

SOUTH BOISE WATER COMPANY

POLICIES AND PROCEDURES

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- PART 1 – BASICS 2
- PART 2 – WATER AND STORAGE RIGHTS 2
- PART 3 – SHARES 3
 - 3.1 Types of shares:..... 3
 - 3.2 Share Issues:..... 4
 - 3.3 Share Sales, Purchases, and Fees: 5
- PART 4 – FINANCES (Adopted 5-10-2017)..... 5
 - 4.1 Annual Assessment: 5
- PART 5 – CASH RESERVES..... 7
- PART 6 – FACILITIES 7
- PART 7 – SPUR COMMITTEES 9
 - 7.1 General: 9
- PART 8 – SERVICE AREA..... 12
- PART 9 – ANNUAL MEETING 12
 - 9.2 Board of Director Elections: 12
 - 9.3 Voting:..... 12
- PART 10 – DIRECTORS MEETING 13
 - 10.1 (Reserved) 13
 - 11.2 Procedures: 13
- PART 12 - PERSONNEL..... 14
 - 12.1 The support staff are all independent contractors. 14
- PART 13 – PAPER RETENTION 14
 - 13.1 Here are some guidelines: 14

CONSOLIDATED POLICIES AND PROCEDURES
SOUTH BOISE WATER COMPANY

PART 1 – BASICS

The following shall be the established Policies and Procedures of the South Boise Water Company, which may be revised or amended from time to time as warranted, by a simple majority vote of the Board of Directors present, lawfully convened in regular or extraordinary session. These Policies and Procedures formalize long-standing Company practices and address recently discovered situations encountered by the Company. Upon adoption or revision of a Policy or Procedure, this document shall be revised and annotated with the date of revision. From time to time the policies may be rewritten and adopted as rewritten to eliminate possible confusion caused by multiple revisions. Previous versions will be maintained in the files of the company.

PART 2 – WATER AND STORAGE RIGHTS

2.1 General:

2.1.1 The Company owns water rights number 63-148b, 63-148c, 63-148d, 63-149a, 63-150, 63-185b, and 63-2392c.

2.1.2 Water rights belong to the Company, not individual shareholders. Water rights are not conveyed with share ownership. A share conveys an entitlement to the use of the water diverted according to the water rights held by the Company.

2.1.3 Neither water rights nor storage rights shall be sold by the Company.

2.1.4 All water and storage rights administered by the Company shall be held in the name of the Company.

2.1.5 Water diverted under water right 63-149a shall be delivered only to shareholders receiving water from or used at Logger's Creek, the Mill Ditch, River Run, Spring Meadow, Drain Ditches B and C, ParkCenter Pond, The Springs, Ann Morrison Park and Kathryn Albertson Park. (Adopted June 6, 2007)

2.2 Shareholder Use:

2.2.1 Water diverted by the Company shall be pooled for use by all shareholders. No shareholder shall have a legal interest in a specific right, even if that shareholder owns the entire parcel of land to which the right delivers water or owns share designated for a certain purpose to the exclusion of other purposes or other shareholders.

2.2.2 Water rights of others may be conveyed by Company facilities for a fee representing the cost of the Company of such conveyance.

2.3 Right Protection:

2.3.1 The Company shall vigorously pursue and defend State recognition of all water and storage rights to which the Company is entitled.

2.3.2 The Company shall recognize that the State of Idaho recognizes rights for the purposes of irrigation, aesthetic, fish and wildlife, manufacturing, power, and mitigation. Where appropriate, the Company shall apply for transfers of use to maintain its rights and provide benefits to shareholders.

2.3.3 The Company shall establish and maintain flow gauges appropriate for the measurement of water flow at its diversions.

2.3.4 The Company shall maintain records of the water flows diverted into its distribution system to document the use of its rights.

PART 3 – SHARES

3.1 Types of shares:

There are five classes of shares, as described below. Unless specifically designated otherwise, all share is assumed to be irrigation shares, even if the shareholder has never irrigated or ceases to irrigate. A shareholder may request to change a share from one class to another by completing the appropriate request form and paying the applicable fee.

3.1.1 Irrigation:

These shares are issued at the rate of one share per half-acre or fraction thereof for the area of the entire parcel receiving irrigation water, as determined from the records of the Ada County Assessor's Office. This ratio shall be applied regardless of whether or not the entire parcel is irrigatable or actually irrigated. The shareholder may use as much water as may be reasonably required for irrigation purposes only, but may not apply SBWC irrigation water to other parcels for which no irrigation shares are owned. Water shall be delivered only during the irrigation season, nominally from April 15 to October 15 of each year, and adjusted each year at the direction of the SBWC Board of Directors within the prescriptions of the water rights and directives of the Idaho Department of Water Resources and the Boise Watermaster.

3.1.2 Amenity:

These shares are for non-irrigation (non-consumptive) uses such as ponds and waterways. They are issued at the rate of one share per 1/6 acre of open water plus unirrigated land within 25 feet of the water's edge at its normal operating level, or fraction thereof. If the Amenity Shareholder also holds irrigation shares for the land surrounding the open water, the area used to determine the number of shares required shall be that of the open water only. Water shall be delivered on a year-round basis when feasible, based on the SBWC delivery system, constraints on the Company's water rights and directives of the Board and regulatory authorities. Prospective Amenity Shareholders who do not own Irrigation Shares may purchase a single amenity share for small water features, regardless of the total property area. Irrigation Shareholders may use SBWC water for water features with de minimis flow rates without an amenity share. For these purposes, "de minimis" flow rates shall be less than 25 gallons per minute, irrespective of whether they are recirculating or once-through flows. Water features that use water only during the irrigation season and that are located on parcels that hold irrigation shares do not require amenity shares in addition to irrigation shares. (Approved April 2005)

3.1.3 Conveyance:

These shares are for the delivery of water under water rights held by the Conveyance Shareholder, not SBWC, to the headgate or property line of the Conveyance Shareholder. Shares shall be required at the rate of one share per 1/3 cubic foot per second of water right held by the Conveyance Shareholder. Water shall be delivered throughout the period to which the Conveyance Shareholder is entitled to take water under its water right(s).

3.1.4 Meeves:

These shares are for the delivery of irrigation water to those lands originally within the Meeves water rights. Assessments for these shares have been paid in perpetuity. Meeves Shareholders are entitled to use the irrigation water provided by their own water rights or those of the SBWC. They are entitled to receive water from Logger's Creek or the Mill Ditch.

3.1.5 Mitigation:

3.1.5.1 Mitigation shares will be sold to serve land or bodies of water outside the Company service area. In each case such shares will be linked to a specific right and a portion of that right changed from irrigation to mitigation.

3.1.5.2 Shares will be sold at the rate of 10 shares per acre.

3.1.5.3 Shares will be limited to 1.2 cfs unreduced natural flow (60 acres @ .02 cfs/acre) for water above our return (Main Street Bridge).

3.1.5.4 Shares will be limited to 1.5 cfs unreduced natural flow (75 acres @ .02 cfs/acre) for waters below our return (Main Street Bridge). The agreement for these waters must allow us to divert the water at Chatburn and return it to the Boise River before the shareholder is entitled to it.

3.1.5.5 If there is a water shortage that requires the Company to restrict times of irrigation for shareholders within the service area (e.g. laterals irrigate days and Boise State University, nights), mitigation flows will be limited to the Stuart Decree flows to which they are attached.

3.1.5.6 If a holder of mitigation shares desires more water than is allocated during a time of shortage, the Company will seek such water and charge the shareholder the Company's cost in securing such water. The Company may choose whether to use the Company's remaining Lucky Peak storage or purchase water from another source. The Company may judge it prudent to save its remaining Lucky Peak water for the current or the following year rather than sell it to supplement mitigation share water.

3.1.5.7 If in the future Irrigation Shares are set to represent an area irrigated, rather than parcel size, it is expected that Mitigation Shares would be set at the same rate(s). (Adopted June 13, 2013)

3.2 Share Issues:

3.2.1 For shares held by a homeowner's association or similar entity, for which the annual assessments are paid by a single entity, as opposed to multiple members of the association or entity,

the number of shares required to be held shall be determined on the basis of the aggregated area of the parcels irrigated, not by the total land area of the entity.

3.2.2 Each share, regardless of class, shall convey and equal interest in the Company, including its water rights.

3.2.3 Voting rights shall be the same for all classes of shares: one share, one vote. Therefore, voting rights shall be in proportion to the financial support of the Company provided by each shareholder.

3.2.4 Shares for which assessments for the prior or current year have not been paid shall not be entitled to vote in any Company transaction so long as funds owed remain unpaid.

3.2.5 Assessments shall be the same for all classes of shares, regardless of the Company's cost of water delivery to its shareholders. The assessment for delivery of water to a shareholder at the top (upstream end) of the Company's delivery system shall be the same as to a shareholder at the bottom (downstream end) of the system.

3.2.6 Assessment mailings. The annual assessments will be sent out on March 15th of each year with the due date of April 15th, the late fee assessed on May 15th. (Adopted April 2, 2014)

3.2.7 If an entity buys a new share during the irrigation season to be used during the current irrigation season, the assessment is the same as for the full year. There is no proration.

3.3 Share Sales, Purchases, and Fees:

3.3.1 As of July 18, 2007, the purchase price of a share shall be \$25.00. The fee for reissuing a certificate for a shareholder shall be \$20.00.

3.3.2 As of March 3, 2014, the transfer fee shall be \$20.00 if the previous owner was a shareholder and has the certificate issued to him and \$25.00 if there is no certificate from the property owner.

3.3.3 As of July 18, 2007, shareholders selling shares back to the Company shall receive the original price paid for the share(s) returned.

3.3.4 Shares shall only be sold to owners of property within the Company's service area unless they are mitigation shares.

3.3.5 Rounding – In calculating the number of shares needed fractions of 0.010 acres or less will be ignored. For example, 1.11 acres will require 3 shares for irrigation, but 1.009 or 1.010 will require only 2 shares for irrigation.

PART 4 – FINANCES (Adopted 5-10-2017)

4.1 Annual Assessment:

4.1.1 The Board shall inform the shareholders during the annual shareholders meeting if it recommends the annual assessment will stay the same as the previous year, or if a request to increase or decrease is being proposed. The assessment may be changed with a simple majority vote of the shareholders present, including proxy votes.

4.1.2 The Company shall mail annual assessments to shareholders by the 1st day of March each year.

4.1.3 The annual assessment notice shall contain the amount due, how to pay the assessment or directions for paying the assessments, and the assessments due date. All due dates shall be 30 days from delivery of the annual assessment. Approximately, April 1st of each calendar year.

4.1.4 The annual assessment notice shall also contain any or all late fees or interest charges that may accrue for a failure to pay.

4.1.5 The annual assessment will also contain the following statement, "Failure to pay the South Boise Water Company's annual assessment within the requested timeline (by April 1st) shall allow the Company to restrict or limit access to water delivery until payment is made."

4.1.6 When the Board judges it necessary, the Board may announce a special assessment with similar timelines to those stated previously. If holders of 40% or more of the outstanding shares object to a special assessment, they can demand a special meeting of the shareholders in accordance with Article XI, Section 4 of the Bylaws. The timeline for payments will be delayed to start one week after such a meeting.

4.2 Late Fees:

4.2.1 The Company shall charge a one-time late fee of \$10 per share for failing to pay or make arrangements to pay the annual assessment within the 45 days of mailing. No further late fees will be charged or interest accrued.

4.3 Failure to pay:

4.3.1 The Company shall actively stop water access by those shareholders that fail to pay the annual assessment by the 60th day of notice, approximately May 1st.

4.3.2 The Company shall institute legal action against those shareholders that fail to pay the annual assessment by the 90th day, and it is determined that they or their representatives are utilizing Company water, pursuant to Idaho Code:

TITLE 18

CRIMES AND PUNISHMENTS

CHAPTER 43

IRRIGATION WORKS

18-4304. Wrongful diversion of water. Any person who without the consent of the water master of the district, diverts any water from a ditch or channel where it has been placed, or caused or left to run by the water master or his deputies, or who shuts or opens any ditch, gate or dam, or in any way impedes or

increases the flow of water in any stream or ditch diverting water from a stream, while the same is under the charge of a water master, or who cuts away any embankment of a stream, whereby the water of such stream is diverted, or breaks, injuries, or removes any gate, flume or other device used for the equitable distribution of the water of such stream by the water master, shall be guilty of a misdemeanor.

History:

[18-4304, added 1972, ch. 336, sec. 1, p. 933.]

PART 5 – CASH RESERVES

5.1 Cash Reserves (Adopted 5-10-2017)

5.1.1 The Company, intending to maintain a robust and controlled financial foundation, shall maintain a cash reserve position of one hundred percent of a rolling three-year revenue average. The goal is to have this sum in hand on December 31st.

5.1.2 The Company shall maintain the reserve in preparation for unexpected system failures and/or repairs or for a major economic downturn.

5.1.3 This reserve is intended to ensure the company maintains fiscal responsibility and does not have to overburden shareholders from one year to the next, i.e. a large repair bill that requires a sharp increase in annual assessment costs.

PART 6 – FACILITIES

6.1 Ownership:

6.1.1 Any open ditch and associated facilities (weirs, gates, measuring devices, etc.) serving more than one shareholder shall be the property of the SBWC, regardless of the ownership of the underlying real estate. The only exception is a ditch that is developed by a subdivision and is part of the subdivision esthetic water system and the homeowners association is a shareholder.

6.2 Maintenance:

6.2.1 Open ditches owned by SBWC shall be maintained by SBWC for purposes of the conveyance of water to its shareholders. Voluntary clearing by shareholders is appreciated. When necessary the Company shall remove physical impediments to flow. The Company shall not, at its expense, perform facility maintenance solely intended to maintain or enhance aesthetic characteristics, including erosion control where the erosion could have been prevented by the property owner's use of reasonable preventive measures. Where a company water control structure contributes significantly to erosion the Company may contribute to a control program.

6.3 Alterations:

6.3.1 Property owners may alter the course or cover a ditch with permission of the Company. In accordance with ID Code 42-1207 the owner and all future owners will be responsible for maintenance of the revised ditch unless it is returned to its original state.

6.3.2 Any ditch serving more than one shareholder is the property and responsibility of SBWC and will be maintained for the purpose of the delivery of water. SBWC is not responsible for

maintenance of waterways owned by another entity, such as River Run. (Approved September 26, 2006)

6.3.3 Where the method of conveyance has been changed from an open ditch and traverses the property of more than one landowner, the costs of maintenance or repair of such conduits shall be shared by the landowners in proportion to the length of said conduit upon their property.

6.3.4 The Company shall conduct an annual maintenance and repair shutdown of the Company's water distribution system. This shutdown schedule shall be established annually by the Board of Directors, normally to occur during the last two weeks of March unless determined by the Board to be scheduled at another time. If scheduled for a time other than the last two weeks of March, such schedule shall be posted on the Company website for at least seven calendar days prior to the shutdown.

6.3.5 Access and legal easement for ditches – Where a pipe is to be installed with a change of direction within the course of the pipe a vault must be installed at the point of the change of direction.

6.3.6 Requests for water interruption – Planned maintenance or construction projects that need the water flow to be interrupted in a Company ditch or lateral should be scheduled for the non-irrigation season. (November 1 through March 31) with planned completion by March 31. In this situation the person to do the work still needs to coordinate with the Watermaster ahead of time. During the irrigation season, if in the Watermaster's opinion conditions allow, interruptions of 3 hours or less may be scheduled with the Watermaster and require a fee of \$25.00, paid ahead of time. For all other interruptions a written request to the Watermaster with a \$50 application fee must be submitted and must contain the required information. If in the Watermaster's opinion the interruption can be accommodated, it will be scheduled. An additional fee of \$50-\$500 will be required before the shut off actually takes place. The amount of the additional fee will be determined by the duration of the cutoff, the time in the irrigation season, and the number of irrigators impacted. A second interruption for the same project in the same season will require a fee higher than the first one. (Adopted March 3, 2014) (Revised March 18, 2015)

6.4 Maintenance Costs:

6.4.1 The Company shall conduct repairs which are required to ensure proper delivery of water to its shareholders. If a property owner or other entity has altered a ditch and an obstruction to flow develops the liable party, as stated above in 3.3.1 and in Idaho Code 42-1207, shall be liable to the Company for the cost of repairs or the cost of returning the ditch to its open state.

6.4.2 If a pipe needs to be replaced, the Company will pay the cost of a Company-approved pipe. The land owner will be responsible for all other costs. Including labor, equipment, vaults and screens. The Watermaster is to approve and oversee project. (Adopted October 14, 2015)

6.4.3 The Company will give notice, prior to any work being conducted to ensure that the Shareholder or persons liable know their financial responsibility before conducting any necessary maintenance work. The Company shall attempt to enter into a Service Agreement, which will show what work will be conducted and what the costs may be, prior to any maintenance being conducted.

This agreement is an estimate and in no way an invoice for actual service rendered. This notice shall be provided, when possible, before any work is conducted. The Company shall provide a complete and accurate invoice for work provided promptly upon the completion of a project. The Company deems within 14 days' notice to be a prompt delivery. The Company shall give 30 days from the date of the invoice, for the Shareholder or persons liable to pay the invoice in full or enter into an acceptable payment agreement. Any payment agreement must be agreed upon by the Company President or Board of Directors. If during the irrigation season the landowner refuses an agreement, the Company will proceed with the work and seek compensation per Idaho Code 42-1207 and any other legal remedies available.

6.4.4 The Company shall begin charging interest at a rate of 12 percent per annum or one percent monthly onto all outstanding debts that are 30 days or greater past due. Any payment agreement entered into by the Company and the liable party will include an interest rate of 12 percent per annum. (Adopted October 14, 2015)

6.4.5 New construction – If a property owner wishes to cover an open ditch or re-route a covered ditch, they must obtain written permission from the Company. The property owner is responsible for the costs and maintenance of the new construction. If the Company decides the new construction is of significant benefit to the Company, the Company may participate in paying for it.

6.5 Loggers Creek:

6.5.1 Loggers Creek is a meander channel of the Boise River greatly modified by human construction activities. Almost all of the Company's water is delivered through Loggers Creek.

6.5.2 Loggers Creek is a Tier 2 waterway under the Boise River System Ordinance adopted in 1993. No removal of trees and bushes is permitted within 25 feet of the water's edge. For clearing done prior to 1993 the clearing may be maintained, but not expanded. If a person observes someone doing suspected unauthorized clearing they should immediately contact Boise City Code Enforcement at (208) 384-3845 or online at [www.http://pdsonline.cityofboise.org/pdsonline/CodeForm.aspx](http://pdsonline.cityofboise.org/pdsonline/CodeForm.aspx)

6.5.3 The Company does not enforce City of Boise Code, but will provide information to citizens who express concern about vegetation removal.

6.5.4 Policies in section 3 regarding open ditches apply to Loggers Creek as well.

PART 7 – SPUR COMMITTEES

7.1 General:

7.1.1 History: The Company was founded when individual water users along certain canals and laterals in the South Boise area decided that their interests would be better served by a formal relationship between users. The result of their efforts is the South Boise Water Company. Water users turned over their individual property interests in their ditches over to the Company. Shareholders typically flood irrigated their properties (pastures and small farms) once a week.

7.1.2 Current Organization: The Company now owns and maintains the main canal, laterals and associated headgates. Over time, large parcels have been subdivided into multiple users. Boise

State University, the Company's largest Shareholder, has purchased and developed many acres of land supplied by Company water. Spurs have been developed to deliver water from existing laterals.

7.1.3 New Demands Pressurized irrigation systems, many new types of use, and a greater number of shareholders on smaller parcels have complicated delivery schedules. Deliveries that meet the needs of all users throughout the system have grown to be beyond the scope of the Watermaster's duties.

7.1.4 In an effort to address the need for more structure and predictability for our shareholders. The Company now proposes to formalize a procedure for organizing the shareholders on a spur (ditch from a lateral) into a Spur Committee.

7.2 Procedure to Establish a Spur Committee:

7.2.1 Shareholders seeking to establish a Spur Committee shall contact, in writing, all other shareholders on the spur. The communication shall describe the impetus and goals of the shareholders in forming the Spur Committee.

7.2.2 Representative Shareholders shall meet with the Watermaster to discuss the details of their water delivery concerns and to determine if a Spur Committee is the appropriate mechanism to address their concerns.

7.2.3 Shareholders seeking to form a Spur Committee shall organize a second meeting with the Watermaster, the Company President (or her/his designee) and other shareholders on the spur. The meeting shall be at the convenience of the Watermaster and the President. All shareholders on the spur shall be invited in writing at least 14 days in advance of the meeting date. The Watermaster shall provide their recommendations at this meeting.

7.2.4 75% of all Shareholders on the spur must vote in favor of establishing a committee. The vote shall be taken and recorded by the Board President or designee. Each property, including subdivisions or large organizations, shall have one vote. Absentee ballots are allowed. If approved, the Committee shall organize and conduct business as described below.

7.3 Spur Committee – Elections:

7.3.1 The Committee shall consist of a minimum of three and a maximum of five shareholders on the Spur. All members shall be at-large. Candidates shall be nominated by shareholders on the spur.

7.3.2 The votes shall be taken and recorded by the Board Secretary or designee. Candidates that received the greatest number of votes shall be elected.

7.4 Spur Operation:

7.4.1 Assessments: Assessments will be determined and collected by the Spur Committee. Monies collected shall be deposited in a bank account established for that purpose and shall receive and disperse funds for no other uses. Financial records of funds collected and dispersed must be maintained and made available within five working days of receiving a written request. An annual fiscal report listing all transactions shall be submitted to the President no later than December 1 of each calendar year.

7.4.2 Spur Manager Selection: The Spur Committee members shall be responsible for developing a job description, contract, and the selection and dismissal of the Spur Manager. The Spur Manager does not have to be a shareholder on the Spur. The minimum term for the Spur Manager is one irrigation season and the maximum term is four irrigation seasons. A Spur Manager can serve for multiple terms but must be reappointed at least every four years. The Committee shall set the term for the Spur Manager at its sole discretion.

7.4.3 Conflict Resolution: The Spur Committee shall resolve all conflicts to ensure that shareholders received their Company water in a safe, equitable, and timely manner. Committee decisions may be appealed to the Company Board. The Board shall receive testimony from all parties, including the Spur Manager and the Watermaster. The Board's decision shall be at its sole discretion and be binding on all parties.

7.4.4 Committee Meetings – Notification: The Spur Manager, two or more Spur Committee members, the Company President, or the Watermaster may call a committee meeting. Invitees shall be notified in writing at least 14 calendar days in advance of the meeting date.

7.4.5 Requirements:

7.4.5.1 The Spur Committee shall meet annually to remain active. Meeting notes shall be taken and delivered to the President within 30 days of any meeting and shall be made a part of the permanent record of the Company.

7.4.5.2 Requirements for correspondence in writing may be met via the U.S. Postal Service or email but not texting. Acknowledgment of receipt shall be requested of the recipient of all email correspondence.

7.5 Spur Manager:

7.5.1 Sets the rotation schedule on spur and is responsible for opening and closing headgates in compliance with the schedule.

7.5.2 Conducts or organizes routine maintenance work such as cleaning grates or removing simple obstructions such as leaves or small tree limbs.

7.5.3 Requests changes of water delivery times or volumes from the Watermaster. The Watermaster may delegate authority to the Spur Manager to adjust flows into the spur. Any change in control structures must be previously approved in writing by the Watermaster.

7.5.4 Organizes non-routine and preventative maintenance work on the spur in consultation with the Watermaster. The Spur Manager may also request maintenance work from the Company. Non-routine maintenance work on the spur must be scheduled by the Watermaster and approved

7.5.5 Makes every effort to document interactions that involve conflicts between users or users and the Company. This may be in the form of a simple log of dates, names, and subject matter, or it may be detailed journal entries. These documents shall be provided to the Company at the end of each irrigation season for inclusion in the Company files and be made available upon request to shareholders. The Committee, the Watermaster and the Spur Manager.

PART 8 – SERVICE AREA

8.1 The Company Service Area shall be those lands upon which the Company is entitled to apply the water of its water rights, as authorized by the Idaho Department of Water Resources.

8.2 The Company may consider expansion of its service area under the following conditions:

8.2.1 Preference will be given to expansion of the Service Area onto properties immediately adjacent to the existing Service Area.

8.2.2 The Service Area may only be expanded into areas where it has been shown to be financially and logistically feasible to do so and that the Company has the adequate water available to meet the projected needs of the area. Financial feasibility shall require that, at the discretion of the Board of Directors, the capital costs of such expansion shall be borne by the shareholders within the expansion area of the Company’s Service Area. Alternately, the Directors may consider said expansion if it can be conclusively demonstrated that:

8.2.2.1 The capital cost of expansion shall be no greater than ½ of the total annual assessments to be paid during the five year period following completion of the facility expansion(s) to serve the new shareholders obtained as a result of said expansion, and

8.2.2.2 The projected increases in maintenance costs resulting from the expansion will not exceed ¾ of the additional annual assessments collected annually within five years of commencement of service to the expanded Service Area.

8.2.2.3 Financial assurances (bonds or other instruments satisfactory to the Board) may be required by the Board from the prospective shareholders within an expansion area to satisfy conditions 5.1 or 5.2 above.

8.2.2.4 A method of water delivery and adequate maintenance access easements shall be available before a Service Area expansion can be approved by the Board of Directors of the Company.

PART 9 – ANNUAL MEETING

9.1 Scheduling: (See By-Laws, ARTICLE XI. – STOCKHOLDER MEETINGS, Sections 1 and 2.)

9.2 Board of Director Elections:

9.2.1 In accordance with the By-Laws ARTICLE X. – VOTING, Section 1, Board Directors will be elected at the annual meeting.

9.2.2 If the President is up for election, the President will turn the meeting over to a Board Member not standing for election to conduct the election.

9.3 Voting:

9.3.1 Voting will be for specific seats. If a person wishes to run they should specify the occupant of the seat they wish to run for. (i.e. “I am running for the seat currently occupied by _____.”)

9.3.2 If one or more seats are contested, voting will be by written ballot with the voter and number of shares indicated on the ballot.

9.3.3 If no candidate for a seat receives a majority of votes cast, the candidate with the least votes will be dropped and a vote will be held for the remaining candidates. If necessary this process will be repeated until one candidate gets a simple majority of votes cast.

9.3.4 Write-in candidate space will be placed on ballots. (Adopted October 14, 2015)

PART 10 – DIRECTORS MEETING

10.1 (Reserved)

10.2 Shareholder Participation – shareholders are welcome at Director Meetings. They are requested to deliver to the President in writing at least two days before the meeting a statement of their concern. Shareholder presentations are limited to 10 minutes unless extended by the President. Questions from Directors may extend the time allotted. (Adopted October 14, 2015)

PART 11 – MAINTAINING WATER FLOW

11.1 Basics: The primary purpose of the South Boise Water Company is water delivery. No change in the system should be allowed that permanently denies the water to a current shareholder. Approved changes may be made that change the time of the week that water is available to a shareholder. Non-consumptive uses of water by shareholders are supported by the company. Most of these are amenity uses such as ponds, fountains or waterfalls. Where one of these alters the ditch bank or changes the flow of water in a ditch it must be approved prior to construction. Placing an intake for a pump is not considered a ditch-bank alteration unless the flow of water in the ditch is altered.

11.2 Procedures:

11.2.1 Irrigation:

11.2.1.1 To use company water a person must purchase the appropriate number of shares and develop a means of delivery. The shareholder should discuss with the Watermaster the means of delivery to be developed.

11.2.1.2 If the means does not change the water flow in any way approval is not needed. The irrigator may need to coordinate with other users on the ditch regarding the timing of use.

11.2.1.3 If the means requires a change in water level or flow, such as placing a check dam or adjusting a gate, written permission from the Watermaster is required. The potential irrigator should prepare the documentation required by the Watermaster. Once the means of delivery is approved, the Watermaster may require adjustment of settings or timing of irrigation but may not require removal of the structure. If needed for the proper operation of the water system for other shareholders' benefit, the Board may require the modification or removal of a water-delivery structure, even if the Watermaster approved it or it has been in use for a long period of time.

11.2.1.4 The Watermaster has the responsibility to regulate the flow of water for the general benefit of shareholders. At any time the Watermaster may require a shareholder to modify a structure or modify the use of a structure to meet temporary water needs of other shareholders.

11.2.2 Amenity:

11.2.2.1 Amenity uses such as ponds, fountains, riffles, waterfalls and relocated ditches provide benefit to shareholders and often to wildlife. The Company encourages this type of use; however, the approval process is more involved. The modification of a ditch bank or course or partial obstruction of flow to create a gradient may have a significant effect on others' use of the water. Amenities usually are not considered consumptive water uses, but usually, do cause some water loss due to processes such as evaporation and soil percolation. To make any change in the ditch shape, bank, gradient or water flow for amenity purposes the person must be a shareholder and must have written approval.

11.2.2.2 For modifications of the ditch bank that do not change water flow, such as making a pond or changing the slope of a bank, written permission of the Watermaster is sufficient. If the Watermaster determines that the modification is affecting water flow or delivery to other shareholders, the shareholder must modify the amenity to meet the Watermaster's requirements or get written permission from the Board (see #2).

11.2.2.3 For modifications that change water flow, including the amount of flow and height of water in the ditch, the shareholder should prepare a written request to the Board, including a sketch with measurements of the proposed modification. If approved, the shareholder may proceed with construction. If in practice the modification has a greater effect on the system than expected, the shareholder must modify it to allow the system to function as the Board sees proper. The Board may consider other potential needs/changes by other shareholders in its review of a project. For instance, if the Board estimates that a reach of a ¼ mile with 10 shareholders along it could have 2 inches of head increase without affecting flow adversely, it may only allow an individual ¼" of head increase, so that 1 ¾" remains for other shareholders. If the Board judges that a structure interferes with the proper operation of the system, it may require modification or removal of the structure even after years of use.

11.2.2.4 For any amenity modification put in place prior to 2013, the shareholder should apply using the procedures in 1 or 2 above as appropriate. (Adopted December 6, 2012)

PART 12 - PERSONNEL

12.1 The support staff are all independent contractors.

12.2 Annual Review. Yearly, usually before the budget is set for the next year, the President or their designee will conduct a review with each contractor, which will include setting goals for the upcoming year.

PART 13 – PAPER RETENTION

13.1 Here are some guidelines:

13.1.1 Annual financial statements: Retain perpetually.

- 13.1.2 Monthly financial statements used for internal purposes: Retain for three years.
- 13.1.3 Bank reconciliation's, voided checks, check stubs and check register tapes: Retain for seven years.
- 13.1.4 Books of account, such as the general ledger and general journal: Retain perpetual, unless posted regularly to the general ledger. ("Ledger" refers to the actual books or the magnetic tapes, disks, or other media upon which the ledgers and journals are stored.) Retain perpetually.
- 13.1.5 Subsidiary ledgers: Retain for three years.
- 13.1.6 Canceled checks, payroll, and dividend checks: Retain for seven years.
- 13.1.7 Corporate documents, including a certificate of incorporation, corporate charter, constitution and by-laws, deed and easements, stock transfer and stockholder records, minutes of the board of directors' meetings, retirement and pension records, labor contracts, licenses, patents, trademarks, and registration applications: Retain perpetually.
- 13.1.8 Documents substantiating fixed-asset additions, such as the amounts and dates of additions or improvements, detail related to retirements, depreciation policies, and salvage values assigned to assets: Retain perpetually.
- 13.1.9 Income tax, revenue agents' report, protests, court briefs and appeals: Retail perpetual.
- 13.1.10 Income tax payment checks: Retain perpetually.
- 13.1.11 Personnel and payroll records, such as payments and reports to taxing authorities, including federal income tax withholding, FICA contributions, unemployment taxes and workers' compensation insurance: Retain for four years.
- 13.1.12 Purchase records, including purchase orders, payment vouchers authorizing payment to vendors and vendor invoices: Retain for four years.
- 13.1.13 Sales records such as invoices, monthly statements, and remittance advisories, shipping papers, bills of lading and customers' purchase orders: Retain for seven years.
- 13.1.14 Travel and entertainment records, including account books, diaries and expense statements: Retain for seven years.
- 13.1.15 Generally, returns can be audited for up to three years after filing. However, the IRS may audit for up to six years if there is substantial unreported income. The three and six-year limits start with the filing of a tax return; if no return is filed, the time limit never starts to run.
- 13.1.16 Agenda's and Minutes – both hard copy and digital: Retain perpetually.
- 13.1.17 Maps: Retain perpetually.
- 13.1.18 Certificate records: Retain perpetually.
- 13.1.19 Proxy votes and annual meeting letters, including digital copies: Retain perpetually.

13.1.20 Assessment payments return vouchers: Retain hard copy seven years and digital perpetually.