

**BYLAWS OF THE
FORT MORGAN RESERVOIR AND IRRIGATION COMPANY
(Amended & Restated April 7, 2012)**

ARTICLE I

This Company shall be known as “The Fort Morgan Reservoir and Irrigation Company”, and its capital stock is one hundred and fifty thousand dollars, divided into three thousand shares of the par value of fifty dollars each.

ARTICLE II

Section 1. The corporate powers shall be exercised by a “Board of Directors” composed of five stockholders, who shall have been duly elected as Directors of the Company.

Section 2. The Directors shall elect one of their number as President and one of their number as Vice President, who together with the remaining Directors, shall constitute the “Board of Directors”, who shall have the exclusive and entire direction, control and management of all the business, property, concerns and affairs of the Company.

Section 3. The Directors shall elect a Treasurer and Secretary, who shall respectively be stockholders.

Section 4. The officers shall consist of a President, Vice-President, Secretary and Treasurer.

ARTICLE III

Section 1. The election of Directors, provided for in Section 1 of Article II, shall be held on the fourth Saturday of January of each year (with the exception of the first election, which shall be held on the first Tuesday of May, A.D., 1895). Each share of stock shall be entitled to one vote, and the persons receiving the greatest number of votes shall be directors; provided a majority of the stock is represented. The Directors-elect shall hold their offices for the term of one year from the first day of the next month following their election, and until their successors are elected and qualified (with the exception of the Directors elected at the May election of 1895, whose terms of office shall expire on the second Saturday of January, A.D. 1896, or whenever their successors are elected and qualified).

Section 2. The election of Directors shall be held at the office of the Company in the Town of Fort Morgan, in the County of Morgan and State of Colorado, or at such other place and location as may be designated from time to time by the Board of Directors; and public notice of the time and place of holding such election shall be published not less than ten days previous thereto, in one of the weekly newspapers printed in the said Town of Fort Morgan. And this election shall be made by such of the stockholders as shall attend for that purpose, either in person or by proxy, provided a majority of the stock is represented; if a majority of the stock

shall not be represented, such meeting may be adjourned by the stockholders present for a period not exceeding sixty (60) days at any one adjournment.

Section 3. When it is found that a majority of the stock is represented at such meeting, or adjourned meeting, the stockholders shall proceed to nominate the number of Directors to be elected, each stockholder having the right to nominate. The election shall be by ballot, on which each person voting shall write the names of as many parties 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 owned by him or her. And in balloting for directors he or she may vote said number of shares for as many directors as are to be elected; or he or she may cumulate such shares and give candidates as many votes as the number of directors multiplied by the number of his or her shares of stock shall acquire or to distribute them on the same principle among as many candidates as he or she may desire, and the persons having the highest number of votes in consecutive order shall be declared elected the Board of Directors for that year. And the President of said meeting shall appoint at each meeting for the election of directors three disinterested persons to act as tellers, who shall receive and count the votes cast and announce the same to the President.

Section 4. In addition to the published notice required in Section 2 of this Article III, a written notice to each stockholder shall be mailed at least thirty days before such meeting, signed by the President or Secretary, stating the time and object of said meeting, by delivering personally or depositing in the post office addressed to his last known post office address.

Section 5. In case any vacancy shall happen among the Directors, by death, resignation or otherwise, it shall be filled for the remainder of the year by the Board of Directors electing some stockholder to fill such vacancy.

Section 6. That the qualifications for directors require that all directors must (a) own at least one share of the stock of the corporation as reflected on the books of the corporation in his individual name and be engaged in the production of agricultural products or (b) either

- 1) be a stockholder of a corporation owning stock of the corporation,
- 2) be a partner of a partnership owning stock of the corporation, or
- 3) be a member of a limited liability company or limited liability partnership owning stock of the corporation,

and engaged in the production of agricultural products, but no more than one individual per corporation, partnership, or limited liability company or limited liability partnership can serve on the board of directors at any one time. (Amended January 27, 1996).

ARTICLE IV

PRESIDENT

Section 1. The President shall preside at all meetings of the Directors or Stockholders. He shall sign, as President, all certificates of stock and all contracts and other instruments in writing, including checks and warrants, upon the Treasury, which have been first approved by the Board of Directors. It shall be his duty to report to the Board of Directors as soon as ascertained any negligence, misconduct or omissions on the part of any officers or employees, which may have been brought to his attention, and shall perform such supervisory duties as the Board of Directors may by resolution or order prescribe and delegate from time to time. In the absence of the President, the Vice-President shall perform his duties.

TREASURER

Section 2. It shall be the duty of the Treasurer to keep safely all monies belonging to the Company in such depository as shall be selected and designated by the Board of Directors, and to disburse the same under the direction of the Board of Directors, on check or warrant signed by the President and countersigned by the Secretary. At each annual meeting of the stockholders he shall submit a complete statement of his accounts for the past year, with the proper vouchers for their information. He shall make no payments except on a check or warrant drawn by the Secretary and signed by the President. He shall discharge such other duties pertaining to his office as shall be prescribed by the Board of Directors.

SECRETARY

Section 3. It shall be the duty of the Secretary to keep a record of the meetings of the Board of Directors and of the stockholders. He shall keep the book of blank certificates of stock, fill in and countersign all the certificates issued, and make the corresponding entries on the margin of each book on such issuance. He shall keep a stock ledger in due form, showing the number of shares issued and transferred by any stockholder, and the date of said issuance and transfer. He shall have charge of the corporate seal and affix the same to all instruments requiring a seal. He shall keep in the manner prescribed by the Board of Directors all the accounts of the Company in books to be provided for that purpose. He shall discharge such other duties as pertain to his office and as shall be prescribed by the Board of Directors.

BOARD OF DIRECTORS

Section 4. The Board of Directors shall have the powers:

- 1) To call meetings of the stockholders whenever they deem it necessary, giving notice as provided in Sections 2 and 4 of Article III, and they shall call meetings of the stockholders at any time upon a written request of persons representing one-third of the capital stock.

2) To appoint and remove at pleasure all employees and agents of the Company, prescribe their duties, fix their compensation and require from them security for the faithful performance of their duties.

3) To make rules and regulations not inconsistent with the laws of the State of Colorado or the act of incorporation or these bylaws (1) for the guidance of the officers and management of the affairs of the Company, (2) for the use of any share of stock in the Company which is owned by, dedicated to or otherwise controlled by the Company, (3) for the operations pursuant to the decree entered by the Water Court in and for Water Division No. 1 in Case No. W-2692, and (4) for such other purposes as may be required for the benefit of the Company and the shareholders. Such rules and regulations shall be binding upon each and every shareholder as if the rules and regulations were a part of the bylaws of the Company. The record of the rules and regulations shall be kept up to date and shall be available for inspection by any shareholder. (Amended January 28, 1989)

4) To make any and all assessments necessary to carry out the objects and purposes of the Company as expressed in its act of incorporation.

5) To forfeit and sell the stock which is delinquent on account of unpaid assessments.

6) To levy and collect such assessments and any and all assessments as may be necessary for the uses of the Company.

7) To incur such indebtedness as they may deem necessary for carrying out the objects and purposes of the Company, and to authorize the President and Secretary to make the note of the Company, with which to raise money to pay such indebtedness.

8) To select and designate, from time to time by resolution, depository wherein the Treasurer shall be required to deposit and keep all moneys belonging to the Company.

Section 5. It shall be the duty of the Board of Directors:

1) To cause to be kept a complete record of all their meetings and acts, also of the proceedings of the stockholders, present a full statement at the regular annual meeting of the stockholders, showing in full detail the assets and liabilities of the Company, and generally the condition of its affairs. A similar statement shall be presented at any other meeting of the stockholders when thereto previously requested by persons representing at least one-third of the capital stock of the Company.

2) To supervise all the acts of the officers and employees, require the Secretary and Treasurer to keep full and accurate books and accounts, and to prescribe the form and mode of keeping such books.

3) To cause to be issued to the subscribers for the stock of the Company, under the provision of the act of incorporation, certificates of stock in proportion to their several interests not to exceed in the aggregate the capital stock of the Company; all stock so issued to be subject to assessments and forfeiture and sale if such assessments shall remain unpaid ninety days after the same is due.

4) To audit and adjust all bills and accounts against the Company; and such as are allowed, to direct the President to draw a check or warrant on the Treasurer for payment thereof.

ARTICLE V

The Water Superintendent shall be appointed by the Board of Directors, who, when thus appointed and qualified shall have general supervision of and over the general routine duties and work in the operation of the Canal and in the management of the field employees of said Company. He shall divide the water from the Canal pro rata to all shares issued and entitled to be issued; shall keep a record of the amount of water entering the canal during the irrigation season, its distribution, waste, loss in carrying, and shall file daily records thereof with the Secretary; he shall have the power to hire necessary employees for routine work in connection with the operation, maintenance and upkeep of said Canal for and subject to the scale of wages which the Board of Directors by order or resolution shall have fixed and designated for such labor, and shall keep accurate account of the number of men under his supervision, time of service, and work performed, and shall file itemized reports thereof as often as the Board of Directors shall direct; provided, always, that the above duties and powers of the superintendent shall be subject to modification by the Board of Directors of said Company at any time, and that the superintendent shall perform any and all duties prescribed or ordered by the Board of Directors of said Company.

ARTICLE VI

The Board of Directors shall annually determine the amount of their per diem for attendance at each meeting of the Board and shall be allowed reasonable travel expenses when actually engaged in the business of the Company.

ARTICLE VII

No contract with any officer or the Company shall be valid without the previous authorization or subsequent ratification of the Board of Directors.

ARTICLE VIII

Section 1. The regular annual meeting of the stockholders shall be held on the fourth Saturday of January of each year at the office of the Company in the Town of Fort Morgan in the County of Morgan in the State of Colorado or at such other place and location as may be designated from time to time by the Board of Directors.

Section 2. The office of the Company shall be in said Town of Fort Morgan.

Section 3. All meetings of the Board of Directors shall be held at the office of the Company, unless otherwise designated by the Board of Directors.

Section 4. The regular monthly meetings of the Board of Directors shall be held on the first Saturday of each and every month at 9 o'clock AM, or at such other date and time as may be designated from time to time by the Board of Directors, and special meetings of the Board of Directors may be called by the President whenever he may deem it expedient or necessary, or on the request of any two members of the Board.

Section 5. A majority of the Board of Directors shall constitute a quorum for the transaction of business.

Section 6. Each share of stock shall be entitled to one vote on matters to be voted upon by the shareholders at a special or annual meeting. Provided a majority of the stock is represented at such meeting the affirmative vote of the majority of the shares represented at such meeting and entitled to vote on the subject matter shall be the act of the shareholders. (Amended January 27, 2007).

ARTICLE IX

Section 1. Certificates of stock shall be issued to every bona fide subscriber to the capital of the Company who shall subscribe to the bylaws of the Company, and comply with all requirements as provided in the Articles of Incorporation of the Company.

Section 2. Certificates of stock shall be signed by the President and Secretary, and each certificate shall express on its face, its number, the date of its issuance and the number of shares for which, and the person or persons to whom it is issued; and several certificates may be issued to the same person or persons, provided that in the aggregate they do not exceed the number of shares belonging to such person or persons. The certificate book shall contain a margin on which shall be entered the number, date, number of shares, and the name or names of the person or persons expressed in the corresponding certificates.

ARTICLE X

STOCK CERTIFICATES

Section 1. Shares of the Company when issued shall be issued as full paid-up stock of the par value of fifty dollars for each share, and such shares of the Company may be transferred at any time by the holders thereof, or by attorney legally constituted, or by their legal representatives, but only upon compliance with any restrictions, agreements or other limitation actually known by the Company at the time of the transfer and upon compliance with the other provisions of these By-laws and the Articles of Incorporation of the Company. The Board of Directors may adopt from time-to-time a resolution establishing a stock transfer fee, which shall

be paid prior to the approval of the transfer. The transfers shall be made by endorsement on the certificates of stock and surrender of the same to the Company with (1) the stock transfer fee established by the Board of Directors by resolution, and (2) a certificate from the secretary of the lateral company, if any, which has delivered water pursuant to the share of stock, indicating that all outstanding assessments on the stock have been paid in full, provided that such transfer shall not be valid except between the parties thereto, until same shall have been noted in the proper form on the books of the Company and the stockholder has complied with all other terms of these By-laws and the Articles of Incorporation. The surrendered certificates shall be canceled before a new certificate in lieu thereof shall be issued. No transfer of any share of stock shall be valid upon which any assessments are due and unpaid, to either the Company or a particular lateral, if any, where the share of stock has had water delivered or the holder of which is indebted to the Company or any particular lateral on any account whatever, or upon failure to comply with the terms of these By-laws and the Articles of Incorporation. (Amended December 7, 1996)

CHANGE OF LOCATION OR USE

Section 2. All water associated with any share of stock shall be delivered to the location and for the use specified in the records of the Company. The Company may refuse to deliver water to shareholders other than the record owner and may refuse to deliver water to a location or for a use other than contained in the records of the Company, unless a change has been approved by the Board of Directors, pursuant to Section 2.1 below.

Section 2.1. If any stockholder wishes to file an application with any court of the State of Colorado or with the Office of the State Engineer, concerning the use of the water deliverable to them by virtue of ownership of shares of stock in the Company, including but not limited to water court cases seeking a change of water rights in order to deliver water to the South Platte River for augmentation, exchange or replacement purposes, the following procedure applies:

1) The stockholder must provide written notice to the Board of Directors of the stockholder's intent to file such an application. The notice shall include a copy of the proposed application along with any and all legal and engineering information the stockholder has available to it concerning the application.

2) Upon receipt of said notice, the Board of Directors shall review the application and other pertinent information provided to it by the stockholder, and, if determined by the Board to be necessary, shall have the application reviewed by its water consultants, lawyers, or other professionals, to determine what effect said application may have on any water rights decreed to the Company.

3) Within a reasonable amount of time after receipt of the notice, if the Board deems necessary, the Board shall meet with the stockholder to discuss the proposed application and any concerns or comments the Board of Directors may have concerning the application. Within 45 days after such meeting, but not longer than 90 days after the stockholder provides notice, the

Board of Directors shall provide to the applicant a written decision concerning whether the Board of Directors approves the filing of the application.

4) No such application shall be filed with any court or agency of the State of Colorado, without the prior written approval of the Board of Directors. The Board of Directors may approve the stockholder's request to file the proposed application with or without additional terms and conditions necessary to protect the Company or other stockholders. The Board of Directors reserves the right to demand that a stockholder seek a ditch-wide analysis in connection with any case involving a change of water rights. If, in the reasonable opinion of the Board of Directors, the application cannot be approved without causing injury to the Company or its shareholders, the Board of Directors may deny the applicant's request to file the application. Approval of a stockholder's request to file an application shall not be unreasonably withheld.

5) Approval of the request shall not constitute a waiver of the Company's right to file a statement of opposition to the application in any court, State Engineer or other proceeding.

6) All costs incurred by the Company in analyzing the application or in litigation concerning the application, including but not limited to charge for time spent by the Directors, legal and water consultants shall be the responsibility of the stockholder seeking approval of the application. Such cost shall be paid within thirty days after written notice and demand for the same is provided to the stockholder. Upon the approval of the Board of Directors, any unpaid costs after thirty days shall be an assessment on the shares of stock owned by the applicant, and shall be subject to Article XI. (Amended March 13, 2008).

Section 2.2. If approved by the Board of Directors, any water delivered to a location or for a use other than contained in the records of the Company, by lease or sale or otherwise, shall be subject to fifty percent (50%) shrink if the water generated from the shares is to be delivered 1) outside of the lateral where the water has historically been delivered, 2) above the Coulter check (½ mile east of County Road 19) if the historical delivery location was below the Coulter check, or 3) from the river at a point other than running through the Fort Morgan Company main headgates. The historical delivery location shall receive the 50% water held back from delivery for shrink. (Added April 7, 2012).

Section 2.3. The Board of Directors may adopt by resolution any other policies regarding changes of the point of delivery and use of water associated with shares of stock, and may include on the stock certificate any restrictions regarding the use of the water associated with any share of stock. (Amended December 7, 1996).

RIGHT OF FIRST REFUSAL

Section 3. Should any stockholder (selling stockholder) desire to sell shares in the Company to any person or entity not already a stockholder of the Company, other than a sale made together with land irrigated by the selling stockholder with water delivered by the Company as represented by the shares to be sold, the selling stockholder shall give the other stockholders a right of first refusal to purchase the shares on the same terms and conditions under

which the selling stockholder proposes to sell the shares, in accordance with the procedures set forth in this section.

Section 3.1. The selling stockholder shall provide to the Secretary a written notice describing the terms of the transaction, including the number of shares to be sold, the price at which the shares are to be sold, the place and acreage where the shares have historically been used and the date of closing.

Section 3.2. The Secretary shall promptly provide a copy of such notice to each stockholder by mailing the same to the stockholder's last known address according to Company records. Any stockholder may within thirty (30) days of the date of mailing of said notice by the Secretary elect to purchase the shares (but only as a block) on the same terms and conditions as the proposed transaction by giving written notice to the selling stockholder and to the Secretary. Such notice shall be effective when received by the Secretary.

Section 3.3. If only one (1) stockholder provides notice of the election to purchase the shares, the selling stockholder and the electing stockholder shall proceed with the closing as specified in the Notice. If no stockholder provides notice of the election to purchase the shares, the Company may provide the notice.

Section 3.4. If more than one stockholder provides timely notice of his election to purchase the shares, the Secretary shall notify all electing stockholders of the multiple acceptances. If the electing stockholders cannot agree among themselves as to their percentage interests in the sale, a lottery shall be held by the Secretary five days after the end of the 30-day period described above to designate the stockholder who shall be entitled to purchase the shares.

Section 3.5. If none of the stockholders provides timely notice of election to purchase the shares, the selling stockholder shall be so notified in writing by the Secretary within five days after the end of the 30-day period described above. The selling stockholder shall then be free to sell the shares but only on the terms and conditions and within the time period set forth in the notice to the other stockholders. Thereafter, the right of first refusal shall once again apply and the procedures set forth in this section shall again be followed.

Section 3.6. The Secretary shall not transfer on the books of the Company any shares not sold in conformity with this section. The selling stockholder shall supply the Secretary with his sworn affidavit of the price at which the offered shares were sold, together with copies of closing documentation, which shall be presented at the time that transfer on the books is requested, but not more than sixty (60) days after the sale.

Section 3.7. The following restriction shall be imprinted upon all certificates of stock of the Company issued subsequent to the date hereof: The sale of shares of the Company to non-stockholders is subject to a right of first refusal to purchase such shares in favor of all stockholders in accordance with the by-laws of the Company. (Amended January 27, 1996).

ARTICLE XI

Any stockholder failing to pay any assessments duly levied by the Board of Directors, shall be subject to the provisions for the collection of assessments provided by law or if the Board of Directors shall deem it more expedient to declare a forfeiture or sale of the stock on failure to pay the assessments that may from time to time become due; then upon the action of the Board of Directors declaring the stock of such delinquent stockholder as forfeited and subject to sale for the unpaid assessments; then thereupon such delinquent stock shall become forfeited and subject to sale to pay such unpaid assessments as may then be due, provided that no forfeiture of stock or of the amounts paid thereon shall be declared as against any estate, or against any stockholder, before demand shall have been made for the amount due thereon, either in person or by a written or printed notice, duly mailed to the last known address of such stockholder at least sixty (60) days prior to the time when such forfeiture is to take effect. Any proceeds of any sale, over and above the amount due on said shares, shall be paid to the delinquent stockholder.

ARTICLE XII

The books and papers in the office of the Secretary and Treasurer shall at all times in business hours be open to the inspection of the Board of Directors, and of any stockholder.

ARTICLE XIII

These bylaws may be altered or amended at any annual meeting of the Company, or at any special meeting of the Board of Directors called for that purpose provided a notice of such intended alterations or amendment be given in the call for such special meeting.

ARTICLE XIV

These bylaws shall always remain in the possession of the secretary of the Company.

ARTICLE XV

The Secretary shall notify the stockholders by mail at the last known post office address of assessments to be made, and such notice shall be given at least fifteen (15) days before assessment is due. If the assessment or assessments upon such share or shares shall remain unpaid for the period of ninety days after the day upon which it is required to be paid as aforesaid, such share or shares shall be and is hereby declared as forfeited to the Company, and subject to sale on order of the Board of Directors directing the Secretary to sell said share or shares for the purpose of paying to the Company the assessments remaining unpaid as aforesaid. Notice of the time and place of sale shall be given by publication once a week for two weeks successively in one of the weekly printed in the Town of Fort Morgan. Any surplus over and above paying the expenses of sale and paying the unpaid assessments, shall be paid to the owner or holder of the shares to forfeited and sold.

ARTICLE XVI

The Fort Morgan Reservoir and Irrigation Company agrees to indemnify or reimburse all officers and directors for any and all costs, attorney's fees, expenses and amounts of any judgment and interest thereon incurred by said officers or directors and arising out of their conduct relating or connected to any decision, acts or failure to act as an officer or director of the Company. The organization may undertake the defense of any such officer or director, or said officer or director may obtain counsel of his own choice, with the approval of the directors. This Article shall not pertain to or cover any willful or malicious acts, intentional torts, or matters as to which the officer or director is adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in performance of duty to the Company.