

The
Rainbow Park Water Company

Established 1912

BYLAWS
Of
THE RAINBOW PARK WATER COMPANY

(Latest revision dated February 11, 2014: amended January 2008 & January 2009:
containing 10 pages)

ARTICLE I

Meetings of Stockholders

SECTION 1. ANNUAL MEETINGS: Annual meetings of the Stockholders for the election of Directors, the presentation of the budget, the levying of Annual and Special Assessments and for such other purposes as are authorized by law, shall be held in the City of Florence, Fremont County, Colorado, at a location specified by the Board of Directors (the board), and shall be held on the first Tuesday following the first Monday in February of each year. Notice of such meeting shall be given each Stockholder of the Rainbow Park Water Company (the Company) at least twenty days prior to said meeting. Fifty-one percent of Stockholders must be present at the annual meeting to have a quorum.

SECTION 2. SPECIAL MEETINGS: If it should happen at any time that the election of Directors shall not be held on the day hereinbefore provided, such Directors may be elected at any subsequent meeting of the Stockholders at which a majority of the stock is represented, called by the Board or any two directors, by giving each Stockholder notice at least ten days prior to said meeting.

Other special meetings of the Stockholders may be called at any time by the Board or upon written request of the Stockholders of the Company representing one-third of all the stock thereof, notice for which shall be given each Stockholder at least ten days prior to said meeting.

ARTICLE II

Directors

SECTION 1. The management of the affairs of the Company shall be under the control of five Directors, all five of whom shall be Stockholders in the Company. At the annual meeting of each even numbered year, two of said Directors will be elected for two year terms. At the annual meeting of each odd numbered year, the remaining three Directors will be elected for two year terms; thus providing that two or three current Directors, as the case may be, will hold office over until the next annual meeting.

The Board of Directors shall, at the first meeting held in each year after election, determine such reasonable salaries and compensation that the officers, employees and agents of the Company shall receive for the ensuing calendar year. The Directors shall have charge of selling all water and issuing receipts and contracts therefore; they shall have control and supervision over the distribution of the water in the Company's ditches/pipelines (the Company's system); they shall have charge of the settlement of all disputes relating to the distribution and delivery of water; they shall give directions to and control the actions of the Ditch Superintendent (hereinafter referred to as the ditch rider) and the Secretary/Treasurer that may be employed by the board.

SECTION 2. After election, the Board shall, among themselves, elect one Director to the office of President and another Director to the office of Vice President. At the discretions of the Board, a Secretary/Treasurer may be hired who may or may not be a Stockholder of the Company. If the Board determines not to hire a Secretary/Treasurer, the specific responsibilities of that office shall be assigned to specific Directors in such a manner as to eliminate any question of responsibility for the duties of said office. In either case, the person appointed to perform treasury functions shall be bonded. See section 5 of this Article.

SECTION 3. Said Directors and officers shall hold their respective offices until their successors have been elected and have entered upon their duties.

SECTION 4. The Board shall have full control of all of the Company's business and it shall be the duty of the Board to exercise a general supervision over the affairs of the Company. The Board shall also be responsible for the following:

- to elect, hire and remove all officers of the Company.
- to receive and pass upon the reports of the Secretary/Treasurer, the Ditch Rider and other officers.
- to audit all bills and accounts against the Company.
- to fix an Annual Assessment for the carriage of water (whether owned by the Company or other water as may be carried for non-stockholders) sufficient to pay the annual usual costs of caring for and preserving the Company's property and sufficient to pay for the distribution of said water.
- to fix an Annual Account Fee for the maintenance of each Stockholders account sufficient to pay the cost of bookkeeping, accounting, printing, mailing and other office management related items.
- to assess the need for system improvements, purchases or other requisites requiring larger one-time expenditures, and to fix a Special Assessment for such one-time expenditures. Said Special Assessment shall terminate at the end of the fiscal year in which it was assessed.

Three members of the Board shall constitute a quorum for the transaction of any business at any regular or special meeting of the Board, except as provided for in Article VII, Section 1 of these Bylaws.

SECTION 5. The Board shall have the power to require any officers, agents or any other employees of the Company to give bonds with such sureties and in such amounts as deemed appropriate for the proper discharge of their duties.

SECTION 6. Special Meetings of the Board may be called at any time by the President or Secretary/Treasurer, or any three Directors. Said special meetings shall be held at the Company office and notice thereof shall be given each Director and the Secretary/Treasurer at least twenty-four hours prior to said special meeting.

Regular meetings of the Board shall be held at the Company office on the second Monday of each month.

SECTION 7. STOCKHOLDER CHECKS AND BALANCES: In the event that any Stockholder(s) have cause to believe that one or more members of the Board are not acting in the best interest of the Company, said Stockholder(s) may call a special meeting for the purpose of reviewing said performance. Said special meeting shall be called in accordance with Article 1,

Section 2 of these Bylaws. If the Stockholders' concerns are not resolved, said performance review may (at the discretion of the Stockholders) lead to removal of said Board member(s) from office. Removal of any Board member(s) prior to the expiration of their elected term shall require a majority share vote of the Company's total stock.

ARTICLE III

Officers

SECTION 1. PRESIDENT: The president shall be the Chief Executive Officer of the Company. The President shall sign all bonds, deeds, agreements and other instruments of writing made or entered into by or on behalf of the Company; shall preside at all meetings; shall sign all certificates of stock issued by the Company; and in general, shall perform all other duties incident to such office.

SECTION 2. VICE PRESIDENT: In case of the absence of the President or the inability of the President to perform the duties of that office, the Vice President shall act in the President's place and shall exercise all powers and functions belonging to the office of President.

SECTION 3. SECRETARY/TREASURER: The Secretary/Treasurer shall keep a record of the proceedings of the Board and of the Company, and such other books as the Directors may prescribe; shall keep the stock book and the seal of the Company and shall attest by their signature and the seal of the Company all certificates of stock and other documents and instruments requiring the signature of the President; shall be the custodian of and receive all moneys, bonds, notes and other property of the Company until the same shall be disposed of by order of the Board; shall deposit the money of the Company in such bank(s) as designated by the Board, none of which money shall be paid out by such bank(s) except on checks signed by the Secretary/Treasurer and counter signed by the President or Vice President; shall keep at all times a correct account of all funds received and paid out on behalf of the Company; and shall perform all other duties as are incidental to such office.

SECTION 4. In the case of a vacancy of any Director's office, the remaining Directors shall recruit a stockholder to temporarily fill such vacancy until the following annual meeting, at which time the vacancy shall be filled by stockholder vote.

SECTION 5. The Secretary/Treasurer, the Ditch Rider and all other officers shall, as often as required by the Board, attend meetings and make full reports of the condition of the Company and the Company'

ARTICLE IV

Delivery of Water

SECTION 1. DITCH RIDER: The Board shall be authorized to hire a Ditch Rider who shall have control of the care and management of the Company's system and the distribution of the Company's water. The Ditch Rider shall in all matters, be subject to the direction of the Board and shall receive such salary as the Board may determine. See article II, Section 1 of these Bylaws.

SECTION 2. DELIVERY POLICIES: The board shall establish such reasonable policies as are deemed necessary to assure the most equitable delivery of the Company's water. Such policies shall be based upon the following premises.

- that each Stockholder is entitled to an amount of water equal to their pro-rata share as determined by the number of shares owned.
- that, until accurate, affordable volume measuring devices become available, an equitable "time per share" system of measuring must be used, said system being based on an average of delivery pipe sizes.
- that a rotation method of delivery is the most equitable, wherein water is distributed beginning at the high end of each ditch/pipeline and proceeding down said ditch/pipeline in order, returning to the top and repeating the cycle as many times as possible during the irrigation season.

Pursuant to said delivery policies, the Ditch Rider, acting under authority of the Board, shall control the delivery of the Company's water and shall monitor and record the amount of water delivered to each stockholder.

The Company, as a condition of delivery of said water, may require the use of boxes with good and sufficient headgates to prevent improper use or waste of said water. Installation of such shall be at the expense of the Stockholder. Construction and materials shall meet specifications determined by the Board.

SECTION 3. WATER TO SUBDIVIDED TRACTS: When any land currently being irrigated as one tract is divided into smaller tracts (whether along previously platted lot lines or not), it shall be the shareholder's financial responsibility to extend, make additions, or make improvements to the Company's system as deemed necessary by the Board to deliver water to said tracts. Said extensions, additions and improvements shall meet construction and material specifications as determined by the Board.

If at any time any stockholder shall subdivide property where on water from the Company is no longer needed or desired, said Stockholder shall have the following options regarding disposal of such shares of stock formerly used for the irrigation of the respective tracts of land so subdivided:

- the Stockholder may, with approval of the Board as provided in Article V, Section 2, sell and transfer their shares of stock to other Stockholders of the Company, or to any other third person or corporation or business association which become the owner of such respective tracts of land so subdivided;
- the Stockholder may, with approval of the Board as provided in Article V, Section 2, sell and transfer their shares of stock to other Stockholders of the Company, or to any other third person or corporation or business association which owns land within the Company's service area as established in Article V, Section. 2;
- the Stockholder may, with approval of the Board as provided in Article V, Section 2, split stock certificates in whole shares for use on land so subdivided, subject to all the provisions of these Bylaws. Splitting stock into fractional shares will not be permitted.

Nothing contained herein shall preclude the Company from purchasing any stock offered for sale.

SECTION 4. CONDITIONS OF DELIVERY: No water shall be delivered or furnished to any Stockholder who is in arrears in the payment of assessments made upon the shares of stock owned by him; and, no water shall be furnished to any person who is not a Stockholder in the Company, except as provided for in Section 5 of this Article; and no water shall be furnished to any potential Stockholder pending approval of share transfer; and no water shall be furnished to any Stockholder in the Company except pro-rata with all other Stockholders in proportion to his ownership of Capitol Stock.

SECTION 5. CARRIAGE OF WATER FOR NON-STOCKHOLDERS: If at any time water is carried through the Company's system for the benefit of any person or user who is not a Stockholder in the Company, the Board shall have the power and it shall be their duty to fix rates for the carriage of such water, which rates shall in no event be less than the rates fixed for Stockholders for the carriage of water owned by the Company. All water carried for the benefit of any non-stockholder shall be carried only after the reasonable requirements of the Stockholders have first been met.

SECTION 6. RESPONSIBILITY FOR DAMAGE: It shall be the responsibility of the Stockholder to manage their tail water so as to avoid damage to the property of others. The Company shall not be held liable for such damage, nor shall the Company act as mediator in the prevention or in the event of such damage.

The Company shall not be held for damage caused by gates or valves being opened or having been left open by a Stockholder before, during or after their turn in the rotation. Stockholders are not authorized to manipulate Company gates, valves or other appurtenances without specific direction or permission. Violation of this stipulation may result in suspension of services.

The Company shall not be held liable for damage caused by unauthorized tampering whether by a Stockholder or as a result of vandalism.

ARTICLE V

Certificates of Stock and Proxies

SECTION 1. VOTING RIGHTS: The Stockholders of the Company shall have the right to vote the number of shares of stock registered in their names upon the books of the Company. Stockholders are hereby empowered to vote on the following issues: election of Board members; the removal of Board members; and any additional issues on which the Board may request direction. Stockholders may vote in person or by proxy, provided that, if by proxy, such proxy be in written and valid form and registered with the Secretary/Treasurer at or before any meeting at which issues requiring a Stockholders' vote will be decided. The transfer books of the Company shall be closed five days prior to such meeting, thus, no Stockholder shall be allowed to vote the shares of stock owned by him unless such ownership be registered upon the books of the Company at least five days prior to such meeting.

SECTION 2. STOCK CERTIFICATES, TRANSFERS AND SHARE LEASING: Each Stockholder shall be entitled to a certificate representing his share(s) of stock, duly signed by the President or Vice President and attested by the Secretary/Treasurer, and issued under the

seal of the Company. Certificates of stock shall be numbered by the Secretary/Treasurer as they are issued and shall be transferable only upon the books of the Company.

Stockholders shall have the right to lease any or all of their shares of stock to other Stockholders or to any other third party. The Company shall collect a fee from said Stockholder, the amount of which to be determined by the Board to offset the administrative costs incurred as a result of said lease.

All stock transfers and share leases shall require approval by a majority vote of the Board. It shall be the duty of the Board to assure that no stock transfers or share leases are approved which will result in any of the following conditions:

- an unacceptable decline in the quality of service provided to existing Stockholders;
- stock of the company being transferred or leased to an individual or entity who is not the owner of property within the Company's service area;
- the Company's water being used outside of the Company's service area.

Further, when a share transfer request involves shares which are being used to irrigate property across which the Company's facilities run, and if an easement is needed for said facilities, it shall be the duty of the Board to assure that said necessary easements are obtained prior to share transfer approval.

The Company's Service Area is defined as all the property lying within the original boundaries of Rainbow Park Addition, Lots 1 through 197, together with those additional properties included as a result of transfers approved prior to October, 1998, said additional properties being limited to those portions lying south of the Arkansas river and being described in the records of Fremont County, Colorado, as recorded in the following books (b) and pages (p): b1249 p500; b1028 p102; b1054 p271; b825 p120; b1239 p786; b1217 p786; b1242 p586; b1215 p835; b898 p333; b1299 p652; b1276 p804; b1276 p836; b1304 p881; b794 p272; b1280 p365; b1325 p627; b1217 p995; b1307 p153; b1192 p17; b623 p236; b1122 p38; b685 p759; b955 p49; b8L p035; b1192 p703; b863 p267 and b1319 p160.

Whenever any stock certificate shall be presented to the Secretary/Treasurer for transfer by the holder thereof or by his duly authorized agent, upon approval by the Board, the Secretary/Treasurer shall cancel such certificate and shall issue a new certificate or new certificates therefore as requested by the party presenting same for transfer; but the Secretary/Treasurer shall in no case issue new certificates for any greater number of shares than are represented by the certificate surrendered and canceled.

All transfers shall be promptly entered on the alphabetical Stock ledger as required by law. The Secretary/Treasurer shall collect a fee, the amount of which to be determined by the Board for each stock certificate transferred as herein provided.

The Board's approval of stock transfers does not relieve Stockholders from financial responsibility for any system extensions, additions or improvements required as a result of such transfers. Said extensions, additions and improvements shall meet construction and material specifications determined by the Board.

No shares of stock upon which any assessment shall have become due and payable shall be approved for lease or transferred on the books of the Company while such assessment shall remain unpaid.

SECTION 3. CAPITAL STOCK; The Capital Stock of the Company is divided into 600 equal shares, the par value of each being \$50.00. Each share shall be subject to the payment of such assessments as shall be levied by the Board at any annual meeting, or at any special meeting called for that purpose.

SECTION 4. DEFAULT AND CONSEQUENCES THEREOF: Whenever any assessment is levied upon a share of stock, the same shall become a lien on said stock, and said assessment shall be paid by the holder thereof at the time same shall become due and payable. If any Stockholder shall default in the payment of an assessment, demand therefore shall be made on said Stockholder so in default. Such demand shall be made in writing by certified mail, deposited in the Post Office, properly stamped and addressed to the last known address of said Stockholder. If payment of the full amount of the assessment in arrears is not made within ninety days after the written demand has been deposited in the Post Office, as aforesaid, then the Company has the following options:

- the Board may negotiate the purchase of said stock from the Stockholder so in default, or
- the Company may cancel said stock certificates and offer said stock for sale at public auction, said stock to be sold to the highest bidder.

Prior to such auction, potential bidders shall be required to qualify themselves by providing to the Secretary/Treasurer, at least ten days prior to said auction, proof of ownership of land within the Company's service area and a statement of intent. Said statement of intent shall identify the tract(s) of land which said bidder intends to irrigate with shares potentially obtained at said public auction. The Board shall either qualify or disqualify a potential bidder based on the criteria for transfer established in Article V, Section 2 of these Bylaws.

Notice of said public auction shall be mailed by certified mail to the Stockholder so in default at last known address at least thirty days prior to the date of said public auction; and, a notice shall be published in a newspaper of general circulation published in the City of Florence, Colorado, at least one time per week for four consecutive weeks prior to said public auction. Said published notice shall contain the name and last known address of the stockholder, the amount of stock to be offered for auction, and the amount of the assessment then in arrears for which demand has been made. Said notice shall likewise specify the date, time and place said auction shall be held, which in any event, shall be in the City of Florence. The proceeds of any such sale shall be paid to the Stockholder so in default, less the following: the amount of the assessment for which demand has been made; the amount expended by the Company to advertise and hold said auction; and, the stock certificate transfer fee as provided for in Article V, Section 2 of these Bylaws. Any stock sold under these provisions shall be transferred on the books of the Company to the purchaser thereof at the sale, and the records of the Company shall show the transaction and transfer from the Stockholder so in default to the purchaser. Further it shall be a condition of the sale that the purchaser shall be financially responsible for any system improvements as required by the Board for his usage of the shares thus acquired. Construction and materials for said improvements shall meet specifications determined by the board.

SECTION 5. OPTION OF COMPANY TO PURCHASE STOCK: The Company has the right to purchase stock at any time. The Company also has the right to hold stock as "retired-issued but not outstanding," if the Board determines that it is in the best interest of the Company and its Stockholders to do so.

ARTICLE VI

Corporate Seal

SECTION 1. The Company adopts as its corporate seal a circle with the word "Seal" within the circle, and the words "THE RAINBOW PARK WATER COMPANY, Colorado" around the circle, the following being an impression of said seal.

ARTICLE VII

Amendments

SECTION 1. These bylaws may be altered, amended, modified, added to or repealed in whole or in part by the board at any regular meeting, or at a special meeting called for that purpose, then to be approved by a majority of Stockholders at the next annual meeting, except as to Article V, or any section thereof, which may not be altered, amended, modified, added to or repealed in whole or in part, except at a regular meeting of the Board, or at a special meeting called for that purpose, upon a vote of at least four Board members.

RESOLUTION ADOPTING BYLAWS AS AMENDED

The Board of Directors of the Rainbow Park Water Company, a corporation organized and existing under the laws of the State of Colorado, met at the Company office this 11th day of February, 2014 at the hour of 7:00 p.m. for the purpose of amending the Bylaws of the Company pursuant to Article VII of the Bylaws thereof. All members of the Board of Directors and the Secretary/Treasurer were present and answered to roll call. After the reading of the proposed amended Bylaws a movement for adoption was made and seconded, whereupon the President ordered a vote on the adoption of the same, the following results being obtained: Voting in favor of said amended Bylaws were: Mark Clinard, Don Budd, Steve Andrews, Jim Hudson and Josh Hawk. There were no votes in opposition. Whereupon the President ordered that the same had been adopted, affixed his signature, and directed the Secretary/Treasurer to execute the document under the corporate seal of the Company, and to have same printed for distribution to the Stockholders at the next annual meeting of the Company.


Dated this 14th day of February 2014.

BY:  President


ATTEST:  Secretary/Treasurer

Seal:


Don Budd


Steve Andrews


Jim Hudson


Josh Hawk