again. If fines are not paid, the Board will pursue legal action in the courts and/or stop delivery of water to the shareholder for the season.
4. If the same offense occurs in following years, the First and Second offense warnings shall carry over and the stockholder will be fined immediately.

Section 3. Conservation of Water

In the interest of water conservation the Company will follow the State of Utah's Water Rights "Duty" map for this area (Area 05). The Board shall not be required to deliver more water than allocated by the "duty value" to any individual share holder.

2008 Changes made to Articles 2 and 6. See Annual minutes 21 Jan 2008.

2009 Changes made to Articles 3, 7, and 9. See Annual minutes for 2 Feb 2009.

2010 Changes made to Articles 1 and 7. See Annual minutes for 1 Feb 2010

2011 Changes made to Articles 7, 8, and 9. See Annual minutes for 7 Feb 2011

2012 Changes made to Articles 1, 3, and 8. See Annual minutes for 6 Feb 2012

2013 Changes made to Article 6 Section 2. See Annual Minutes for 3 Feb 2014

2016 Changes made to Article 1 Section 2. See Annual Minutes for 1 Feb 2016

2017 Changes made to Article 1 Section 2 and Article 6 Section 11. See Annual Minutes for 6 Feb 2017

2018 Per the Annual Minutes for 5 Feb 2018 – Article 6 Section 3 was modified, Sections 4 through 10 were removed from the bylaws. Section 11 was renumbered to Section 4 so section numbering was consistent.

2019 Per the Annual Minutes for 4 Feb 2019 – Article 5 gained a new Section 3

2022 Per the Annual Minutes for 7 Feb 2022 – Article 7 Section 3 rewritten.

2023 Per the Annual Minutes for 6 Feb 2023 – Article 2 Sections 1, 3, 4, 5, & 9 modified, also Sections 4 & 5 added to Article 8.