

BY-LAWS
OF
KAWANEE GARDENS IRRIGATION COMPANY
ARTICLE I

Stockholders Meetings

1. Annual meetings. The regular annual meetings of the stockholders shall be held on *the first Monday in February of each year*, commencing in the year 1929.

[Article I Section 1 amended by Amendment XI to read: “the third Monday in February”.]

[Article I Section 1 amended by Amendment XII to currently read: “the last business week of February”.]

2. Special meetings. Special meetings of the stockholders may be called at any time by the Board of Directors or by stockholders owning a majority of the capital stock issued and outstanding. No business shall be transacted at any special meetings of the stockholders except such as is mentioned in the notice calling such special meeting.

3. Quorum. For the purpose of making any change in the articles of incorporation, or for the purpose of consolidating this company with any other company, two-thirds of the capital stock of the company issued and outstanding shall constitute a quorum, but for the election of directors and all other business transactions, the owners of a majority of the capital stock issued and outstanding shall constitute a quorum.

4. Voting. Each stockholder present in person or represented by proxy shall be entitled to as many votes as he represents shares of stock.

5. Cumulative Voting. Voting may be cumulative.

6. Adjournments. If a majority of the stock is not represented at any meeting, the stockholders present may adjourn such meeting for a period of not to exceed sixty (60) days at any one adjournment.

ARTICLE II

Manner of calling stockholders meetings

1. Notice. Public notice of the time and place of holding elections and also of all general and special meetings of the stockholders shall be published at least once in a newspaper of general circulation not more than thirty (30) days, and at least ten (10) days prior to the date set for such meeting in or nearest to the place in which the principal office of the company shall be kept, as specified in its articles of incorporation, and by delivering personally or depositing in the post office at least thirty (30) days before such meeting a notice properly addressed to each stockholder, signed by the President or Secretary, stating the time and place of such meeting. If for any reason a stockholder should fail to

furnish the Secretary with his correct post office address, he shall not be entitled to such separate notice.

2. Waiver of notice. A written waiver signed by any person entitled to notice, whether before, at or after the time set forth therein, shall be deemed equivalent to notice.

ARTICLE III

Board of Directors

1. Election of Directors. The Board of Directors shall, after the first year, be annually elected by the stockholders at their annual meeting. When it is found that a majority of the stock is represented at such meeting, or adjourned meeting, the stockholders shall proceed to nominate a board of directors to be elected, each stockholder entitled to vote having the right to nominate. 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. Each stockholder shall have the right to vote in person or by proxy for the number of shares standing in his name on the books of the company, and in balloting for directors he may vote said number of shares for as many directors as are to be elected, or he may cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or distribute them on the same principal among as many candidates as he may desire, and the person having the highest number of votes in consecutive order shall be declared elected to the board of directors for that year.

2. Vacancies. Vacancies occurring in the board of directors may be filled by the board. In the event two vacancies in the board shall occur at the same time, the remaining member of the board shall have authority to call a meeting of the stockholders for the purpose of filling such vacancies.

3. Removals. The directors may be removed from office at any time for misfeasance or malfeasance by the vote of a majority of the stock of the corporation. The neglect, failure or refusal of any director to abide by the directions of the stockholders as evidenced by any resolution of the stockholders regularly adopted at any meeting of the stockholders lawfully held, shall be considered misfeasance in office and shall subject the offending director to removal in the manner above provided.

4. Resignations. Should any director part with all his stock, voluntarily or otherwise, he shall be deemed thereby to have resigned his office *as* such director and the vacancy thus caused may at once be filled.

5. *Directors vs. Officers. If the stockholders so desire they can at any election elect a president, vice-president, and secretary-treasurer instead of the three directors, those three officers to be governed by all articles contained in the present by-laws and articles of incorporation relating to both directors and officers.*

[Article III Section 5 added to by-laws by Amendment I.]

[Article III Section 5 repealed by Amendment VIII.]

ARTICLE IV

Directors Meetings

1. Manner of calling. The board of directors may meet at such times as they may determine and any director may call a special meeting at any time, provided notice is given to all stockholders, either personally or by mail. Personal notice shall be given at least twenty-four hours before the time of such proposed meeting and notice by mail shall be given at least three days prior thereto. Notice by mail need not be given where personal notice is given.

Any meeting of the board of directors, however called, at which all of the members of the board are present, or to which they in writing consent, shall be valid notwithstanding the fact that it may not have been called in the manner herein provided.

2. Quorum. A majority of the board of directors shall constitute a quorum.

ARTICLE V

Officers

The board of directors shall elect as officers of the company, a president, vice president, secretary and treasurer. The office of secretary and treasurer may be held by the same person. All officers shall be elected for the period of one year and until their successors are elected, but they may be sooner removed with or without cause by the board of directors.

Article V of the by-laws relating to the appointment of the officers by the directors shall be inoperative. Elections shall be by ballot or any other method the stockholders decide to use at each election, instead of by ballot only as provided in the by-laws in use since 1929.

[Election of Officers by shareholders added as Amendment II.]

[Election of Officers by Directors reinstated by Amendments IX.]

ARTICLE VI

Duties of Officers

1. President. The president shall be the chief executive officer of the company. He shall sign all notes, instruments of conveyance and official papers of the company and attend to such other duties as the board of directors may authorize.

2. Vice-president. In the absence of the president, the vice president shall perform all of the duties which shall belong to the office of president.

3. Secretary. It shall be the duty of the secretary to give notice of the calling of meetings of the board of directors and stockholders. He shall prepare and keep proper books of record and account and such other books as the directors may prescribe. He shall make report to the directors and to the

stockholders when requested. He shall sign all notes, countersign and register all certificates of stock and sign and attest all documents requiring his signature, attaching the corporate seal of the company to all instruments requiring the seal, and in general perform all the duties incident to his office. He shall keep the books of the company ready for inspection by the directors and stockholders at any time during business hours.

The secretary shall be the custodian of the corporate seal.

4. Treasurer. The treasurer shall be the custodian of the moneys of the company which he shall deposit to the credit of the company in some bank approved by the board of directors. He shall sign all checks on the bank account of the company. He shall render a statement of his transactions as treasurer of the company at such times as the board of directors or stockholders may require and exhibit his books and accounts to any director or stockholder when application is made at his office during business hours.

5. Superintendent. The board of directors shall be authorized to appoint a superintendent who shall have control of the construction, care and operation of the company's irrigation system and the management and distribution of the water. In all matters he shall be subject to the direction of the board of directors. He may appoint assistants, subject to the approval of the board. The superintendent and his assistants shall receive such compensation as the board of directors may determine.

6. *Protection of officers. If as a result of being directors or officers of the company and as a result of performing the duties of such directors or officers as described in the Articles of Incorporation and the By-Laws of this company, any officer or director or combination of officers and directors are sued or involved in any lawsuit, all costs of such suit including attorney fees shall be paid by the company. If sufficient money is not in the treasury at that time to meet such costs, those costs shall be met, whether by special assessment of all the stockholders or by selling off such assets as are needed to meet those costs. However, if such costs arise because of willful or negligent acts of any of said directors or officers, the company cannot be held responsible if in any way for meeting the costs of protecting such director or officer. If the other directors or officers did not know of this willful or negligence they shall be protected by the company as set forth in this paragraph. The company's liabilities for costs as described above can be alleviated any year by the company providing adequate liability insurance with a recognized insurance company providing liability protection for the company and directors and officers thereof.*

[Article VI Section 6 Added to by-laws by Amendment III.]

[Article VI Section 6 Repealed by Amendment VI']

Indemnification of Officers or Directors

1. To the fullest extent permitted or provided by the Colorado Nonprofit Corporation Act, as amended from time to time, the company shall indemnify any person against all liability and expense incurred by reason of the fact that he/she is or was a director or officer of the company or, while serving as such director or officer, he/she is or was serving at its request in one or more of the following listed capacities, hereinafter referred to as "Another Related Capacity": as a director, officer, trustee *of*, or in any similar managerial or fiduciary position of, or as an agent of, another corporation, partnership, joint venture, trust, association, or other enterprise. In addition to the foregoing obligation of indemnification, and with a view to giving the persons covered by these provisions the broadest possible indemnity, the company shall also indemnify persons as provided in the succeeding sections of this amendment. In interpreting this amendment, unless the contrary is manifest, terms used herein shall be given the meanings provided by the pertinent provisions of the Colorado Nonprofit Corporation Act.

2. The company shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or Investigative (all of which are hereinafter sometimes referred to as a "Proceeding") other than an action by or in the right of the company, by reason of the fact that he/she is or was a director or officer of the company or is or was serving in Another Related Capacity, against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding if, (i) while acting as a director of the company, he/she acted in good faith and in a manner he/she believed reasonably to be in its best interests, or, (ii) while acting in Another Related Capacity, he/she acted in good faith and in a manner he/she believed reasonably not to be opposed to its best interests, or, (iii) with respect to any criminal action or proceeding, he/she had no reasonable cause to believe that his conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, or conviction or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption (i) that the person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interests of the company, as the case may be, or (ii) with respect to any criminal action or proceeding, that he/she had no reasonable cause to believe that his/her conduct *was* unlawful.

3. The company shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending, or completed action or suit by or in the right of the company to procure a judgment in its favor by reason of the fact (i) that he/she is or was a director or officer of the company or, (ii) that he/she is or was serving in Another Related Capacity, against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection with the defense or

settlement of such action or suit, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the company: but no such indemnification shall be made in respect of any claim, issue, or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the company unless, and then only to the extent that, the court in which such action or suit was brought determines, upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such court deems proper.

4. To the extent that a person entitled to indemnity under Sections 2 or 3 of this amendment has been wholly successful, on the merits or otherwise, in defense of any Proceeding or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.

5. Any indemnification under Sections 2 or 3 of this Amendment (unless ordered by a court) shall be made by the company only as authorized in the specific case upon a determination that indemnification of the person seeking indemnification is proper in the circumstances because he/she has met the applicable standard of conduct set forth in Sections 2 or 3 of this amendment. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such Proceeding, or, (ii) if such a quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, the determination may be made by independent legal counsel, in a written opinion, or by the stockholders.

6. Expenses (including attorneys' fees) incurred in defending a Proceeding may be paid by the company in advance of the final disposition of such Proceeding in the manner authorized in Section 5 of this amendment upon receipt of the undertaking, by or on behalf of the person seeking the advance, to repay such amount unless it is ultimately determined that he/she is entitled to be indemnified by the company against such expenses pursuant to this amendment.

7. The indemnification provided by this amendment shall not be deemed exclusive of any other rights to which those Indemnified may be entitled under these bylaws, the articles of incorporation, any agreement, vote of stockholders or of disinterested directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action while a director or in Another Related Capacity, and such indemnification shall continue as to a person who has ceased to be in the position which entitled him/her to such indemnification and shall inure to the benefit of his/her heirs, executors, and administrators of such person. The provisions of this amendment shall not be deemed to preclude the company from indemnifying other persons than those indemnified under this amendment from similar or

other expenses and liabilities as the Board of Directors or the stockholders may determine in a specific instance or by resolution of general application.

8. The company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the company or who is or was serving at the request of the company in Another Related Capacity.

[Article VI - Indemnification of Officers and Directors added by Amendment VII.]

ARTICLE VII

Transfer Books

The transfer books of the company shall be closed on the day preceding each meeting of the stockholders and shall be opened upon the adjournment of the meeting,

ARTICLE VIII

Shares of Stock

1. Shares. The shares of stock in the company shall represent the interests of the stockholders, as well as their respective rights to the use of water in the company's system. Each stockholder shall be entitled to a certificate representing his shares of stock.

2. Transfers. Shares of stock shall be transferable only upon the books of the company upon surrender of the outstanding certificate properly indorsed, except where shares are sold for the non-payment of assessments, in which event new certificates may be issued for the shares sold, and the corresponding delinquent shares outstanding shall be null and void.

3. Lien. The company shall have a perpetual lien upon all shares of stock and the water rights represented thereby for any and all assessments and parts thereof until the same are fully paid. No stock shall be transferred until all delinquent assessments thereon are paid to the company.

4. Certificate fee. The board of directors may establish a reasonable fee for the transfer of stock and the issuance of new certificates.

ARTICLE IX

Assessments

1. Purpose. Assessments shall be made upon the stock of the company for the purpose of raising money to keep the ditches, canals and reservoirs of the company in good repair, and for the payment of any indebtedness contracted by the company, or the interest thereon.

2. Levied pro rata. Assessments shall be made pro rata on the stock of the company, payable in money or labor, or both.

3. Levy by stockholders. No assessment shall be made unless the question of making the same shall first be submitted to the stockholders of the corporation at an annual meeting or at a special

meeting called for that purpose, and a majority of the stock outstanding and represented by the owner in person or by proxy shall vote in favor of making the same.

4. Levy by directors. In case the stockholders fail to hold any such meeting, or fail to make or authorize any such assessment by the first day of April in any year, then the directors shall have power to make such assessment for such year at any regular or special meeting called therefor.

5. All past due assessments shall draw interest at the rate of eight percent per annum.

6. Collection. The shares of stock upon which any assessment is in arrears may be sold to enforce the payment of the same. No stock shall be sold for the non-payment of assessments before demand is made for the amount due thereon, either in person or by written or printed notice duly mailed to the last known address of such stockholder at least thirty days prior to the time fixed for the sale of such stock.

7. Sales of stock. Sales shall be made at the time and place mentioned in the notice, to the highest bidder for cash. In the absence of buyers, the stock may be bid in by the company for the amount due thereon. Where two or more shares of stock are included in the same certificate, such shares shall be offered for sale and sold separately until a sufficient number thereof are sold to pay the delinquent assessments upon all of the stock included in the certificate. In the absence of bidders for such separate shares, all the shares included in any certificate may be sold as a whole. Sales of stock for the non-payment of assessments may be conducted by any officer of the company, and the proceeds of any sale, over and above the amount due on such shares shall be paid to the delinquent stockholder upon demand and upon surrender of his certificate for the shares of stock sold. A new certificate for the stock sold shall be issued to the purchaser at such sale.

8. Retention of Excess Funds Following Auction of Unpaid Share Assessments.

A sealed bid auction will be held for shares with unpaid assessments greater than two years from the original due date of the assessment. Shareholders, or property owners, adjacent on the same lateral may bid on the shares. Notice of the auction will be announced to the shareholders, as well as a public notice printed in the local paper, no less than 30 days prior to the auction. Auctions will be held at the Annual Company Meeting. Delinquent assessments may be paid up until the actual start of the auction. The existing debt, attributed to the shares, will be the minimum bid to the company. If no bid shall meet the minimum, the company may retain the shares for sale or bid at a later date in order to guarantee the outstanding assessments can be paid. No assessments shall be required for the time that the company holds the shares in trust. The share(s) will be awarded to the highest sealed bid. The company has first entitlement to balance all past due assessments.

Bid or sale funds in excess of the debt owed the company will revert to the original shareholder.

If the original shareholder cannot be contacted to accept excess funds, the funds will revert to the company once the following criteria have been met:

- A. Minimum of two attempts of notification by First Class Mail at last known address, or listed forwarding address.
- B. Attempt to contact by Registered/Certified mail and telephone.
- C. After one year from the actual date of auction or sale, a notice shall be published in the "Legal" notices of the local newspaper.
- D. If original shareholder, or bona fide heirs, fail to contact the company 30 days after the published notice, all excess funds will revert to the company and be used for ditch maintenance expenses.

[Article IX Section 8 added by Amendment XIII.]

ARTICLE X

Water

1. Water users. No water shall be delivered to any person who is not a stockholder in the company, and no water shall be delivered upon any shares of stock upon which any assessment is in arrears. In the event water is withheld from any stockholder because of the non-payment of any assessment, such water shall be pro-rated among the stockholders of the company in good standing. No stockholder shall have any claim against the company or any of its stockholders growing out of the loss of water thus withheld.

2. Management. The board of directors shall have full power to make all needful rules and regulations for the installation and regulation of headgates, the equitable and economical distribution and use of water by rotation or otherwise, and, except as herein limited, shall have the full management of the business of the company and full control of the operation of the company's irrigation system. The board of directors may divide the irrigation system of the company into divisions and may allocate the shares of stock in the company to the several divisions.

3. *Scheduling. All stock on which assessments have been in arrears for one year or more and which have not been sold at the time the schedules for any year are prepared for the use of the ditch water, shall forfeit all rights to use ditch water that year and will not be included on that year's schedule. Due date for delinquent assessments shall be April 1st of each year. If those assessments are paid up after the schedules are made up, they will not be entitled to ditch water that year but will be included in the scheduling for the following year if the assessments are in good standing at that time. No shares on which assessments are in arrears shall be deprived of ditch water for any year until after a delinquency notice has been sent to the stockholder at least ten days before the schedule for that year is prepared.*

The notice of delinquency can be included with the assessment notice for the year in question.

[Article X Section 3 added by Amendment IV.]

[Article X Section 3 repealed by Amendment X.]

ARTICLE XI

Salaries

The salaries of all officers, other than the superintendent and his assistants, shall be fixed by the stockholders.

ARTICLE XII

Amendments

These by-laws may be amended, added to or revoked at any meeting of the board of directors, provided at least forty days notice of any proposed change has been given to the stockholders. No change shall be made contrary to the instructions of the stockholders, evidenced by resolution regularly adopted by the stockholders.

ARTICLE XIII

Ditch Right of Way

Henceforth, no director or officer or combination of directors and officers of this company shall have the authority to make any commitments or enter into any contract, take any action, or proceed in any manner which might in any way tend to impede or interfere with the present rights or right of way of this company or its irrigation ditch without first sending notice of such action by letter, to each and all stockholders at least forty days before such action is to take place. Objections from stockholders representing ten percent of the shares outstanding at that time shall stop such pending action until it can be acted on at a regular business meeting of the stockholders, the rules as set forth in Article I of the By-Laws to apply at that meeting.

[Added by Amendment V to the By-Laws.]

ARTICLE XIV

Dissolution

In the event of dissolution of the company, each member, including former members, shall receive his proportionate share of the company's property and assets based upon patronage, insofar as is practicable, after paying or providing the payment of all debts of the company.

[Added by Amendment XVIII – Pending.]

AMENDMENTS TO THE BY-LAWS

Amendment I

Re: Article III

“5. Directors vs. Officers. If the stockholders so desire they can at any election elect a president, vice-president, and secretary-treasurer instead of the three directors, those three officers to be governed by all articles contained in the present by-laws and articles of incorporation relating to both directors and officers.”

[Enacted at a Special Shareholder Meeting November 21, 1960.]

[Repealed by Amendment VIII at Special Shareholder Meeting July 29, 1996.]

Amendment II

Re: Article V

“Article V of the by-laws relating to the appointment of the officers by the directors shall be inoperative. Elections shall be by ballot or any other method the stockholders decide to use at each election, instead of by ballot only as provided in the by-laws in use since 1929.”

[Enacted at a Special Shareholder Meeting November 21, 1960.]

[Repealed by Amendment IX at Special Shareholder Meeting July 29, 1996.]

Amendment III

Re: Article VI

“6. Protection of Officers. If as a result of being directors or officers of the company and as a result of performing the duties of such directors or officers as described in the Articles of Incorporation and the By-Laws of this company, any officer or director or combination of officers and directors are sued or involved in any lawsuit, all costs of such suit including attorney fees shall be paid by the company. If sufficient money is not in the treasury at that time to meet such costs, those costs shall be met, whether by special assessment of all the stockholders or by selling off such assets as are needed to meet those costs. However, if such costs arise because of willful or negligent acts of any of said directors or officers, the company cannot be held responsible if in any way for meeting the costs of protecting such director or officer. If the other directors or officers did not know of this willful or negligence they shall be protected by the company as set forth in this paragraph. The company’s liabilities for costs as described above can be alleviated any year by the company providing adequate liability insurance with a recognized insurance company providing liability protection for the company and directors and officers thereof.

[Enacted at a Special Shareholder Meeting November 21, 1960.]

[Repealed by Amendment VI at Special Shareholder Meeting July 29, 1996.]

Amendment IV

Re: Article X

“3. Scheduling. All stock on which assessments have been in arrears for one year or more and which have not been sold at the time the schedules for any year are prepared for the use of the ditch water, shall forfeit all rights to use ditch water that year and will not be included on that year’s schedule. Due date for delinquent assessments shall be April 1st of each year. If those assessments are paid up after the schedules are made up, they will not be entitled to ditch water that year but will be included in the scheduling for the following year if the assessments are in good standing at that time. No shares on which assessments are in arrears shall be deprived of ditch water for any year until after a delinquency notice has been sent to the stockholder at least ten days before the schedule for that year is prepared. The notice of delinquency can be included with the assessment notice for the year in question.”

[Enacted at a Special Shareholder Meeting November 21, 1960.]

[Repealed by Amendment X at Special Shareholder Meeting July 29, 1996.]

Amendment V

Re: Article XIII

“Henceforth, no director or officer or combination of directors and officers of this company shall have the authority to make any commitments or enter into any contract, take any action, or proceed in any manner which might in any way tend to impede or interfere with the present rights or right of way of this company or its irrigation ditch without first sending notice of such action by letter, to each and all stockholders at least forty days before such action is to take place. Objections from stockholders representing ten percent of the shares outstanding at that time shall stop such pending action until it can be acted on at a regular business meeting of the stockholders, the rules as set forth in Article I of the By-Laws to apply at that meeting.

[Enacted at a Special Shareholder Meeting November 21, 1960.]

[Repealed by Amendment X at Special Shareholder Meeting July 29, 1996.]

Amendment VI

Re: Article VI Section 6.

“1. The third amendment, regarding the ““Protection of Officers”” also referred to as paragraph 6 of Article VI of the amended by-laws is hereby repealed.”

“2. The ““Protection of Officers”” along with the protection of directors is addressed by Amendment VII which is entitled “Indemnification of Officers or Directors.”

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment VII

Re: Added to Article VI Section 7.

“Indemnification of Officers or Directors”

“1. To the fullest extent permitted or provided by the Colorado Nonprofit Corporation Act, as amended from time to time, the company shall indemnify any person against all liability and expense incurred by reason of the fact that he/she is or was a director or officer of the company or, while serving as such director or officer, he/she is or was serving at its request in one or more of the following listed capacities, hereinafter referred to as "Another Related Capacity": as a director, officer, trustee *of*, or in any similar managerial or fiduciary position of, or as an agent of, another corporation, partnership, joint venture, trust, association, or other enterprise. In addition to the foregoing obligation of indemnification, and with a view to giving the persons covered by these provisions the broadest possible indemnity, the company shall also indemnify persons as provided in the succeeding sections of this amendment. In interpreting this amendment, unless the contrary is manifest, terms used herein shall be given the meanings provided by the pertinent provisions of the Colorado Nonprofit Corporation Act.

2. The company shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or Investigative (all of which are hereinafter sometimes referred to as a "Proceeding") other than an action by or in the right of the company, by reason of the fact that he/she is or was a director or officer of the company or is or was serving in Another Related Capacity, against expenses (including attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding if, (i) while acting as a director of the company, he/she acted in good faith and in a manner he/she believed reasonably to be in its best interests, or, (ii) while acting in Another Related Capacity, he/she acted in good faith and in a manner he/she believed reasonably not to be opposed to its best interests, or, (iii) with respect to any criminal action or proceeding, he/she had no reasonable cause to believe that his conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, or conviction or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption (i) that the person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interests of the company, as the case may be, or (ii) with respect to any criminal action or proceeding, that he/she had no reasonable cause to believe that his/her conduct *was* unlawful.

3. The company shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending, or completed action or suit by or in the right of the company to procure a judgment in its favor by reason of the fact (i) that he/she is or was a director or officer of the company or, (ii) that he/she is or was serving in Another Related Capacity, against expenses (including attorney's fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action or suit, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the company: but no such indemnification shall be made in respect of any claim, issue, or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the company unless, and then only to the extent that, the court in which such action or suit was brought determines, upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such court deems proper.

4. To the extent that a person entitled to indemnity under Sections 2 or 3 of this amendment has been wholly successful, on the merits or otherwise, in defense of any Proceeding or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.

5. Any indemnification under Sections 2 or 3 of this Amendment (unless ordered by a court) shall be made by the company only as authorized in the specific case upon a determination that indemnification of the person seeking indemnification is proper in the circumstances because he/she has met the applicable standard of conduct set forth in Sections 2 or 3 of this amendment. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such Proceeding, or, (ii) if such a quorum is not obtainable or, even if obtainable, a quorum of

disinterested directors so directs, the determination may be made by independent legal counsel, in a written opinion, or by the stockholders.

6. Expenses (including attorneys' fees) incurred in defending a Proceeding may be paid by the company in advance of the final disposition of such Proceeding in the manner authorized in Section 5 of this amendment upon receipt of the undertaking, by or on behalf of the person seeking the advance, to repay such amount unless it is ultimately determined that he/she is entitled to be indemnified by the company against such expenses pursuant to this amendment.

7. The indemnification provided by this amendment shall not be deemed exclusive of any other rights to which those Indemnified may be entitled under these bylaws, the articles of incorporation, any agreement, vote of stockholders or of disinterested directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action while a director or in Another Related Capacity, and such indemnification shall continue as to a person who has ceased to be in the position which entitled him/her to such indemnification and shall inure to the benefit of his/her heirs, executors, and administrators of such person. The provisions of this amendment shall not be deemed to preclude the company from indemnifying other persons than those indemnified under this amendment from similar or other expenses and liabilities as the Board of Directors or the stockholders may determine in a specific instance or by resolution of general application.

8. The company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the company or who is or was serving at the request of the company in Another Related Capacity. “

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment VIII

Re: Article III

“1. The first amendment regarding the election of officers instead of directors also known as paragraph 5 of Article III of the amended by-laws is hereby repealed.”

“2. Article III entitled ““Board of Directors”” is hereby reinstated in the same form as was originally adopted in 1928.”

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment IX

Re: Article V

“1. The second amendment which was rescinded the right of directors to appoint officers is hereby repealed.”

“2. Article V entitled ““Officers”” is hereby reinstated in the same form as was originally adopted in 1928.”

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment X

Re: Amendment IV / Article X “Scheduling of Water”

“The fourth amendment regarding the scheduling of water also known as paragraph 3 of Article X of the amended by-laws is hereby repealed.”

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment XI

Re: Article I Scheduling Shareholder Meetings

“ Paragraph 1 of Article I regarding the scheduling of annual stockholder meeting shall be modified to read as follows: Annual Meetings. The regular meetings of the stockholders shall be held on the third Monday in February of each year.”

[Enacted at Special Shareholder Meeting July 29, 1996.]

Amendment XII

Re: Amendment XI / Article I Scheduling Shareholder Meetings

Modifies existing language to now state “ The regular meetings of the stockholders shall be held the last business week of February.”

[Amended and affirmed by shareholders February 24, 2003 at the Annual Shareholders Meeting.]

Amendment XIII

Re: Addition to Article IX as Section 8: Retention of Excess Funds Following Auction

“8. Retention of Excess Funds Following Auction of Unpaid Share Assessments.

A sealed bid auction will be held for shares with unpaid assessments greater than two years from the original due date of the assessment. Shareholders, or property owners, adjacent on the same lateral may bid on the shares. Notice of the auction will be announced to the shareholders, as well as a public notice printed in the local paper, no less than 30 days prior to the auction. Auctions will be held at the Annual Company Meeting. Delinquent assessments may be paid up until the actual start of the auction. The existing debt, attributed to the shares, will be the minimum bid to the company. If no bid shall meet the minimum, the company may retain the shares for sale or bid at a later date in order to guarantee the outstanding assessments can be paid. No assessments shall be required for the time that the company holds the shares in trust. The share(s) will be awarded to the highest sealed bid. The company has first entitlement to balance all past due assessments.

Bid or sale funds in excess of the debt owed the company will revert to the original shareholder. If the original shareholder cannot be contacted to accept excess funds, the funds will revert to the company once the following criteria have been met:

- A. Minimum of two attempts of notification by First Class Mail at last known address, or listed forwarding address.
- B. Attempt to contact by Registered/Certified mail and telephone.
- C. After one year from the actual date of auction or sale, a notice shall be published in the “Legal” notices of the local newspaper.
- D. If original shareholder, or bona fide heirs, fail to contact the company 30 days after the published notice, all excess funds will revert to the company and be used for ditch maintenance expenses.”

[Amended and Affirmed by shareholders at the February 26, 2007 Annual Shareholder Meeting.]

Amendment XIV

Re: Added as Article XIV

Article XIV
Dissolution.

In the event of dissolution of the company, each member, including former members, shall receive his proportionate share of the company’s property and assets based upon patronage, insofar as is practicable, after paying or providing the payment of all debts of the company. (Thirteenth amendment to by-laws regarding tax exempt status.)

[Amended by Directors at Directors’ Meeting July 24, 2015.]

Amendment XV

Re: Revised By-laws 2015

Kawane Irrigation Co. By-Laws have been revised in form but not substance for better understanding of Articles and Amendments. The 2015 revision reflects all proper documentation of amendments and articles as amended by the Directors, and not contrary to the instructions of the stockholders.

[Amended by Directors at Directors’ Meeting July 24, 2015.]