

Feasibility of the Montezuma Valley Irrigation Company Lower Arickaree and Garrett Ridge Canals Piping Project

Prepared by



J-U-B ENGINEERS, Inc.
305 S. Main Street, #6
Palisade, CO 81504

May 2024

Feasibility Study Approval

Pursuant to Colorado Revised Statutes 37-60-121 & 122, and in accordance with policies adopted by the Board, the CWCB staff has determined this Feasibility Study meets all applicable requirements for approval.

	07/25/2024
Signed	Date

Table of Contents

Background	2
Purpose	2
Study Area Description	2
Previous Studies	3
Project Sponsor	3
Description	3
Water Rights	4
Water Availability	4
Water Supply Demands	4
Project Description and Feasibility	4
Analysis of Alternatives	5
Selected Alternative	5
Implementation Schedule	8
Impacts	8
Institutional Feasibility	9
Financial Feasibility	10
TABOR Issues:	13
Loan Collateral:	13
Conclusions and Recommendations:	13

List of Appendices

Appendix A – Project and Service Area Maps

Appendix B – Articles of Incorporation & Bylaws

Appendix C – Conceptual Plans

Appendix D – 2019-2023 Financial Statements

Acknowledgments - Those Who Assisted in the Preparation of this Report

Montezuma Valley Irrigation Company

- Gerald Koppenhafer – President
- James Snyder – Vice President
- Marc Garlinghouse – Secretary/Treasurer
- Brandon Johnson – General Manager
- Wendy Weygandt, Office Administrator

Attorney for Montezuma Valley Irrigation Company

- John Justus
White & Jankowski LLC
1333 West 120th Avenue, Suite 302
Westminster, CO 80234
(303) 595-9441

Engineering and Technical Support

- Ian Rogers, P.E.
J-U-B Engineers, Inc.
305 S. Main Street, #6, Palisade, CO 81526
(970) 208-8508
- Luke Gingerich, P.E.
J-U-B Engineers, Inc.
305 S. Main Street, #6, Palisade, CO 81526
(970) 208-8508
- Corey Blubaum, E.I.T.
J-U-B Engineers, Inc.
305 S. Main Street, #6, Palisade, CO 81526
(970) 208-8508

Feasibility Study

Montezuma Valley Irrigation Company

Lower Arickaree and Garrett Ridge Canal Piping Project

Background

Purpose

Montezuma Valley Irrigation Company (MVIC) owns and administers the Lower Arickaree and Garrett Ridge Canals, which are 10,400 and 19,720 feet long and deliver 10 and 22 cfs of water, respectively. The open canals currently lose water to seepage and evaporation and require significant operational or “push” water to make deliveries down-canal. The purpose of this project is to enclose portions of each canal through piping and allow the conserved water to be used by irrigators and held in the reservoirs longer during the irrigation season. The conserved water will provide additional water for use in times of drought and will enable flows to remain in the river system for extended periods.

Study Area Description

Montezuma Valley Irrigation Company’s service area covers over 100 square miles and provides irrigation water to 1,529 users in the southwest corner of Colorado in Montezuma County. The service area includes the towns of Cortez and Lebanon, recreational areas around the McPhee and Narraguinnep Reservoirs, and reaches into the Ute Mountain Tribal lands. The Garrett Ridge and Lower Arickaree Canals deliver irrigation water to 1,133 total acres of primarily grass hay and alfalfa crops. A map of the MVIC service area and project map can both be found in Appendix A.

Montezuma County is a census-designated place with demographic data available. The service area is within the Montezuma County census tract and the socio-economic statistics presented come from the 2020 Decennial Census from the United States Census Bureau.

- Population: 25,846
- Area: 2,2029.3 square miles (1.2 people per square mile)
- Median Household Income: \$61,377
- Unemployment: 5.3%¹

¹March 2024 reported data from Federal Reserve Bank of St. Louis

Previous Studies

The Dolores Water Conservancy District's 2018 Drought Contingency Plan listed the piping of the entire length of the Lower Arickaree canal as a priority project. The document identified the potential seepage water conservation and reduction in salt loading along the 10,400 feet of canal.

Project Sponsor

Description and History

The Montezuma Valley Irrigation Company (MVIC) is a privately held 501 (c)12 non-profit, mutual ditch and reservoir company in the State of Colorado. The Articles of Incorporation provided in Appendix B allow the company to issue shares. At present there are 33,284 shares and 1,529 accounts in total.

MVIC was established in 1880 with the purpose of supplying irrigation water to the Montezuma Valley. The initial works of MVIC included the construction of a tunnel and canal through the Dolores Divide, which was a trans-basin diversion from the Dolores River basin to the San Juan River basin. Following completion of these projects, MVIC received an absolute decree of 64.6 cfs and a conditional decree of 1,234.4 cfs for a total 1,300 cfs. Of the 1,234.4 cfs of conditional rights, 643 cfs was made absolute. Additionally, MVIC holds storage rights in three reservoirs: Narraguinnep (19,000 acre-ft), Groundhog (26,710 acre-ft), and Totten (3,028 acre-ft). Prior to completion of the Dolores Project, MVIC delivered water through direct flow rights and reservoir storage rights.

Dolores Project

In 1977, MVIC entered a contract with the Dolores Water Conservancy District (DWCD) to transfer 505 cfs of their remaining 592 cfs conditional rights, including storage rights, and all their excess water rights for the benefit of perfecting these conditional rights and receiving supplemental Federal Project Water through the Dolores Project. The Dolores Project allows for late season irrigation that was typically unavailable under MVIC's the existing system.

MVIC also gave up ownership of the Towaoc-Highline Canal in the Towaoc Highline Canal (THC) Contract of 1989 so that the Bureau of Reclamation could perform rehabilitation and use its existing route to supply the Ute Mountain Ute Indian Reservation. The THC Contract allowed MVIC to use any water saved by new salinity control features implemented under the Dolores Project by USBR.

Water Rights

Water Availability

The MVIC system was initially organized in 1880 to divert water from the Dolores River and therefore holds some of the most senior water rights on the Dolores River. The MVIC water rights portfolio consists of senior direct flow and storage rights from the Dolores River and is supplemented by stored Dolores Project water from McPhee Reservoir, which allow for the irrigation of 37,500 acres of primarily alfalfa and grass hay.

Of these 37,500 acres, 26,300 acres are defined as irrigable by USBR and can therefore receive Dolores Project water. MVIC's annual Dolores Project water allocation varies from year to year and is calculated by taking the difference between the available non-Dolores Project supply and the supply required to irrigate the 26,300 acres of Dolores Project eligible water at a rate of 4.01 acre-feet per acre. By contract, MVIC must limit their total non-Dolores Project diversions to 150,400 acre-feet, which includes the capacity of Groundhog, Narraguinnep and Totten Reservoirs.

The seniority of these water rights means that MVIC is less vulnerable to hydrologic drought and can divert its water right unless extreme drought conditions exist.

Water Supply Demands

Demands within the MVIC service area (and area served by this project) will likely stay consistent during the 30-year term of the project loan. The land will likely stay in agricultural production and crop variety will likely stay the same. Advances in irrigation technology and irrigation system improvements could decrease the total consumptive use per acre on the MVIC system. The seniority of MVIC's water rights reduces its vulnerability to drought conditions, however, minor shortages have been caused by drought years historically with the most extreme shortages occurring in 2002. There is no projected water supply deficit on the MVIC system during the term of this loan due to the enlargement of Groundhog Reservoir and storage exchange between Narraguinnep Reservoir and McPhee Reservoir during drought conditions.

Project Description and Feasibility

The purpose of this project is to reduce seepage, operational water, and evaporative losses along the Garrett Ridge and Lower Arickaree canals through canal piping. The project will facilitate management of reservoir releases to meet current demands and water savings accumulated from the project will increase reservoir supplies. Water saved within reservoirs will be available to meet irrigators full water shares throughout the irrigation season, even during drought conditions.

Within the USBR WaterSMART grant application, both pipelines were assumed to be 36-inch diameter pipe as a measure to conservatively estimate construction costs. Flows in the pipeline will decrease as water is turned out of the pipeline, which will likely allow for decreases in pipe diameter down the pipeline alignment. Alternatives No. 2 and No. 3 were evaluated assuming 36-inch diameter pipe would be installed throughout the length of both pipelines.

Analysis of Alternatives

During the initial planning of the piping project three alternatives were considered.

- 1) No action
 - 2) Installation of a 36" C-900 pipeline (new infrastructure)
 - 3) Installation of a 36" HDPE pipeline (new infrastructure)
- **Alternative No. 1** was not selected, as the project was listed as a priority project in the Dolores Water Conservancy District's Drought Contingency Plan (2018) and the project benefits contribute to the goals of MVIC. This action was deemed unacceptable by the MVIC Board.
 - **Alternative No. 2** would involve piping a total of 16,600 feet of the Garrett Ridge canal and Lower Arickaree canal with 36" C-900. The new pipelines will be installed within the existing canal prisms to reduce any additional easement acquisition. Piping sections of the canal eliminates open ditch seepage, evaporative losses, and the need for operational water while increasing water share availability for irrigators and reservoir supplies. Due to the sinuosity of the canal alignment and the rigidity of C-900 pipe, numerous pipe fittings would be required to remain in the existing canal alignment. This alternative was not selected based on the anticipated high cost, construction, and maintenance associated with C-900 pipe's required fittings and appurtenances.
 - **Alternative No.3** was selected as the preferred alternative as the use of HDPE pipe allows for an increased bending radii and therefore a significant reduction in pipe fittings and appurtenances. HDPE pipe has an equivalent reduction in water loss to C-900 while mitigating the additional capital and maintenance costs associated with C-900 pipe fittings. Further detail of this alternative is provided below.

Selected Alternative

After selecting Alternative No. 3, preliminary engineering work, including anticipated pressure head calculations, preliminary alignment determination and pipe sizing was completed.

9,500 feet of the Lower Arickaree canal will be piped using 36-inch HDPE pipe. A concrete intake and screening structure will control flow into the pipeline. A flow meter and isolation valve will be placed at the start of the Lower Arickaree downstream of the concrete intake structure. The Lower Arickaree will follow the existing open ditch alignment for 9,500 feet to approximately where the turnout LA-19 is located. The downstream end of the pipe will be closed. A drain will be included to empty the pipeline at the end of the irrigation season. An additional isolation valve is proposed at the Road P crossing. Each turnout will tie onto the 36-inch pipeline with a standard turnout design, likely consisting of a short run of 6-inch pipe, a butterfly valve, and a flow meter. See Appendix A and C for detailed project maps.

The lower 7,100 feet of the existing Garrett Ridge canal will be piped with 36-inch HDPE pipe (the main pipeline). A concrete intake and screening structure will be installed to control flow into the main pipeline and into a proposed 2,340-foot 36-inch HDPE spill pipeline to the Upper Hermana Lateral. The end of the main pipeline will tie into the existing 18-inch pipeline at the end of the Garrett Ridge. At the tie-in of the spill pipeline into the Upper Hermana, a concrete outlet structure will be installed to prevent scouring. A flow meter will be installed on the main pipeline. A pressure reducing structure may be required near the middle of the main pipeline, and isolation valves will be installed on either side of the Highway 491 crossing. Each turnout will tie onto the 36-inch pipeline with a standard turnout design, likely consisting of a short run of 6-inch pipe, a butterfly valve, and a flow meter. See Appendix A for a detailed project map. Table 1, below, provides the preliminary Opinion of Probable Construction Cost for both pipelines.

Table 1. Lower Arickaree and Garrett Ridge Canal Piping Project Opinion Of Probable Construction Cost

Item	Description	Unit	Estimated Quantity	Unit Price	Amount
Construction Costs					
1	Construction Engineering	LS	1	\$ 255,500	\$ 255,500
2	Design/Inspection	LS	1	\$ 408,800	\$ 408,800
3	Mobilization	LS	1	\$ 400,000	\$ 400,000
4	Clear & Grub	LS	1	\$ 50,000	\$ 50,000
5	Lower Arickaree Connection to Upper Hermana	LS	1	\$ 30,000	\$ 30,000
6	Garrett Ridge Reinforced Concrete Intake/Overflow Structure	CY	5	\$ 2,000	\$ 10,000
7	Excavate, Install, Backfill, & Compact 36" SDR 32.5 HDPE Pipe	LF	18,970	\$ 100	\$ 1,897,000
8	Furnish 36" SDR 32.5 HDPE Pipe	LF	18,970	\$ 100	\$ 1,897,000
9	Furnish & Install Pressure Reducing Structure Garrett Ridge	EA	1	\$ 100,000	\$ 100,000
10	Construct Concrete Outlet Structure into Upper Hermana	CY	5	\$ 2,000	\$ 10,000
11	Furnish & Install 3" Combination Air Vacuum Valve	EA	18	\$ 5,000	\$ 90,000
12	Furnish & Install 36" Flow Meter	EA	2	\$ 10,000	\$ 20,000
13	Furnish & Install Isolation Valves	EA	3	\$ 30,000	\$ 90,000
14	Furnish & Install 6" Turnout Tees, 2 Butterfly Valves, Flow Meter, and Vault	EA	37	\$ 10,000	\$ 370,000
15	Furnish & Install System Drain on Lower Arickaree	EA	1	\$ 20,000	\$ 20,000
16	Reseed Disturbed Area	SF	596,000	\$ 0.10	\$ 59,600
17	County Road Roadway Surface Repair	SF	225	\$ 8	\$ 1,800
18	Traffic Control at County Road Crossings	EA	2	\$ 2,300.0	\$ 4,600
19	Highway 491 Road Crossing	EA	1	\$ 25,000.0	\$ 25,000
20	Driveway Crossing Repair	EA	4	\$ 1,200.0	\$ 4,800
21	19.13 kWh Solar Array	EA	1	\$ 30,000	\$ 30,000
Construction Costs - Subtotal					\$ 5,774,100
Other Costs					
22	Environmental/NEPA Compliance	LS	1	\$ 229,900	\$ 229,900
Other Costs - Subtotal					\$ 229,900
Grand Total					\$ 6,004,000

Implementation Schedule

MVIC has contracted J-U-B Engineers to provide design, specifications, and contract documents beginning in May 2024. Additionally, J-U-B Engineers will perform NEPA compliance work in tandem with design. Table 2 provides an approximate breakdown of major milestones in the project implementation process.

Table 2. Implementation Schedule

Tasks	Milestones	Estimated Completion Dates
Preliminary Planning	Pipe sizing, preliminary alignment determination of canals, topographic survey	May 2024
Design	Pipeline alignment determination 60% design complete Final design complete	June 2024 December 2024 August 2025
Environmental	NEPA kick-off Complete environmental field work FONSI issued	April 2024 December 2024 August 2025
Cultural Compliance	Complete cultural survey Complete cultural report	December 2024 April 2025
Construction	Project bidding Mobilization Pipeline and structure construction Construction closeout Solar installation	September 2025 October 2025 Nov. 2025- Mar. 2027 April 2027 June 2027

Impacts

The impacts caused by the Piping Project are expected to be minimal, as the project construction will occur within the existing canal prism and outside of the irrigation season to maintain water deliveries.

Impacts on Manmade Environment – Construction of the pipeline is expected to impact thru traffic at various road crossings along the project. The contractor will be responsible for providing notice to all affected parties and allowing for access to local traffic. Traffic control on major roadways will be discussed with CDOT if needed for this project.

Installing the pipeline within the existing ditch alignments will minimize utility conflicts and any new easement acquisitions. The contractor will be responsible for taking the proper care and precautions for working near existing utilities.

Impacts on Natural Environment – The extents of disturbances associated with project construction are not expected to encroach on any previously undisturbed areas. While any significant impacts on the natural environment are not expected, a NEPA document (likely an Environmental Assessment (EA)) will be prepared. This document will establish environmental baseline and detail resource impact analyses (including biological inventory and assessment, and aquatic resource delineation and report).

Additionally, a cultural resources survey will be completed, and a USACE RGP-5 permit will be obtained prior to construction. NEPA compliance work will be completed in close coordination with USBR (lead federal agency), USFWS, and other necessary governmental agencies. The contractor will be responsible for submitting a Storm Water Pollution Prevention Plan (SWPPP) which will help to ensure that impacts to the natural environment are minimized.

Institutional Feasibility

Entities that are, or may be, involved in the design, construction, and financing of the project include:

- *Montezuma Valley Irrigation Company (MVIC)* – financing, general administration, project management
- *J-U-B Engineers, Inc. (JUB)* – Design, bid phase assistance, assistance with As-Built documentation and project closeout
- *United States Bureau of Reclamation (USBR)* – Financing through WaterSMART Water and Energy Efficiency Grant
- *Colorado Water Conservation Board (CWCB)* – Financing through Water Project Loan

Given the federal funding source, permitting and environmental compliance will be required to undertake construction of the project. National Environment Policy Act (NEPA) documentation in the form of an EA will be submitted to USBR, and issuance of a Finding of No Significant Impact (FONSI) is anticipated. MVIC and JUB are aware that design review and acceptance with the USBR and CWCB is required prior to bidding and construction.

Montezuma Valley Irrigation Company has procured J-U-B Engineers for final plans, specifications, and contract documents. Upon completion of the design and acceptance of the design by USBR and CWCB, MVIC will lead during the bidding, material acquisition, and construction with assistance from J-U-B as required.

MVIC will be the entity entering into contracts and agreements with contractors, vendors, and other construction phase services. Some construction phase permitting may be required and will be the responsibility of the contractor.

Financial Feasibility

To finance the estimated \$6,004,000 project, MVIC is utilizing a combination of a USBR WaterSMART grant and loans from CWCB. (See Appendix E for account balances as of the preparation of this report). MVIC has recently secured \$3,000,000 in federal grant funding from the USBR WaterSMART Water and Energy Efficiency Grant (WEEG). The WEEG grant requires a 50% applicant match, which MVIC will meet through the requested CWCB Water Project Loan program. The estimated funding distribution by source is provided in Table 3. Please note that any additional costs incurred will be funded by MVIC.

Table 3. Funding Distribution by Source

Entity	Grant	Loan/Cash	Total	Percent Participation
USBR	\$3,000,000	\$ -	\$3,000,000	50%
CWCB	\$ -	\$3,004,000	\$3,004,000	50%
Totals	\$3,000,000	\$3,004,000	\$6,004,000	100%

Montezuma Valley Irrigation Company is requesting a 30-yr loan from the CWCB under the “Agricultural” rate. A rate of 2.0% is assumed for analysis, resulting in an annual loan service amount of \$134,128.37. MVIC anticipates that no loan fund reserve will be required for this loan.

MVIC plans to repay the CWCB loan with a pledge of shareholder assessments. MVIC 2024 assessment was based on 33,284 shares at \$41 per share and 1,529 accounts at \$410 per account accounting for \$1,991,534 in assessments. A portfolio of other investments and income streams amounts to another \$1,394,576 annually, which is likely to increase over the loan term. Current annual revenue for analysis is estimated at \$3,395,950.

Annual operating expenses for 2019-2023 are provided in Table 4, while full financial statements for the five years are provided in Appendix D. Based on provisional 2023 data, annual operating expenses, excluding a project loan, are estimated at \$2,029,000. A schedule of Revenue and Expenditures is provided in Table 5.

Table 4. 2019-2023 Annual Operating Expenses

Year	Operating Expense
2019	\$1,625,859
2020	\$1,872,573
2021	\$1,875,556
2022	\$2,933,950
2023	\$2,029,000

Lower Arickaree and Garrett Ridge Canal Piping Project Loan Feasibility Study

Table 5. Schedule of Revenue and Expenditures

Total Project Cost		\$6,004,000											
O&M		\$980,000											
Legal/Engineering		\$103,000											
Replacements		\$200,000											
Administration and Wages		\$746,000											
Total		\$2,029,000											
Number of Shares in Company		33,284											
Other Revenue		\$1,394,576											
Inflation		1.00%											
Interest on Reserves													

TABOR Issues:

As a private, non-profit organization, no TABOR issues are expected to arise from the funding of this project.

Loan Collateral:

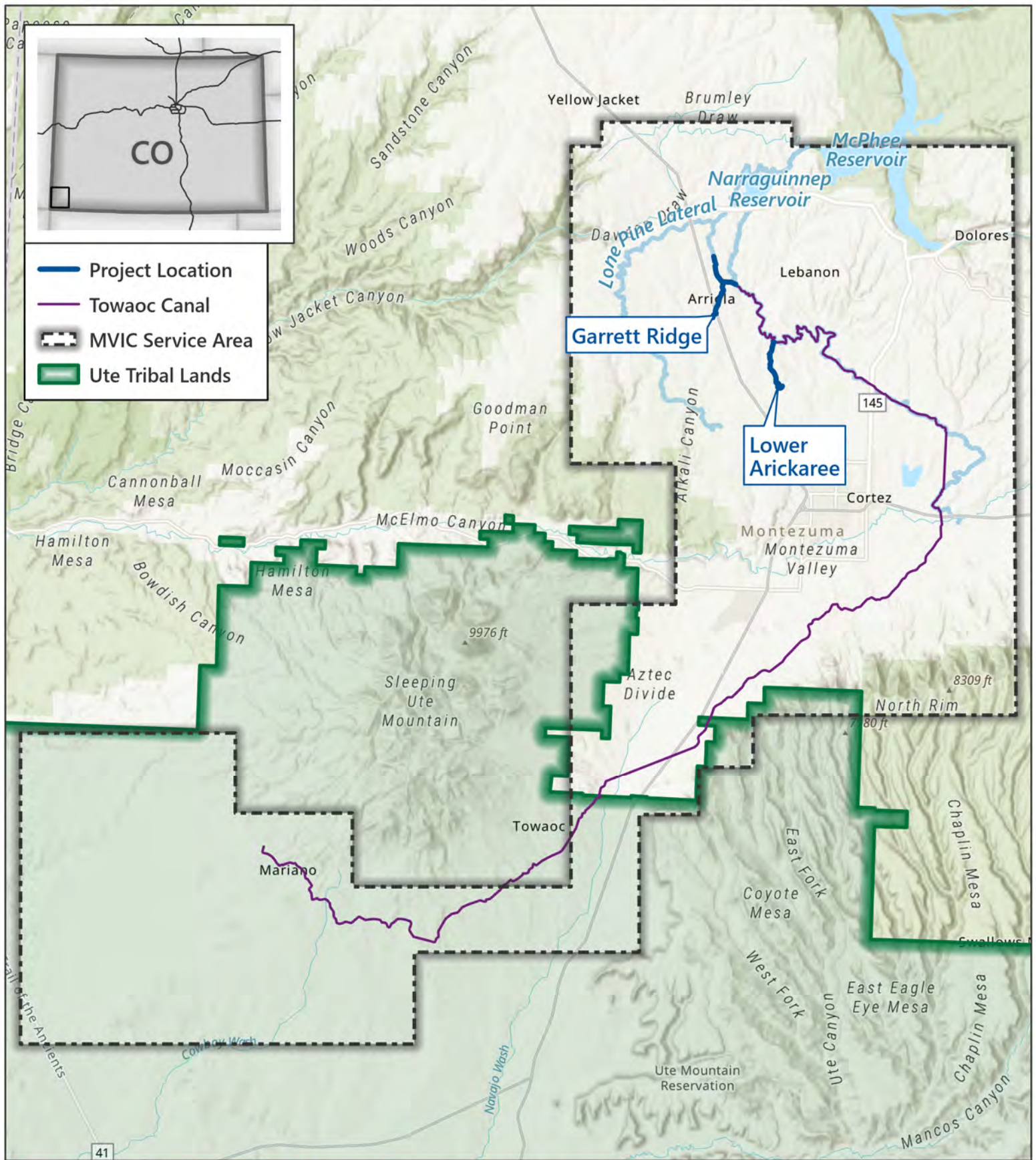
MVIC's pledge of shareholder assessments, detailed above, will provide the primary collateral for this loan. Additionally, the project facilities (i.e. infrastructure constructed during the project) will provide additional loan collateral.

Conclusions and Recommendations:

- The Lower Arickaree and Garrett Ridge Canal Piping Project is needed to mitigate seepage losses which will increase the efficiency of MVIC's water delivery system.
- MVIC is incorporated in the State of Colorado and can enter into a contract with the CWCB for the purposes of obtaining a loan.
- The total estimated cost of the project is \$6,004,000. Financing will be provided by combining \$3,000,000 in a secured USBR WEEG grant and a \$3,004,000 loan.
- The project is technically and financially feasible.

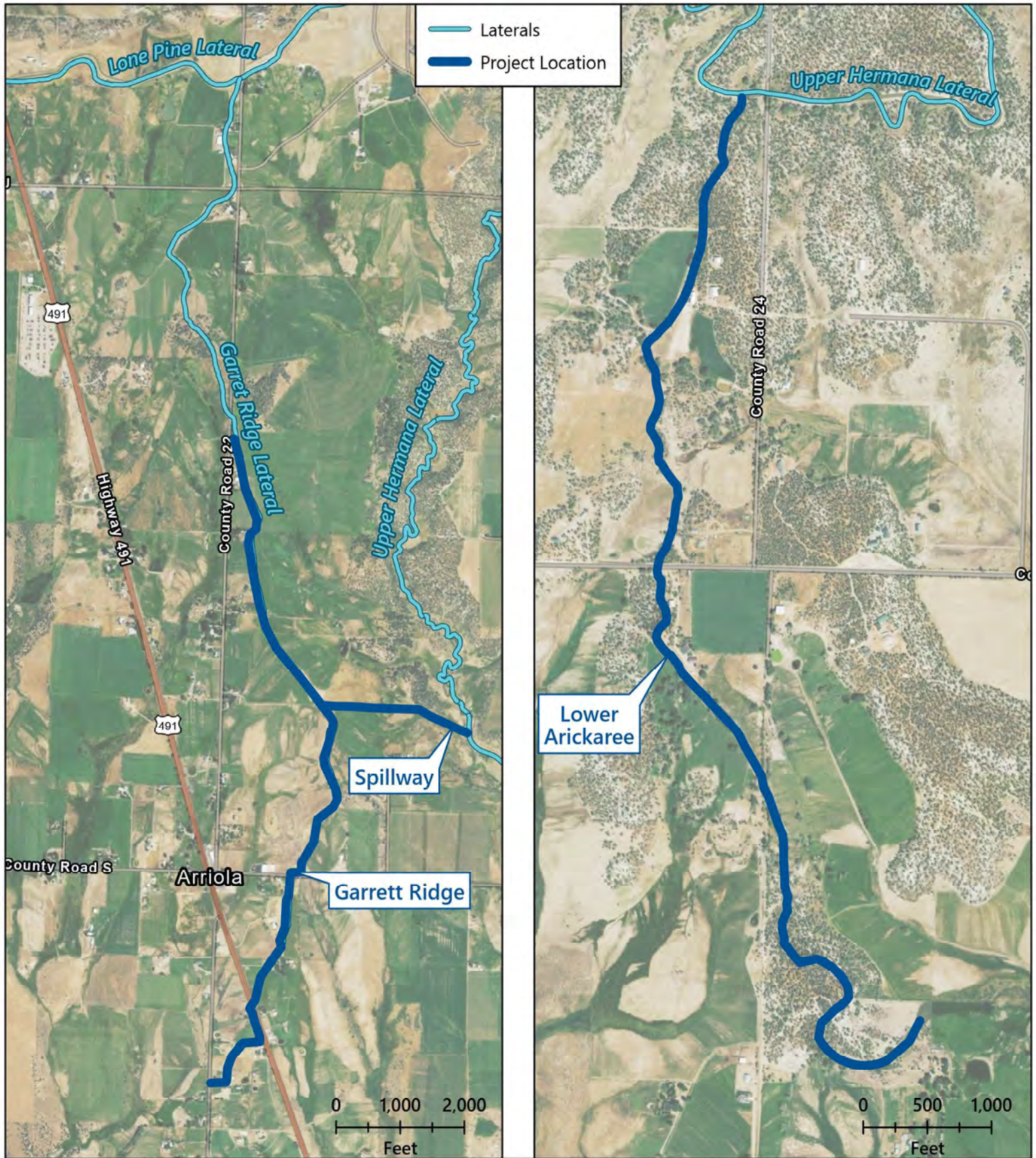
Appendix A

Project and Service Area Maps



MONTEZUMA VALLEY IRRIGATION CO. PROJECT LOCATION





MONTEZUMA VALLEY IRRIGATION CO. PROJECT DETAIL



Appendix B

Articles of Incorporation & Bylaws



Document must be filed electronically.
 Paper documents will not be accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

Colorado Secretary of State
 Date and Time: 01/11/2018 03:47 PM
 ID Number: 19871072724
 Document number: 20181031402
 Amount Paid: \$25.00

ABOVE SPACE FOR OFFICE USE ONLY

Restated Constituent Filed Document

filed pursuant to §7-90-301, et seq. and §7-110-106 or §7-130-106 or §7-56-203 or §7-90-304.5 of the
 Colorado Revised Statutes (C.R.S.)

ID number: 19871072724

1. Entity name: MONTEZUMA VALLEY IRRIGATION COMPANY

2. The restated constituent filed document associated with this filing is attached.

3. (Optional) Delayed effective date: _____
 (mm/dd/yyyy)

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

4. Name(s) and address(es) of the
 individual(s) causing the document
 to be delivered for filing:

<u>Justus</u>	<u>John</u>	<u>P.</u>	
(Last)	(First)	(Middle)	(Suffix)
<u>200 Grand Avenue, Suite 400</u>			
(Street name and number or Post Office Box information)			
<u>Post Office Box 40</u>			
<u>Grand Junction</u>	<u>CO</u>	<u>81502</u>	
(City)	(State)	(Postal/Zip Code)	
<u>United States</u>			
(Province – if applicable)		(Country – if not US)	

(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box ☐ and include an attachment stating the name and address of such individuals.)

Disclaimer:

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

**RESTATED ARTICLES OF INCORPORATION
OF
THE MONTEZUMA VALLEY IRRIGATION COMPANY
A COLORADO NON-PROFIT CORPORATION**

The original Certificate of Incorporation of The Montezuma Valley Irrigation Company (the "Corporation") was filed with the office of the Secretary of State of the State of Colorado on October 18, 1920. From time to time, the shareholders of the Corporation have duly adopted resolutions to amend the Articles of Incorporation of the Corporation, declaring those Amended Articles of Incorporation to be in the best interests of the Corporation. These Restated Articles of Incorporation are adopted by the Board of Directors or without shareholder action and shareholder action was not required. These Restated Articles of Incorporation restate and integrate those previous amendments of April 28, 1941, December 11, 1978, January 10, 1984, and December 10, 2005 into the Articles of Incorporation of the Corporation within a single document as follows:

LEGAL STATUS

The Corporation is a mutual ditch and reservoir company established under the laws of the State of Colorado, as currently codified at Title 7, Article 42 of the Colorado Revised Statutes.

**ARTICLE I
NAME**

The name of the corporation is **The Montezuma Valley Irrigation Company.**

**ARTICLE II
PURPOSES OF CORPORATION**

The objects for which the Corporation is formed and incorporated are as follows:

1. To take over and accept, in accordance with the provisions of the decree of the District Court of the County of Montezuma and State of Colorado, heretofore and on, to-wit, the 21st day of September, A. D. 1920, duly entered in a proceeding in said Court then pending entitled, "In the Matter of the Petition to Dissolve the Montezuma Valley Irrigation District," and thereafter to repair, improve, use, operate, control, manage and maintain the irrigation system of The Montezuma Valley Irrigation District, which said district was by the provisions of said decree duly dissolved, and which said decree did provide for the transfer and conveyance to this Corporation upon its incorporation of the entire physical irrigation system of said district, including all dams, reservoirs, canals, rights of way, priorities, franchises, privileges and other property of any kind or nature, used in the operation of said system, and also for the transfer to this Corporation of all contracts covering perpetual water rights which constituted a liability of said district, and other contracts pertaining to the furnishing of water for which said district was liable, to be assumed by this Corporation, and likewise for the transfer of all notes and contracts

in connection therewith still held by said district and covenanted prior to the rendition of said decree, and for the transfer and delivery to the proper officer of this Corporation of all moneys constituting the general or maintenance fund of said district, and which said decree did further provide that upon the consummation thereof, all owners of the assessed lands lying within said district, and all owners of lands holding perpetual water rights, and all holders of contracts for the use of said water with said irrigation district, directly or as assignee, shall be entitled to shares of the capital stock of this Corporation on the basis of one share for each acre of land so owned by them and theretofore subject to assessment or contract as aforesaid.

2. To build, construct, purchase, acquire, hold, use, operate, control, manage and maintain ditches, canals, pipe lines, and reservoirs, for the purpose of carrying, storing and distributing water for irrigation and domestic purpose, and to acquire, by purchase or otherwise, ditches, canals, pipe lines or reservoirs, and ditch, reservoir or irrigation interests, whether represented by filings, franchises, easements, stock in other corporations or priorities to the use of water under decrees of court.

3. To distribute and supply water to the stockholders of this Corporation, for domestic and irrigation purposes, proportionately and equitably, according to the available supply of water, in the ratio that each share of stock in this Corporation bears to the total number of shares issued, and which is to be distributed to the stockholders so entitled thereto upon such terms and at such time and under such conditions as may be hereafter fixed by the Bylaws of this Corporation, and to others entitled thereto under contracts entered into by the Corporation from time to time, as the Board of Directors shall deem appropriate, provided however, that no such contracts may be entered into by the Board for the lease or sale of any of this corporations water except that which is in excess of shareholder needs for the relevant water year during which said lease or sale is contemplated. Further provided however that no such contract may be entered into by the Board of Directors for a period exceeding one year without the approval of a majority of the shares voted thereon at a special meeting of shareholders called for that purpose or at the regular annual meeting of stockholders. No lease of Corporation water shall occur prior to August 1st of each year or when the Board of Directors deems excess water over and above what is needed to provide all stockholders their full Supply, and no such lease shall cause injury to any stockholders water supply. In the event the Board determines that injuries may occur, all leases shall terminate, with a refund to lessee, based on unused water. Corporation water leases shall be beneficially applied in Montezuma Valley Irrigation Company service area at no less than fair market value.

4. This company shall have the power to borrow money and to execute notes, bonds, mortgages, debentures or other evidences of indebtedness, securing the same by mortgage or deed of trust, as may be desirable in the premises; and, generally, to do and perform any and all things necessary or convenient in the carrying out of the aforesaid purposes.

ARTICLE III
CAPITAL STOCK AND SHAREHOLDERS

The capital stock of our said company shall be Fifty Thousand Dollars (\$50,000) to be divided into Fifty Thousand (50,000) shares of One Dollar (\$1) for each share, and each share of stock shall evidence the right to the use of water from the irrigation system of the company for the irrigation of one acre of land, and which said stock may be assessed for the purpose of raising money to pay for property acquired by the company or for operating or maintaining the system of the company, in accordance with the provisions of by-laws to be hereafter adopted; and said stock shall be fully paid.

ARTICLE IV
TERM OF EXISTENCE

The Corporation is to exist in-perpetuity.

ARTICLE V
MANAGEMENT OF THE COMPANY

The affairs and management of our said company is to be under the control of a Board of Directors, consisting of seven members.

ARTICLE VI
VOTING BY SHAREHOLDERS

The cumulative system of voting is hereby adopted.

ARTICLE VII
PRINCIPAL PLACE OF BUSINESS

The principal business of the company will be carried on in the County of Montezuma in the State of Colorado.

ARTICLE VIII
PRINCIPAL OFFICE OF THE COMPANY

The principal office of our said company shall be kept in Cortez, Montezuma County, Colorado.

ARTICLE IX
ESTABLISHMENT OF BY-LAWS

The Board of Directors of said company shall have the power to make such prudential by-laws as they may deem proper for the management of the affairs of this company, according to the statute in such case made and provided.

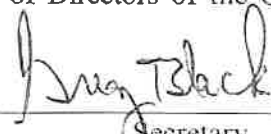
Signed and dated this 12th of December, 2017.

The Montezuma Valley Irrigation Company

By: 
President

CERTIFICATE

I hereby certify that the foregoing Restated Articles of Incorporation of The Montezuma Valley Irrigation Company were adopted by the Board of Directors of the Corporation as of _____, 2017.


Secretary

Revised December 8, 2020

Bylaws

**The Montezuma Valley
Irrigation Company**

Cortez, Colorado

**AMENDED AND RESTATED BYLAWS
OF
THE MONTEZUMA VALLEY IRRIGATION COMPANY**

Effective as of

December 8, 2020

**ARTICLE I
Corporate Name**

The Corporate name of the Corporation shall be, as stated in the Certificate of Incorporation,
THE MONTEZUMA VALLEY IRRIGATION COMPANY.

**ARTICLE II
Objects**

The objects for which our said Corporation is formed and incorporated are, as stated in the Certificate of Incorporation, the Articles of Incorporation and any and all amendments thereto:

Section 1. To take over and accept, in accordance with the provisions of the decree of the District Court of the County of Montezuma and State of Colorado, heretofore and on, to wit, the 21st day of September, A.D. 1920, duly entered in a proceeding in said Court then pending entitled, "In the Matter off the Petition to Dissolve the Montezuma Valley Irrigation District", and thereafter to repair, improve, use, operate, control, manage and maintain the irrigation system of the Montezuma Valley Irrigation District, which said District was by the provisions of said decree duly dissolved, and which said decree did provide for the transfer and conveyance to this Company upon its incorporation of the entire physical irrigation system of said District, including all dams, reservoirs, canals, rights-of-way, priorities, franchises, privileges and other property of any kind or nature used in the operation of said system, and also for the transfer to this Company of all contracts covering perpetual water rights which constituted a liability of said District, and other contracts pertaining to the furnishing of water for which said District was liable, to be assumed by this Company, and likewise for the transfer of all notes and contracts in connection therewith still held by said District and executed prior to the rendition of said decree and for the transfer and delivery to the proper office of the Company of all monies constituting the General or Maintenance Fund of said District, and which said decree did further provide that upon the consummation thereof, all owners of lands holding perpetual water rights and all holders of contracts for the use of said water with said Irrigation District, directly or as assignee, shall be entitled to shares of the capital stock of this Company under such terms and conditions as the Board of Directors determine from time to time and theretofore subject to assessment or contract as aforesaid.

Section 2. To build, construct, purchase, acquire, hold, use, operate, control, manage and maintain ditches, canals, pipelines, and reservoirs, for the purpose of carrying, storing and distributing water for irrigation and domestic purposes, and to acquire, by purchase or otherwise, ditches, canals, pipelines or reservoirs, and ditch, reservoir or irrigation interests, whether represented by filings, franchises, easements, stocks in other corporations or priorities to the use of water under decrees of court.

Section 3. To distribute and supply water to the Class A stockholders of this Company, for domestic and irrigation purposes, proportionately and equitably, according to the available supply of water, in the ratio that each share of Class A stock in this Company bears to the total number of Class A shares issued, and which is to be distributed to the Class A stockholders so entitled thereto upon such terms as at such times and under such conditions as may be hereafter fixed by the Board of Directors of this Company; and to others entitled thereto under contracts

entered into with this Company or because vested with perpetual water rights, upon such terms and at such times and under such conditions as such contractual or vested rights may entitle them to.

Section 4. To distribute and supply water to the Class B stockholders of this Company, for agricultural purposes, equal to four acre feet per share of Class B stock which shall be junior and subordinate to the delivery rights and water rights held by the Class A stock, and which shall be distributed upon such terms and at such times and under such conditions as may be hereafter fixed.

Section 5. This Company shall have the power to enter into contracts from time to time, as the Board of Directors shall deem appropriate, provided however, that no such contracts may be entered into by the Board for the lease or sale of any of this Corporation's water except that which is in excess of stockholder needs for the relevant water year during which said lease or sale is contemplated. Further provided, however, that no such contract may be entered into by the Board of Directors for a period exceeding one year without the approval of a majority of the shares voted thereon at a special meeting of stockholders called for that purpose or at the regular annual meeting of stockholders. No lease of Company water shall occur prior to August 1st of each year or when the Board of Directors deems excess water over and above what is needed to provide all stockholders their full supply, and no such lease shall cause injury to any stockholder's water supply. In the event the Board determines that injuries may occur, all leases shall terminate, with a refund to lessee, based on unused water. The proceeds from any Company lease shall be split between the Company's "Construction" account and the Company's "O&M" account, 50%/50% respectively. Company water leases shall be beneficially applied in Montezuma Valley Irrigation Company's service area at no less than fair market value.

Section 6. This Company shall have the power to borrow money and to execute notes, bonds, mortgages, debentures or other evidences of indebtedness, securing the same by mortgage or deed of trust, as may be desirable the premises; and generally to do and perform any and all things necessary or convenient in the carrying out of the purposes of the Company as set forth in the Articles of Incorporation. Such borrowing shall be approved in advance by the stockholders of the Company provided however, that the Board of Directors shall have the power to borrow up to five hundred thousand dollars (\$500,000.00) and to execute notes and other evidence of indebtedness as needed and prior to such approval by the stockholders. Such borrowing shall only be for the purpose of funding emergency repairs to the Company's system, buildings, equipment or other assets essential to the delivery of water and/or operation of the Company. Any such borrowing shall be unsecured and for a term not longer than the date of the next regular meeting of stockholders. Extensions of such borrowing and all other borrowing or indebtedness must be approved in advance by the stockholders at a regular meeting or special meeting called by the Board of Directors for that purpose.

ARTICLE III Board of Directors

Section 1. The Board of Directors shall consist of seven members. It shall be the duty of the Board of Directors to exercise a general supervision over and management of the affairs of the Corporation and to receive and pass upon the reports of the President, Secretary, Treasurer and General Manager, to audit all bills and accounts against the Corporation and to direct the officers thereof in the general conduct and business of the Corporation. Said Board may remove any officer for cause as in these Bylaws provided and shall have the control of any books, papers or documents of the Corporation in the hands of any of its officers.

Section 2. The Directors standing election shall be elected by the Class A stockholders at the regular annual meeting thereof, or in case of failure to do so elect, they may be elected at any special meeting which may be called for that purpose, and shall hold their office, unless removed as herein provided, for the term of three years and until their successors are duly elected and qualified, and in case of election at a special meeting of the Class A stockholders, until the expiration of the then three year term or until their successors are duly elected and qualified.

Section 3. No person shall be eligible to the office of Director who is not at the time of the closing of the Stock Transfer Books of the Corporation prior to the election, or at the time of his or her appointment, a stockholder of at least ten (10) shares of Class A stock in said Corporation, and a transfer by a Director of Class A stock such that his or her stock ownership is less than ten (10) shares of Class A stock shall operate as a resignation of his or her office and create a vacancy thereof.

Section 4. If any vacancy shall occur in the Board of Directors, such vacancy shall be filled, for the remainder of the un-expired term, from the Class A stockholders, at any meeting of the Board. Any Director may be removed for cause at any time by a vote of two-thirds in amount of all the Class A stock present and voting at any regular or special meeting of the stockholders called for that purpose.

Section 5. The territory served by the distribution system is hereby divided into seven Director Districts, said Director Districts being described upon the Director District map which is attached hereto as Exhibit A and incorporated into these Bylaws and made a part hereof. One Director shall be elected from each of said districts. A person shall be eligible to the office of Director only in the Director District within which he or she either resides or takes delivery of ten (10) shares or more of the water represented by the shares of Class A stock owned by him or her.

ARTICLE IV Officers

Section 1. The officers of this Corporation shall consist of a President, a Vice-President, a Treasurer and a Secretary, who shall be elected by the Directors at their first meeting following the annual meeting of the stockholders in each year. Such officers shall be selected from the Board of Directors, and shall hold their respective offices for the term of one year or until their successors are elected and shall qualify, unless they shall resign, be removed or become disqualified. They shall receive such compensation for their services as the Board of Directors may, from time to time, determine.

Section 2. Any two of said offices, the duties of which do not conflict, may be held by one and the same person if the Board of Directors shall so elect.

Section 3. In case a vacancy or vacancies shall occur in any of said offices, the same shall be filled for the remainder of the un-expired term by the Directors at any meeting of the Board of Directors.

Section 4. The Board of Directors may, in case of the absence of any officer, or disability of any officer to perform his or her duties, or for any other reason deemed sufficient by the Board, delegate the powers and duties of such officer to any other officer, or any Director, for the time being, providing a majority of the whole Board concurs.

Section 5. The Board of Directors shall appoint a General Manager who shall manage the operation of the Company. Said manager shall be hired under such terms and for such salary and remuneration as in the judgment of the Board of Directors is necessary and proper.

Section 6. The Board of Directors may from time to time, as may be deemed advisable, appoint other officers for the Corporation, who shall perform such duties as may be assigned them.

ARTICLE V Duties of Officers

Section 1. DUTIES OF PRESIDENT: It shall be the duty of the President to preside at all meetings of the stockholders and Directors of the Corporation and to sign all certificates of stock and all papers, deeds, contracts and other instruments of writing authorized by the Board of Directors to be executed. He or she shall sign the minutes of all meetings over which he or she may preside and shall be an ex-officio member of all standing committees and shall have general supervision over the affairs of the Corporation and perform such other duties as may be required of him or her by law, and these Bylaws, and by the Board of Directors, and in general shall perform the duties and functions usually pertaining to and vested in the President of a corporation.

Section 2. DUTIES OF VICE-PRESIDENT: It shall be the duty of the Vice-President, in case of sickness or other disability preventing the President from performing the duties of his or her office, to perform and discharge the duties and functions pertaining to the office of President and such duties as may be required of him or her by the Board of Directors.

Section 3. DUTIES OF SECRETARY: It shall be the duty of the Secretary to give such notices as are required of all meetings of the stockholders and Directors of the Corporation and to attend all such meetings and act as the clerk thereof; to keep, record and preserve the minutes of all meetings of the stockholders and Directors in appropriate record and to sign all such minutes as Secretary, and to perform like duties for any standing committee, when required; to have the custody of the corporate seal, stock books, certificates and records of the Corporation, and to attest the affixing of the seal to all certificates of stock, deeds, contracts and other instruments of writing executed under the corporate seal of the Corporation not properly belonging to the custody of the Treasurer; to sign, issue and register all certificates of stock and generally to perform such duties as usually pertain to the office of Secretary; and as well such as may be specifically assigned and directed by the Board of Directors. The Secretary shall also attend to the filing of all papers required by law to be filed. Subject to approval of the Board of Directors, the Secretary may engage the assistance of MVIC employees, or such outside services, as may be needed for the professional and efficient duties of the Secretary. All assistance provided to the Secretary by MBIC employees shall be under the supervision of the General Manager.

Section 4. DUTIES OF THE TREASURER: The Treasurer shall be the custodian of the funds of the Corporation and shall disburse the same as shall be ordered by the Board of Directors, and all securities, valuable papers and documents connected with and pertaining to properties and business of the Corporation, which shall be kept in such depositories and in such manner as shall be directed by the Board of Directors; and he shall keep a complete and proper record and account thereof, and vouchers of all funds disbursed, all of which shall be accessible for inspection by the Board of Directors at any time. He or she shall render to the Board of Directors whenever they may require, an account of all transactions and the financial condition of the Corporation, and perform such other duties as may be prescribed by the Board of Directors. He or she may be required to give a good and sufficient surety bond, which shall be paid for by order of the Board out of the Company funds, in an amount to be fixed by the Board, from time to time for the faithful performance of his or her duties and accounting for and turning over of all money, property and documents of the Corporation which shall come into his or her hands as Treasurer. Subject to approval of the Board of Directors, the Treasurer may engage the assistance of MVIC employees, or such outside services, as may be needed for the professional and efficient duties of the Treasurer. All assistance provided to the Treasurer by MVIC employees shall be under the supervision of the General Manager.

Section 5. DUTIES OF GENERAL MANAGER: The General Manager shall, under the direction of the Board of Directors, shall have general charge of the ordinary and usual business operations of the Company, including but not limited to, control of the construction, care and management of the Company's system, and the distribution of water through the Company's ditches and canals, pipelines or other facilities, or through ditches and pipelines owned by the United States Bureau of Reclamation through which the Company has a contractual right to convey water for delivery to its shareholders. The General Manager shall employ, supervise, and dismiss all employees of the

Company and fix their compensation subject to the policies and at salaries within ranges adopted by the Board of Directors not inconsistent with these Bylaws. Employees shall be under the direct supervision of the General Manager. Others specifically employed by the Board of Directors (such as auditors, agents or legal counsel) shall be under the supervision of the Board of Directors and not the General Manager.

ARTICLE VI Directors' Meetings

Section 1. The Board of Directors shall meet regularly on the second Tuesday of each and every month at the hour of 1:00 p.m. in the afternoon. The Board of Directors shall meet at such other times as they shall from time to time determine. A special meeting of the Board may be called at any time by the President, or any four Directors to be held at the time and place designated in the call and notice thereof, upon twenty-four hours' notice served personally or by mail or telephone. All regular meetings of the Board shall be held at the Company office and no notice of regular meeting shall be necessary or required.

Section 2. Any Director may at any time waive notice required to be given under these Bylaws and whenever all the Directors of the Corporation shall be present at any meeting, however called, or those absent sign a written consent thereto, or approval of the minutes of any such meeting upon the record thereof, the acts of such meeting shall be as valid and binding as if regularly called as provided herein.

Section 3. At all meetings of the Board of Directors, four Directors shall be required to constitute a quorum for the transaction of business. The act of majority of the Directors present at a meeting at which a quorum is present shall be the act of the Directors.

Section 4. The order of business of any meeting of the Board of Directors shall be as they may determine at the time.

Section 5. Directors shall receive such compensation as the Board of Directors may from time to time determine. Any change in Director compensation shall be reported to the stockholders in the minutes of the Board of Directors and published in a newsletter or electronic communication to all stockholders before the next regular Board meeting.

ARTICLE VII Stockholders' Meetings

Section 1. The regular annual meeting of the stockholders of the Corporation for the election of Directors and the transaction of other business shall be held at a place to be designated by the Board of Directors, in Montezuma County, Colorado, on the third Saturday of January in each year, starting at the hour of 1:00 p.m. in the afternoon.

Section 2. Special meetings of the stockholders may be called for the election of Directors, or for any other purpose, whenever deemed necessary by a majority of the Board of Directors, by the President, or such special meeting may be called at any time by petition of stockholders owning 10% of outstanding Class A stock of the Company, as provided by statute (C.R.S. § 7-107-102), which meetings shall be held at such date, hour and place as shall be designated in the call therefore.

Section 3. Notice to each stockholder of record stating the place, day, hour and purpose of the meeting shall be mailed or delivered in person at least ten (10) days previous to each regular annual or special meeting (adjourned meetings excepted). If mailed, notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at the stockholder's address as it appears on the books of the Corporation, with postage thereon prepaid.

Section 4. At all meetings of the stockholders at least twenty (20) percent of the outstanding Class A stock of the Corporation must be represented either in person or by written proxy in order to constitute a quorum for the transaction of business, but less than a quorum may adjourn to some subsequent date, but not for a period longer than sixty (60) days. The stockholders present at a duly organized meeting at which a quorum exists may continue to transact business until adjournment, notwithstanding the withdrawal of attending stockholders resulting in less than a quorum.

Section 5. Representation by written proxy, subscribed by the registered Class A stockholder, shall be allowed, and the instrument authorizing the proxy to act at the meeting shall be exhibited at the time of such meeting when called for, and filed with the Secretary and no proxy shall be permitted to vote unless the same is held by a Class A stockholder of the Corporation, except that Class A stock held in the name of a Corporation, partnership, political subdivision of the State of Colorado or unincorporated association may be voted by the person designated by resolution duly adopted by the Corporation, partnership, political subdivision or unincorporated association.

Section 6. At all meetings of the stockholders, each Class A stockholder shall be entitled to one vote for each share of Class A stock appearing from the stock books of the Corporation as registered in his or her name, which vote may be given personally or by written proxy, as herein provided, and to cast as many votes as he or she owns or represents shares of Class A stock in the Corporation. The affirmative vote of a majority of the Class A stock voted shall be required to adopt a resolution or pass a motion. The cumulative system of voting for Directors is hereby adopted and shall be allowed as provided by the laws of the State of Colorado.

Section 7. All elections of Directors of the Corporation shall be by written ballot. Voting upon matters other than election of Directors may be by voice vote if the motion being voted upon is adopted unanimously. In the event of any dissenting vote by voice, a written ballot shall be voted.

Section 8. The order of business at all regular and annual meetings of the stockholders shall be as follows:

- A. Stock registration.
- B. Reading minutes of preceding meeting.
- C. Reports of officers and committees.
- D. Election of Directors.
- E. Unfinished business.
- F. New business.
- G. Adjournment.

Provided, however, that the order of business at any meeting may be changed by a vote of the majority of the Class A stock as provided in Section 6 above.

ARTICLE VIII

Certificates of Stock Transfers of Stock Assessments of Stock

Section 1. The subscribers to the capital stock of this Corporation and all stockholders hereof shall be entitled to certificates of their shares duly signed by the President and countersigned by the Secretary. The certificates shall identify the stock ownership as either Class A or Class B stock, and if no such designation appears on the certificate, and in the records of the Corporation, such stock shall be deemed to be Class A stock. The certificates of stock shall be dated, numbered and registered as they are issued. The transfer of stock shall only be made on the books of the Corporation, either in person or by attorney or legal representative, and upon presentation and surrender of the shares so transferred by the owner in person, or by attorney or legal representative; provided, however, that no stock shall be transferred until all assessments, charges and arrearages then due the Company, with regard to the entire ownership

interest of the stockholder conveying, transferring, or surrendering said corporate stock, have been fully paid; and provided further that upon each transfer of stock the Secretary of the Company shall charge a transfer fee in an amount fixed by the Board of Directors from time to time for each new certificate issued, which shall be paid in advance by the party on whose behalf the certificate is issued. All fees thus received shall be paid by the Secretary into the treasury of the Company.

Section 2. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the transfer books of the Corporation shall be closed for a period of ten (10) days previous to the meeting of the stockholders and notice that the transfer books will be so closed shall be issued and published in the call for the meeting. All stockholders as of the date of the closing of the transfer books shall be the stockholders entitled to vote at the meeting. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 3. The Class A stock of this Company shall be assessable for maintaining, operating, improving, enlarging and extending the ditch and reservoir system of the Company, for the purpose of providing funds to pay for property acquired by the Company, and for other necessary expenses, provided, however, that no assessment shall be made unless the question of making such assessment shall first be submitted to the Class A stockholders of the Corporation at an annual meeting, or at a special meeting called for that purpose, and a majority of the Class A stock voting thereon shall vote in favor of making such assessment, and in case said Class A stockholders fail to hold any such meeting or fail to make or authorize any such assessment by the first of April in any year, then the Directors shall have power to make such assessment at any regular or special meeting called therefore for such year.

Section 4. All assessments of Class A stock shall be made pro rata upon all the Class A stock of the Company issued and outstanding, and shall be due and payable on the first day of the month following the annual meeting at which the assessment is made. Any payment under this section shall be deemed received by the Company on the date that it is actually received in the office. If the date for payment remittance falls upon a Saturday, Sunday, or legal holiday, it shall be deemed to have been timely paid if paid on the next business day.

Section 5. The Secretary shall mail to each stockholder of record at his or her post office address as shown upon the books of the Company, a notice of such assessment, the amount thereof, the time or times when same is payable and the penalties and feed due if payment is not received as noted in Section 4 above. If any stockholder shall not have registered his or her post office address with the Secretary, he or she shall be deemed to have waived notice by mail of all assessments. No water or other services shall be delivered to a stockholder until all assessments, charges and arrearages then due the Company, with regard to the entire ownership interest of the stockholder have been fully paid.

Section 6. The Company shall have a lien on all the stock held by its stockholders to secure payment of assessments levied on the stock of such stockholder, together with all interest, penalties, fees and costs of collection; and the Company shall also have a lien for all charges for headgates, measuring devices and all other items sold to the stockholder for such other items as are directed to be charged to any stockholder by the Board of Directors, together with all costs of collection whether by sale, suit or otherwise. Any stockholder who fails to pay any assessment on stock or to pay for any headgate, measuring device or other items sold, or property charged to said stockholder based on the stock owned by said stockholder or held by him or her or standing in his or her name on the Company books or any installment thereof at the time fixed for the payment thereof, shall pay interest on all delinquent amounts at the rate established by the Board of Directors from time to time. In case any delinquency shall continue to the thirty-first (31) day of December, the Secretary shall report the same to the Board. Subsequently, demand notice will be sent and upon demand being made upon said stockholder the Board of Directors may order a sale to the highest bidder at public venue of said stock or such portion thereof as may be necessary to pay the amount due the Company and the costs and expenses of such sale. Notice of such sale shall be given by publication in a newspaper of general circulation in or closest to Montezuma County, Colorado (the first publication of which shall be at least thirty (30) days prior to the date of sale) for four (4) consecutive weekly insertions. On the date of sale, in

the event the stockholder has not paid all delinquent assessments, interest, penalties, fees and costs of collection, together with costs of sale, publication and interest, the stock shall be sold to the highest bidder and transferred by the appropriate corporate officers to said bidder. Notice of said sale amount and accounting shall be sent to the stockholder within thirty (30) days after sale.

Section 7. Each share of Class A stock shall be entitled to a proportionate amount of the total amount of water available when distributed to all other stockholders as determined by the Board of Directors.

Section 8. In the event of lost certificate of stock, the owner thereof may procure a new certificate upon AFFIDAVIT to the Board of Directors that said certificate has been lost and cannot be found, and the circumstances surrounding said loss, and by filing with the Board a satisfactory surety bond executed by claimant and a corporate surety in such amount as the Board shall from time to time determine. Lost certificates may also be issued pursuant to Section 7-42-113 to 117, C.R.S., as amended.

Section 9. Each stockholder, upon receiving his or her certificate of stock shall give his or her post office address, and upon changing the same shall at once notify the Secretary, for the purpose of giving all notices to members of meetings and assessments. The address shown upon the books of the Company shall be deemed the correct address for the purpose of providing any and all notice to the stockholder and all such notice shall be deemed given upon deposit in the U.S. mail, of any such notice, postage prepaid at Cortez, Colorado.

Section 10. No transfer of ownership on the Company books will be made whereby Class A stock ownership will be divided so that one ownership interest will be of less than one (1) share of Class A stock. However, no headgate from any Company open canal will divert less than ten (10) shares. A minimum of one (1) share may be diverted from a pressurized pipe. Exceptions may be approved by the board on a case by case basis.

Section 11. Ownership interest as used in Section 10 of this Article shall mean all of the Class A stock owned by any one person, partnership, corporation, or other entity, regardless of whether said total Class A stock shares are represented by one or more certificates. However, no certificate will be issued for less than one (1) share of Class A stock (no certificate will be issued in a fractional amount; must be whole number). This provision of the Bylaws shall be construed to prevent the issuance of fractional shares of the Company

Section 12. Class B stock shall have no voting power with the Corporation for any purpose whatsoever, and the holders of common stock Class A shall, to the exclusion of the holders of common stock Class B, have full voting power for all purposes. The holders of Class B stock, however, may appoint a representative to attend meetings of the Company Board of Directors with the right to speak at such meetings.

Section 13. Class B stock shall be restricted and shall be limited to agricultural purposes for delivery and beneficial application in Montezuma and Dolores Counties outside the limits and extensions of the present MVIC delivery system of the purchase agreement between MVIC and the Dolores Water Conservancy District as they may be changed or amended from time to time.

Section 14. Class B stock shall bear a restrictive endorsement, which shall provide that the stock may not be sold or transferred except with the express written consent of the Company, after consultation with the District.

Section 15. Class B stock shall be assessed annually at the same time as Class A stock, only as follows: (1) an Administrative Fee/Account Charge equal to five (5) times the account charge the Company assesses a Company Class A stockholder, and (2) an annual operation and maintenance ("O & M") fee equal to one-third (1/3) of the cost of the Company pays the District for its O&M obligation for Dolores Project water at McPhee dam and Great Cut Dike, excluding the cost of pumping from the U-lateral, and no other Company assessment.

ARTICLE IX Contracts, Notes

Section 1. All written obligations of the Corporation such as notes, bonds, acceptances, contracts, agreements, deeds and all other instruments of writing, shall be signed with the corporate name, by the President, or in his or her absence by the Vice-President, and countersigned or attested by the Secretary and the corporate seal affixed.

Section 2. All funds of the Corporation on deposit in any bank or banks shall be withdrawn by check or order in such manner as shall be ordered by the Board of Directors.

Section 3. The Company may enter into contracts with any person, corporation, partnership, political subdivision of the State of Colorado, the United States, Tribal Nations, or unincorporated association to transport, distribute, supply or sell water subject to the limitations of Article II, Section 5 above.

ARTICLE X Depository

The funds of this Corporation shall be deposited in the name of said Corporation, in such bank or banks, trust companies or other depositories as may from time to time be determined by the Board of Directors.

ARTICLE XI Regulations for Distribution

Section 1. The unit of measurement shall be the second-foot, which is one cubic foot of water per second of time, and the method of measurement shall be by parshall flume or other measuring device as approved by the Board of Directors.

Section 2. No water will be delivered, except through such parshall flume or other approved measuring device.

Section 3. All perpetual and contract rights to the use of water existing upon the dissolution of the Montezuma Valley Irrigation Company and assumed by the Company, shall be fully respected, and water shall be delivered and distributed to those entitled thereto under such vested and contractual rights, in such manner and under such regulations as such vested and contractual rights entitle them to; it being the purpose of this provision to, in all respects, preserve the status quo of such rights existing prior to the dissolution of the said the Montezuma Valley Irrigation Company, in all cases where such right have not been converted into stock of the Company.

Section 4. Water will be shared and shared alike by all Class A stockholders, pro rata, based upon the number of shares owned. All deliveries will be measured at the stockholder's measuring device. All allocations will be measured in acre-feet per share for the season. Water measured by a parshall flume will measure in acre-feet determined by the number of days that a full head is available, or other flow and time that water is made available to the stockholder by the Company. The season's estimated allocation will be set by the Board of Directors. The initial allocation will be set conservatively enough to assure delivery of the allocation to all stockholders. This allocation may be adjusted by the Board of Directors from time to time during the season as may be necessary. During a water short year, the allocation will not be set at more than can be delivered to all Class A stockholders.

ARTICLE XII
Rights and Restrictions Upon Rights Represented by Stock

Section 1. Water shall be delivered by the Company into Company's main canals or through other ditches and canals and pipelines whether owned by the Company or owned by others, by and through a headgate or pipeline turnout and through a parshall flume or other measuring device approved by the Board of Directors. No water will be delivered except through the Company's headgate and an approved measuring device. No water will be pumped directly out of a canal or ditch owned by the Company. Once turned out of the canal for the account of a stockholder and measured, the management, use and enjoyment of the water so delivered and the duty of complying with the laws of any applicable regulatory authority respecting such water is the sole responsibility of the stockholder and/or individual receiving that water.

Section 2. The Company shall own and control all headgates, measuring structures and any structures associated with the operation of the canal and delivery of water to the stockholders. All headgates and measuring devices shall be installed by Company personnel or by contract under the supervision of the Company's manager. No other person will be permitted to cut the banks of any canal or ditch of the Company. All headgates, pipeline turnouts, measuring structures and related structures installed or relocated at the request of a stockholder or due to the changes in a stockholder's operation shall be paid in full by the stockholder. Any engineering and legal fees incurred by the Company in reviewing the plans and specifications or entering into an agreement relating to any such structure shall be paid in advance or reimbursed to the Company. Before beginning work, including the review of any anticipated plans or agreements, a deposit in the estimated amount of the cost of the work shall be made. No water shall be delivered through the structure until the entire structure has been paid for by the stockholder.

Section 3. Any change or modification to the delivery and measurement facilities, not performed by Company personnel, by contract with the Company or approved by the Board of Directors shall be deemed to have been done by the stockholder(s) taking water from the structure and the cost of correcting the change or modification shall be charged to the stockholder(s) taking water from the structure.

Any change or modification to the Company's canal, structures, canal access or right-of-way, other than delivery and measurement facilities, not performed by Company personnel, by contract with the Company or approved by the Board of Directors shall be deemed to have been done by the stockholder owning real property at the location where the work was conducted and the cost of correcting the change or modification shall be charged to the stockholder causing the modification.

The standard of correcting the unauthorized change or modification shall be that standard of materials and workmanship utilized and practiced by the Company and Company personnel at the time the work is being performed.

Section 4. Stockholders shall take delivery of water pursuant to the water rights represented by their shares in the Company after diversion by the Company from the Dolores River, consistent with these bylaws. Stockholders' use of water shall be consistent with the types of use and places of use set forth in the decrees for the Company's water rights, without waste.

- (a) No stockholder shall be permitted to change the decreed point of diversion, decreed type of use, or decreed place of use of the water rights represented by the stockholder's shares in the Company except upon the written order and approval of the Board of Directors first had and obtained. Further, no stockholder shall be permitted to take delivery of water pursuant to temporary administrative approval under C.R.S. § 37-92-308 ("SWSP"), or for participation in any "demand management" plan except upon written order and approval of the Board of Directors first had and obtained under this section 4. The term "demand management" loosely refers to the intentional conservation of water, and delivery thereof to either the Dolores River or tributaries of the San Juan River for the purpose of helping assure the State of Colorado's compliance with the Colorado

River Compact, and in so doing, avoiding the need to implement mandatory water administration strategies to fulfill Colorado's compact obligations. No such change, temporary SWSP, or temporary demand management plan operations may be effective during the current year based on a request received after January 31, and in no event prior to approval by the Board of Directors as set forth below. This provision is not meant to preclude stockholder's movement, lease, or sale of shares for use within MVIC's service area consistent with decreed type and place of use of the water rights represented by a stockholder's shares.

- (b) No stockholder shall be permitted to change the decreed or legal point of diversion of the water rights represented by its shares in the Company, or the decreed type and place of use of the water rights represented by its shares in the Company, nor shall a stockholder be permitted to take delivery of water pursuant to a temporary SWSP, nor take delivery of water for use in a demand management plan, until the stockholder demonstrates to the Board of Directors that such change or changes can be accomplished under terms and conditions approved by the Board of Directors that will not result in (1) increased conveyance losses to stockholders who continue to take delivery of water through the Company's water delivery structures; (2) increased cost of operating, administering, and maintaining the Company's water delivery structures and related structures; (3) expansion of the water rights represented by the stockholder's shares; (4) interference with the Company's ability to divert water pursuant to the Company's water rights through Dolores Project facilities for other MVIC shareholders; (5) reductions in, or displacement of, the volumes of water to which Company stockholders are otherwise entitled under Colorado law and agreements between the Company, the Dolores Water Conservancy District and the United States; (6) violation of any contractual obligations of the Company; (7) any requirement for the Company to obtain additional contractual rights; and (8) any other material injury to the water rights owned by and historically diverted by the Company for the benefit of its stockholders, or delivered to the Company under contract with the Dolores Water Conservancy District and the United States. The Board of Directors may require, as a condition of its approval, that the stockholder acquire such additional real property or contractual interests, if any, as are necessary for the stockholder's use of the Company's water delivery structures and other related structures in connection with the stockholder's change in decreed point of diversion or decreed type and place of use of water pursuant to the water rights represented by the stockholder's shares in the Company, or the inclusion of those water rights in any temporary SWSP or demand management plan. Any water rights represented by shares in the Company that are transferred out of the Company's service area, by a decreed change in point of diversion or place of use, or by temporary inclusion in a SWSP or demand management plan shall remain subject to assessments and payment of assessments levied by the Company.
- (c) Each stockholder desiring to change the decreed point of diversion of the water rights represented by its shares in the Company, or to change the type or place of use of the water rights represented by its shares in the Company, or seeking to include water rights represented by shares in the Company in a temporary SWSP or demand management plan, shall make a written request to the Board of Directors of the Company. The written request shall contain a detailed report summarizing the proposed change, and engineering and other information sufficient to enable the Board to determine the terms and conditions necessary to ensure that the proposed change, SWSP operations, or demand management operations comply with the requirements of Article XII, Section 4.B. The Board of Directors may request, and the stockholder may submit supplemental information as reasonably necessary for this purpose. The Board of Directors shall act upon the request within a reasonable time. The change, SWSP, or demand management operation shall be allowed subject to terms and conditions described Article XII, Section 4.B. No Board member shall be disqualified from participating in the action of the Board in considering, granting, or denying such a request by virtue of being an owner of the stock subject to the request or by virtue of being an officer, director, or designated representative of the owner of the stock subject to the request; provided that any such determination involving a director who is also an owner of stock subject to the request, or who is an officer, director, or other designated representative of an entity that is an owner of stock subject to the request, shall be deemed a "conflicting interest transaction" with respect to such director and shall be subject to the provisions of Colorado Revised Statutes section 7-128-501 concerning conflicting interest transactions.
- (d) Any judicial review of the terms and conditions imposed by the Company to assure that the change, SWSP, or demand management operations will not result in the types of injury described in Article XII, Section 4.B.

above shall be brought in the Water Court for Water Division 7, or District Court for Montezuma County, as jurisdiction is appropriate, by the stockholder requesting the change, SWSP, or demand management operations. Any such review may be consolidated with, and finally determined in, proceedings in the Water Court for the change of the water rights, or its review of any State Engineer approval of a SWSP or demand management plan. In any such proceeding, the Water Court shall not be limited to a review of the record of the decision made by the Company, and the arbitrary and capacious standard of review shall not apply. Rather, there shall be a presumption that the terms and conditions imposed by the Company are necessary to prevent the types of injury described in Article XII, Section 4.B. above. The operation of this presumption places on the stockholder seeking the change of water rights, SWSP or demand management plan the initial burden of going forward with evidence to rebut or meet the presumption, but it does not shift the burden of proof, which is by a preponderance of the evidence, and which remains on the applicant stockholder.

- (e) The stockholder seeking the change of the decreed point of diversion, decreed type of use, or decreed place of use of water rights represented by shares in the Company, or to include those rights in a SWSP or demand management plan shall pay all expenses of such proceedings including postage expense.
- (f) If the Board of Directors requires legal, engineering, or other consulting services for the purpose of making the determination that the requested change of point of diversion, type of use or place, or the requested inclusion of the stockholders shares in a SWSP or demand management plan, may be made in conformity with Article XII, Section 4.B., above, then the reasonable cost of such legal and engineering services shall be paid by the stockholder requesting the change, SWSP or demand management plan. The Board of Directors may require that the estimated cost thereof be paid to the Company prior to the Company incurring such legal, engineering expense, or other consulting. The Board of Directors may without penalty or liability, defer any such determination until such estimated cost has been paid to the Company. Any stockholder requesting a change in the point of diversion, type of use or place of use, SWSP or demand management plan shall pay the reasonable costs of the Company's participation in the water court proceeding, administrative approval, and/or subsequent judicial proceeding, to the extent necessary to ensure the decree entered by the water court, State Engineer approval, or other judicial approval, is consistent with the terms and conditions imposed by the Company under Article XII, Section 4.B. Any unpaid portion of the actual reasonable cost of the legal, engineering services, or other consulting not paid to the Company upon demand shall be a lien upon the shares of stock owned by such stockholder in the same manner as an unpaid levied assessment and may be collected by the Company in the same manner as a delinquent assessment.
- (g) To the extent approval is granted by the Company, any stockholder requesting a change in point of diversion, type of use or place of use of the water rights represented by its shares in the Company, or the inclusion of those shares in a temporary SWSP or demand management plan shall pay the costs of any capital improvements that are required to Company's facilities in order to comply with this Article XII, Section 4. The Company shall require any other stockholder who requests within fifteen (15) years a change in point of diversion, type of use or place of use of the water rights represented by its shares, or the inclusion of those shares in a temporary SWSP or demand management plan, after the installation of such capital improvements and who benefits from the capital improvements paid for by other stockholders as a requirement of earlier changes in point of diversion, or type of use or place of use, or the inclusion of those shares in a temporary SWSP or demand management plan, to pay to the installing stockholder a pro rata share of the costs of such capital improvements determined by the relative number of shares involved in the initial change and the number of shares changed subsequently.
- (h) To the extent not expressly covered by the prior sections, no stockholder shall be permitted to dedicate water or water rights represented by shares in the Company to in-stream flow or conservation purposes, or to enroll those rights in a temporary fallowing or deficit irrigation program for the purpose of providing water to either the Dolores or San Juan Rivers except upon the written order and approval of the Board of Directors first had and obtained consistent with the requirements of subsections 4.A through 4.G. of this Section 4 of Article XII.
- (i) After the effective date of this provision, any stockholder seeking to impose a conservation easement on shares of stock in the Company shall obtain the written approval from the Board of Directors. If, in the opinion of the Board of Directors, such easement can be made without injury to the Company, or the other stockholders, such easement or dedication shall be approved. In order to avoid any injury, any conservation

easement shall subordinate the restrictions of the easement to the lien for unpaid assessments described in Article VII Section 6. of the Company's bylaws. The approval of the Board of Directors shall be conditioned upon the stockholder's agreement in writing that the affected stock is subject to the Company's bylaws and rules and regulations. Any subsequent owner of a conservation easement will subordinate to the bylaws of the Company.

Section 5. No person shall be allowed to place dams or obstructions of any kind in the Company's canals without the written consent of the Company.

Section 6. In case the Company's canals or ditches shall be unable to carry and distribute a volume of water equal to the estimated capacity, either from casual or unforeseen or unavoidable conditions, or if the volume of water prove insufficient due to drought, or from any other cause beyond the control or reasonable expectation of said Company, the Company shall not be liable in any way for shortness or deficiency or inadequacy of supply occasioned by any of said causes; nor shall the Company be liable, in any case, for loss or damage by reason of any leakage, seepage or overflow from any of the canals, ditches, laterals or reservoirs, anything in any statute, law or custom to the contrary notwithstanding.

Section 7. If by reason of any cause the supply of water shall be insufficient to fill or flow through the Company's canals or ditches according to the estimated capacity thereof, or if from any cause beyond the control of the Company the supply shall be insufficient to furnish the amount equal to all the water to be furnished for that year, the Company shall have the right to distribute such water on a pro rata basis to the Class A stockholders as may flow through the canals or ditches to all Class A stockholders entitled thereto; and, for the purpose of so doing, may establish and enforce such rules and regulations as may be deemed necessary or expedient.

Section 8. The Board of Directors shall have the power to make and enforce such additional reasonable rules and regulations for the carriage and distribution of water as may, in their judgment, be necessary and proper.

Section 9. Any part of any canal or lateral of the Company which lies within the incorporated City of Cortez, Colorado, may be abandoned providing the City of Cortez shall assume the obligation of delivery of water to stockholders under such ditch proposed or sought to be abandoned. Any deliveries made by such substituted delivery shall be made through a measuring device so as to insure to the Company and all of its stockholders an equitable distribution of available water. If deliveries are made through a pipeline of the City of Cortez, the Company shall pay the cost incident to the installation of the meter or measuring device and such measuring device shall remain the property of the Company.

Section 10. The right of Class B stock to the delivery of water is junior to the right of Class A stock and Class B stock shall be shorted before Class A stock is shorted, but any shortage assigned the Class B stock shall not exceed the percentage shortage experienced by the Dolores Project's Full Service irrigators.

ARTICLE XIII

Indemnification of Directors, Officers, Agents and Employees

Section 1. Definitions. The following definitions shall apply to the terms as used in this Article:

- (a) "Corporation" means the Montezuma Valley Irrigation Company.
- (b) "Director" means an individual who is or was a Director of the Corporation and an individual who, while a Director of the Corporation, is or was serving at the Corporation's request as a Director, an officer, an agent, an associate, an employee, a fiduciary, a manager, a member, a partner, a promoter, or a trustee of or to hold any similar position with another foreign or domestic entity or employee benefit plan. A Director shall be considered to be serving an employee benefit plan at the Corporation's request if his or her duties to the Corporation also impose duties on or otherwise involve services by him or her to the plan

or to participants in or beneficiaries of the plan. "Director" includes, unless the context otherwise requires, the estate or personal representative of a Director.

- (c) "Expenses" includes counsel fees.
- (d) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expense incurred with respect to a proceeding.
- (e) "Official capacity" when used with respect to a Director, means the office of Director in the Corporation, and, when used with respect to a person other than a Director, means the office in the Corporation held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the Corporation. "Official capacity" does not include service for any other foreign or domestic corporation or for any partnership, joint venture, trust, other enterprise, or employee benefit plan.
- (f) "Party" includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.
- (g) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

Section 2. Authority for Indemnification of Directors.

- (a) Except as provided in paragraph (d) of this Section 2, the Corporation may indemnify against liability incurred in any proceeding any person made a party to the proceeding because he or she is or was a Director if:
 - i) He or she conducted him or herself in good faith; he or she reasonably believed:
 - (A) In the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in the Corporation's best interests; or
 - (B) In all other cases, that his or her conduct was at least not opposed to the Corporation's best interests; and
 - ii) In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.
- (b) A Director's conduct with respect to an employee benefit plan for a purpose he or she reasonable believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of this Section 2. A Director's conduct with respect to an employee benefit plan for a purpose that he or she did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of this Section 2.
- (c) The termination of any proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the person did not meet the standard of conduct set forth in paragraph (a) of this Section 2.
- (d) The Corporation may not indemnify a Director under this Section (2) either,
 - i) In connection with a proceeding by or in the right of the Corporation in which the Director was adjudged liable to the Corporation; or
 - ii) In connection with any proceeding charging improper personal benefit to the Director, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.
- (e) Indemnification permitted under this Section 2 in connection with a proceeding by or in the right of the Corporation is limited to reasonable expenses incurred in connection with the proceeding.

Section 3. Mandatory Indemnification and Court Ordered Indemnification.

- (a) Except as limited by these Bylaws, the Corporation shall be required to indemnify a Director of the Corporation who was wholly successful, on the merits or otherwise, in defense of any proceeding to which he or she was a party against reasonable expenses incurred by him or her in connection with the proceeding.
- (b) Except as otherwise limited by these Bylaws, a Director who is or was a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction.

On receipt of an application, the court, after giving any notice the court considers necessary, may order indemnification in the following manner:

- i) If it determines the Director or officer is entitled to mandatory indemnification, the court shall order indemnification under paragraph (a) of this Section 3, in which case the court shall also order the Corporation to pay the Director's reasonable expenses incurred to obtain court-ordered indemnification.
- ii) If it determines that the Director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he or she met the standard of conduct set forth in paragraph (a) of Section 2 of this Article or was adjudged liable in the circumstances described in paragraph (d) of Section 2 of this Article, the court may order such indemnification as the court deems proper; except that the indemnification with respect to any proceeding in which liability shall have been adjudged in the circumstances described in paragraph (d) of Section 2 of this Article is limited to reasonable expenses incurred.

Section 4. Determination and Authorization of Indemnification.

- (a) The Corporation may not indemnify a Director or officer under Section 2 of this Article unless authorized in the specific case after a determination has been made that indemnification of the Director or officer is permissible in the circumstances because he or she has met the standard of conduct set forth in paragraph (a) of Section 2 of this Article. The Corporation shall not advance expenses to a Director under Section 5 unless authorized in the specific case after the written affirmation and undertaking required by Section 5 (a)(i) and 5(a)(ii) are received and the determination required by Section 5 (a)(iii) has been made.
- (b) The determination required to be made by paragraph (a) of this Section 4 shall be made:
 - i) By the Board of Directors by majority vote of a quorum, which quorum shall consist of Directors not parties to the proceeding; or
 - ii) If a quorum cannot be obtained, by a majority vote of a committee of the Board designated by the Board, which committee shall consist of two or more Directors not parties to the proceeding, except that Directors who are parties to the proceeding may participate in the designation of Directors for the committee.
- (c) If the quorum cannot be obtained or the committee cannot be established under paragraph (b) of this Section 4, or even if a quorum is obtained or a committee designated if such quorum or committee so directs, the determination required to be made by paragraph (a) of this Section 4 shall be made:
 - i) By independent legal counsel selected by a vote of the Board of Directors or the committee in the manner specified in subparagraph (i) or (ii) of paragraph (b) of this Section 4 or, if a quorum of the full Board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full Board; or
 - ii) By the stockholders.
- (d) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible; except that, if the determination that indemnification is permissible is made by independent legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by the body that selected said counsel.

Section 5. Advance Payment of Expenses.

- (a) The Corporation shall pay for or reimburse the reasonable expenses incurred by a Director who is a party to a proceeding in advance of the final disposition of the proceeding if:
 - i) The Director furnishes the Corporation a written affirmation of his or her good-faith belief that he or she has met the standard of conduct described in subparagraph (i) of paragraph (a) of Section 2 of this Article;
 - ii) The Director furnishes the Corporation a written undertaking, executed personally or on his or her behalf, to repay the advance if it is determined that he or she did not meet such standard of conduct; and
 - iii) A determination is made that the facts then known to those making the determination would not preclude indemnification under this Section 5.
- (b) The undertaking required by subparagraph (a) of this Section 5 shall be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make

repayment. Determinations and authorizations of payments under this Section shall be made in the manner specified under Section 4 hereof.

Section 6. Reimbursement of Witness Expenses. The Corporation shall pay or reimburse expenses incurred by a Director in connection with his or her appearance as a witness in a proceeding at a time when he or she has not been made a named defendant or respondent in the proceeding.

Section 7. Insurance for Indemnification. This Corporation may purchase and maintain insurance on behalf of a person who is or was a Director, officer, employee, fiduciary, or agent of the Corporation or who, while a Director, officer, employee, fiduciary, or agent of the Corporation, is or was serving at the request of the Corporation as a Director, officer, partner, trustee, employee, fiduciary, or agent of any other foreign or domestic entity or employee benefit plan against any liability asserted against or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article. Any such insurance may be procured from any insurance company designated by the Board of Directors of the Corporation, whether such insurance company is formed under the laws of Colorado or any other jurisdiction of the United States of America, including any insurance company in which the Corporation has equity or any other interest, through stock or otherwise.

Section 8. Notice of Indemnification. If the Corporation indemnifies or makes advances of expenses to a Director in accordance with this Article, in connection with a proceeding by or in the right of the Corporation, notice shall be reported in writing to the stockholders with or before the notice of the next stockholder's meeting. If the next stockholder action is taken without a meeting at the instigation of the Board of Directors, such notice shall be given to the stockholders at or before the time the first stockholder signs a writing consenting to such an action.

Section 9. Indemnification of Officers, Employees and Agents of the Corporation. An officer of the Corporation is entitled to mandatory indemnification under Section 3(a) of this Article, and is entitled to apply for court-ordered indemnification under Section 3(b) in each case to the same extent as to a Director. The Board of Directors may indemnify and advance expenses to an officer, employee or agent of the Corporation who is not a Director of the Corporation to the same or greater extent as to a Director if such indemnification and advance expense payment is provided for in these Bylaws, by resolution of the stockholders or Directors or by contract, in a manner consistent with these Bylaws.

ARTICLE XIV Record Policy

Section 1. The Company shall maintain and keep a copy of each of the following records at its principal office:

- (a) The Company's Articles of Incorporation;
- (b) Bylaws;
- (c) Minutes of stockholders meetings and records of all actions taken by stockholders without a meeting for the past three years;
- (d) All written communications within the past three years to stockholders as a group or to be the holders of any class or series of shares as a group;
- (e) A list of the names and business addresses of its current Directors and officers;
- (f) A copy of its most recent annual report; and all financial statements prepared for the periods ending during the last three years.

Section 2. A stockholder is entitled to inspect and copy, during regular business hours at the Company's principal office, any of the records of the Company described in Section 1 of this Article provided the stockholder gives the Corporation written demand at least five business days before the date on which the stockholder wishes to inspect and copy such records.

Section 3. The Company may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the shareholders.

ARTICLE XV
Amendments

These Bylaws or any part thereof may be amended, added to or repealed by the vote of a majority of all the Directors constituting the Board of Directors of the Corporation, at any regular meeting, or at any special meeting called upon notice as herein provided, in which notice a proposed amendment, addition to, or repeal shall be set forth.


Notwithstanding the above, no amendments to the Company's Articles of Incorporation or the Bylaws that concern Class B stock shall be made without approval of the Class B stockholders.

IN WITNESS HEREOF, the Board of Directors, now hereby adopt the foregoing Bylaws as the Bylaws of The Montezuma Valley Irrigation Company, this 8th day of December, 2020.

THE MONTEZUMA VALLEY IRRIGATION COMPANY

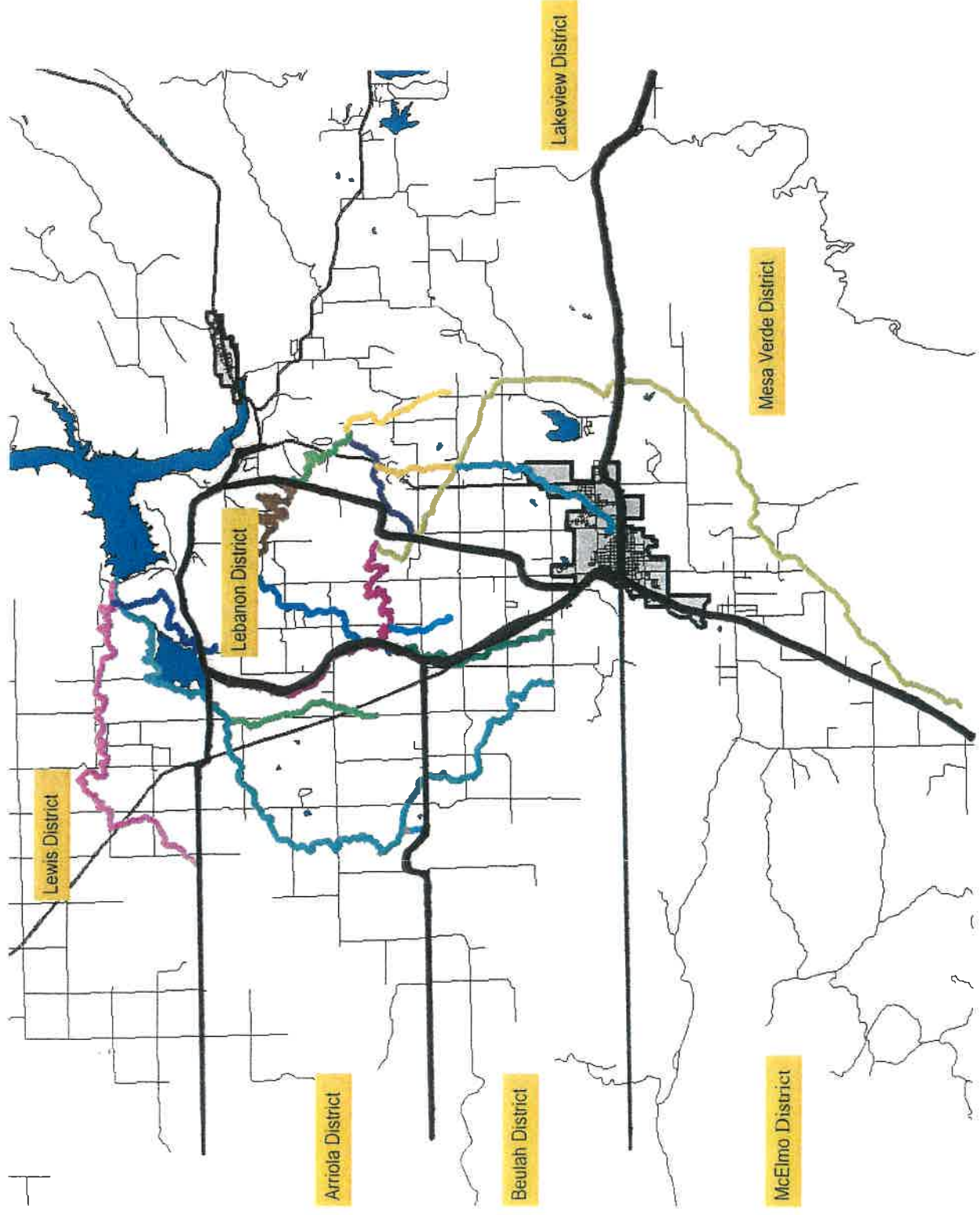

Gerald Koppenhafer, President

ATTEST:

 VP

Greg Black, Secretary

MVIC District Map



Appendix C

Conceptual Design Drawings



LOWER ARICKAREE CANAL
MONTEZUMA VALLEY IRRIGATION COMPANY
PROPOSED PIPELINE

