

**BYLAWS**

**OF**

**Horseshoe Irrigation Company**

**(a Utah Nonprofit Corporation)**

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**BYLAWS**

**OF**

**Horseshoe Irrigation Company**

(a Utah Nonprofit Corporation)

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**ARTICLE I**

**SHAREHOLDERS**

Section 1.01. Meetings. An annual shareholder meeting shall be held during the month of February of each year, or at such other time as may be determined by the Board of Directors. Shareholder meetings may be called by: 1) the president; or 2) the board of directors; or 3) the holders of shares representing at least twenty percent (20%) of all votes entitled to be cast on any issue proposed for consideration at such a meeting, upon written demand for the meeting to the president or secretary, executed by all shareholders making up such percentage.

Section 1.02. Notice. All shareholders entitled to vote at a shareholder meeting shall be provided notice of such meeting as follows:

(a) No less than ten (10) days before the date of the meeting and no more than thirty (30) days prior to the meeting date.

(b) Notice of an annual or regular meeting shall include a description of any matter or matters that must be approved by the Shareholders or for which Shareholder approval is sought, and notice of any special meeting shall include a description of the purpose(s) for which the meeting is being called;

(c) No additional notice shall be required of any meeting that is adjourned or postponed to another date, so long as such time and place is announced at the meeting before its adjournment.

Section 1.03. Shareholder Change of Address. Each shareholder will be responsible for providing adequate address and shareholder notification information to the Corporation. In the event a shareholder changes his mailing address to an address that is different from that which is of record with the Corporation, the shareholder shall be responsible to notify the Corporation of the change, and the Corporation may rely on the last known address provided by a shareholder for purposes of notice.

Section 1.04. Waiver of Notice. The attendance of a shareholder at any meeting shall act as a waiver to any objections to lack of notice or defective notice of that meeting, unless, at the beginning of the meeting, the member objects to the holding of the meeting or the transaction of any business at the meeting because of lack of or defective notice. Further, a shareholder's

attendance at any given meeting shall act as a waiver to any objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

Section 1.05. Adjourned Meetings. Any shareholder meeting may be adjourned by the vote of a majority of the shares represented at the meeting at the time the vote is taken, whether present in person or represented by proxy.

Section 1.06. Voting. Unless a record date for voting purposes is fixed as provided in Section 4.03 of these bylaws, only those holding shares entitled to vote according to the stock records of the Corporation on the date that is thirty (30) days prior to the date set for any meeting of shareholders shall be entitled to vote at such meeting. Such vote may be *viva voce* or by ballot as determined by the person conducting the meeting as follows:

(a) Each share of class A common stock shall be entitled to one vote on all issues requiring a shareholder vote.

(b) Each 10 shares of class B common stock shall be entitled to one vote on all issues requiring a shareholder vote.

(c) Shares of stock in this Company belonging to the Company 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 for voting purposes at any given time.

Section 1.07. Quorum. At a meeting of shareholders, the shareholders that are represented at the beginning of such meeting, whether in person or by proxy, shall constitute a quorum. Every act or decision done or made by a majority of the shareholders present at a meeting duly held at which a quorum was present shall be regarded as the act of the shareholders, unless a greater number be required by applicable law.

Section 1.08. Proxies. A shareholder may vote in person or by proxy. A proxy may be appointed by, (1) the signing of an appointment form either personally or by the shareholder's attorney-in-fact, or (2) transmitting a written statement of appointment to the president or secretary of the Corporation, provided the transmission contains adequate written evidence that shows the shareholder authorized the appointment and its transmission to the Corporation's officer. All proxies shall be submitted to the secretary in advance of the time set for the meeting or at the beginning of the meeting for which the proxy has been provided, or that proxy shall not be deemed to be in effect and shall be void.

Proxy appointments filed timely shall be effective upon receipt by the Corporation's officer, and shall remain in effect for a period of forty-five (45) days, unless a shorter period is designated on the proxy appointment, and shall be revocable by the granting shareholder at any time.

Section 1.09. Transfers of Rights of Shareholders. No shareholder shall have the right to change the point of diversion, place of use, or nature of use of the Corporation's water. No exchange involving the Corporation's water or water rights shall be made by a shareholder without the express written consent of the Corporation. No documents relating to or impacting the Corporation's water rights shall be filed by any shareholder with the offices of the Utah State Engineer unless the shareholder has first obtained the properly authorized signature of the Corporation.

Section 1.10. Declaration of Forfeiture - Result. Should the Utah State Engineer or a court of competent jurisdiction make a declaration of forfeiture for non-use of water the shareholder or shareholders whose non-use resulted in such forfeiture shall solely bear the loss and reduction in water from such declaration.

## ARTICLE II

### DIRECTORS

Section 2.01. Powers. Subject to applicable law as to action to be authorized or approved by the shareholders, all corporate powers shall be exercised by or under the authority of the board of directors. The board of directors shall have all powers granted to the directors or trustees of nonprofit Corporations under Utah law, as that law may change from time to time.

Section 2.02. Qualifications. In accordance with the Articles of Incorporation, all members of the board of directors shall be a shareholder in the Corporation, and must own at least one (1) share of class A common stock or at least (10) shares of class B common stock.

Section 2.03. Number and Terms. In accordance with the Articles of Incorporation, there shall be 7 directors, all of whom shall serve 3 year terms, with terms staggered so as not to have more than 3 terms expire in the same year.

Section 2.04. Vacancies. Vacancies in the board of directors may be filled by a vote of the majority of the remaining directors, and each director so elected shall hold office until the director's successor is elected by the shareholders at a meeting called as described in Section 1.01 above. A vacancy or vacancies in the board of directors shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors is

increased, or if the shareholders fail to elect the full authorized number of directors to be voted for at that meeting.

If the board of directors accepts the resignation of a director tendered to take effect at a future time, the board or the shareholders shall have power to elect a successor to take office when the resignation is to become effective.

Section 2.05. Place of Meeting. Meetings of the board of directors shall be held at such time or place as shall be determined by the board of directors.

Section 2.06. Annual Meeting. Immediately following the annual meeting of shareholders, the board of directors will hold its annual meeting for the purpose of election of officers, and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 2.07. Regular Meetings. Regular meetings of the board of directors shall be held monthly at such time and place as determined by the board of directors for conducting of regular business of the corporation.

Section 2.08. Special Meetings. Special meetings of the board of directors for any purpose or purposes shall be called at any time by the president, the secretary, or by any three directors. If a special meeting is called all directors must be given notice of time and place of meeting.

Section 2.09. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting must be given to absent directors.

Section 2.10. Quorum. A majority of the number of directors in office at the time shall be necessary to constitute a quorum for the transaction of business, except to adjourn as provided below. In the absence of a quorum, no business shall be transacted except for adjournment. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum was present shall be regarded as the act of the board of directors, unless a greater number be required by applicable law.

Section 2.11. Adjournment. A majority of the directors present at any directors' meeting may adjourn from time to time until the time fixed for the meeting of the board.

Section 2.12. Fees and Compensation. Directors shall not receive any salary for their services as directors; however, by resolution of the board a fixed fee, with or without expenses, may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor.

Section 2.13. Action Without Meeting. Any action required or permitted to be taken by the board of directors may be taken without a meeting, so long as each and every member of the board of directors waives the right to demand that action not be taken without a meeting, and each member of the board of directors executes a writing describing the specific action to be taken. The action will be effective when the last writing necessary to effect the action is received by the Corporation, unless such writings set forth a different effective date. Any director may revoke his or her authorization before the final writing is submitted to the Corporation by providing to the Corporation a separate writing setting forth the action and specifically revoking that director's execution of the earlier vote.

Section 2.14. Meeting by Telecommunication. Members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board or committee by any means of communication by which all persons participating in the meeting can hear each other during the meeting, and participation in a meeting under this Section 2.14 shall constitute presence in person at the meeting.

Section 2.15. Indemnification of Directors. The Corporation may indemnify a director against liability incurred by the director if the director is made a party to a proceeding by virtue of being a director, so long as the named director's conduct was in good faith, that the director's conduct was not opposed to the best interests of the Corporation, or in the case of criminal proceedings, the director 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 shall not, of itself, be determinative that the director did not meet the standard of conduct required in this Section 2.15.

The Corporation will not indemnify a director under this Section 2.15 in connection with a proceeding by which the director was adjudged liable to the Corporation, or in connection with any other proceeding charging that the director derived an improper personal benefit, whether or not involving the director's official capacity, in which the director was adjudged to have received such a personal benefit.

Indemnification by the Corporation under this Section 2.15 shall be limited to reasonable expenses incurred in connection with any such proceedings or claim with respect to which the director has been successful.

Indemnification of directors hereunder shall only be provided upon a determination and authorization of the Corporation, and in accordance with the provisions of §§ 16-6a-901 *et seq* Utah Code Annotated, 1953 as amended.

### ARTICLE III

#### OFFICERS

Section 3.01. Officers. The board of directors shall elect from among the board members a President and a Vice-President each of which will serve a two year term. The board of directors will also appoint a Secretary and Treasurer who's terms will coincide with the President's. The Board will appoint a Water Master annually. The Secretary, Treasurer and Water Master need not be a shareholder. At the discretion of the board a person may hold any two or more officer positions except that the President may not also be the Secretary or Treasurer. No person holding two or more offices shall execute any instrument in the capacity of more than one office.

The board of directors may also appoint such other officers as the business of the Corporation may require, and such other officers need not be a shareholder. These appointed officers shall hold office for a one-year period or until their successors are appointed and shall qualify, or until terminated by the board of directors. Each officer shall have such authority and perform such duties as the board of directors may from time to time determine.

Section 3.02. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority vote of the entire board of directors in office at the time, at any meeting of the board.

Any officer may resign at any time by giving written notice to the board of directors. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.03. President. The president shall be the chief executive officer of the Corporation and shall, subject to the direction of the board of directors, have general supervision, direction and control of the business and officers of the Corporation. The president shall preside at all meetings of the shareholders and at all meetings of the board of directors. The president shall have the general powers and duties of management usually vested in the office of the president of a Corporation, and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

The President shall be a member of the board of directors and shall be elected by a majority vote of the board of directors.

Section 3.04. Vice-President. The Vice President shall have such powers and perform such duties as may be assigned to them by the Board of Directors or by the President. The Vice President may sign and execute contracts and other obligations pertaining to the regular course of his or her duties or at the direction of the board of directors. In the absence or disability of the President, the Vice President may perform the duties and exercise the powers of the President.

The Vice President shall be a member of the board of directors and shall be elected by a majority vote of the board of directors.

Section 3.05. Secretary. The secretary shall keep, or cause to be kept, a book of minutes at the principal office of the Corporation or such other place as the board of directors may order, of all meetings of directors and shareholders, with the time and place of holding, the notice thereof given, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal office of the Corporation, a share register showing the names of the shareholders, their addresses, and the number of shares held by each. The secretary shall compile a list of shares assigned to each system or ditch for the use of the watermaster and subwatermasters.

When a transfer of ownership of corporation stock is made the secretary shall insure that all stock being transferred is in good standing and that an equal number of shares of stock are turned in by surrendering of stock certificates. The Secretary, together with the President shall ensure all records and transactions related to the issuance of the new stock certificates are completed and proper, after which the President and Secretary will sign and affix the corporation's seal to the new certificate.

The secretary shall give, or cause to be given, notice of all of the meetings of the shareholders and of the board of directors required by these bylaws or by law to be given (provided, however, that in the event of the absence or disability of the secretary, such notice may be given by any other officer or directors of the Corporation), and the secretary shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

Section 3.06. Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. The books of account shall at all reasonable times be open to inspection by any director.

The treasurer shall promptly deposit all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the board of directors or the president, or in the absence of such designation, as may be selected by the treasurer. The treasurer shall disburse the funds of the Corporation as may be ordered by the board of directors, or the president, shall make and endorse with the president in the name of the Corporation all checks, drafts, notes, and other orders for the payment of money, and pay out and dispose of such under the direction of the board of directors or the president. The treasurer shall render to the president and directors, whenever they request it, an account of all of the treasurer's transactions as treasurer, and of the financial condition of the Corporation, and shall have such

other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

The treasurer shall cause to be compiled a verified annual financial statement to be presented to shareholders at the annual shareholder meeting. The one to verify the financial statement shall be designated by the board of directors.

Section 3.07. Water Master. It shall be the duty of the water master of the corporation to distribute the water held or regulated by the corporation to the shareholders and water users in proportion to the stock or rights held by such users. To oversee the construction, improvements, repairs, maintenance of weirs, control gates, flumes, ditches, pipelines, canals and other devices for measuring and distributing of all water held and controlled by the corporation. To present to the Treasurer all bills and claims for expense, labor and materials for the construction, repair and use of the facilities of the corporation.

Sub-water masters shall be appointed by the board, one for each distribution system as needed to assist the water master in monitoring of correct usage of water on each system.

Section 3.08. Surety Bonds. In case the board of directors shall so require any officer or agent of the corporation will be bonded in such sums and with such surety or sureties as the board may direct, conditioned upon the faithful performance of their duties to the corporation, including responsibility for negligence and for accounting for all properties, moneys, or securities of the corporation which may come into their hands. The secretary and treasurer must be bonded as specified by the board at all times.

## ARTICLE IV

### MISCELLANEOUS

Section 4.01. Share Assessments. The shares of stock issued by the corporation shall be assessable at such times and in such amounts as the board of directors shall determine from time to time. Assessments shall be equitable, but need not be equal, and may consider expenditures that are necessary for purposes that benefit only a certain portion of the shareholders or a certain system.

Section 4.02. Acreage Assessments. The acreage of land watered by shareholders may be assessable at such times and in such amounts as the board of directors shall determine for the repayment of loans made for installation of pressurized irrigation systems and for the distribution of water to said acreage. Assessments shall be equitable, but need not be equal, and may consider expenditures that are necessary for purposes that benefit only a certain portion of the acreage or a certain system.

Section 4.03. Record Date and Closing Stock Books. The board of directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any shareholder meeting or entitled to receive any distribution or any allotment of rights, or to exercise rights in respect to any change, conversion or exchange of shares. The record date so fixed shall be no more than seventy (70) days prior to the date of the meeting or event for the purposes of which it is fixed. When a record date is so fixed, only shareholders of record of that date are entitled to notice of and to vote at the meeting or to receive the distribution, or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date.

The board of directors may close the books of the Corporation against transfers of shares during the whole or any part of a period not more than fifty (50) days prior to the date of a shareholder meeting, the date when the right to any distribution, or allotment of rights vest, or the effective date of any change, conversion or exchange of shares.

Section 4.04. Inspection of Corporate Records. The share register, the books of account, the bylaws, the policy manual and minutes of proceedings of the shareholders and the board of directors and of any executive committees of directors shall be open to inspection upon at least five (5) days written notice by any shareholder at any reasonable time for a purpose reasonably related to the shareholder's interests as a shareholder. Such inspection may be made in person or by agent or attorney, and shall include the right to make copies. Demand of inspection other than at a shareholders' meeting shall be made in writing upon the president or secretary.

Section 4.05. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by the President and the Treasurer, or as may otherwise be determined by resolution of the board of directors.

Section 4.06. Contracts, Etc. The board of directors, except as otherwise provided in these bylaws, may authorize any officer(s) or agent(s) to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the board of directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit to render it liable for any purpose or to any amount.

Section 4.07. Certificate of Stock. Shares in the Corporation shall be evidenced by share certificates issued by the Secretary or the Secretary's authorized representative, and shall be signed by the President and the Secretary. Certificates representing shares of stock of the corporation shall be in such form as provided by the statutes of the state of Utah.

Section 4.08. Loans and Encumbrances. No loan or advance shall be contracted on behalf of the Corporation, and no property of the Corporation shall be mortgaged, pledged,

hypothecated, transferred or conveyed as security for the payment of any loan, advance, indebtedness or liability, or otherwise, unless and except as authorized by the board of directors. Any such authorization may be general or confined to specific instances.

Section 4.09. Policy manual. The board of directors will develop and maintain a policy manual that will serve the purpose of establishing procedures in addition to these bylaws for the proper operation of the company as deemed necessary by the board. All additions and changes to this manual will be presented to shareholders at the annual shareholders meetings following such changes and additions.

Section 4.10. Dividends. The dividends on the stock in this corporation shall be the distribution of water to the shareholders according to the number and classification of shares of stock held by each respective shareholder.

Section 4.11. Place of Business. The general office of the corporation for the transaction of business shall be Spring City, Sanpete County, State of Utah.

## ARTICLE V

### AMENDMENTS

Section 5.01. Amendment by Directors. These bylaws may be amended by the board of directors by an affirmative vote of the majority of the board.

Section 5.02. Amendment by Shareholders. These bylaws may be amended by the shareholders as follows:

(a) An affirmative vote of at least twenty percent (20%) of the voting shares of the Corporation may propose an amendment to the bylaws to the board of directors for submission to the shareholders;

(b) The Corporation shall give notice to the shareholders and hold a meeting for the purpose of voting on such proposed amendment. An affirmative vote of the majority of the shareholders present in person or by proxy shall constitute the voting necessary to pass such amendments.

## CERTIFICATE OF SECRETARY

The undersigned does hereby certify:

1. That I am the duly elected and acting Secretary of Horseshoe Irrigation Company, a Utah nonprofit Corporation; and
2. That the foregoing bylaws were duly adopted by the board of directors at a meeting duly noticed and held on the 13th day of December, 2012.

Dated the 13th day of December, 2012.

Kristy English  
Kristy English, Secretary