

APPROVED

FOR PUBLIC RELEASE

**BYLAWS
OF
SQUAW CREEK DITCH COMPANY**
Sweet, Idaho
An Idaho Nonprofit Corporation
Adopted as amended, March 5, 2015

SQUAW CREEK DITCH COMPANY

BY-LAWS

Adopted as amended, March 5, 2015

These Bylaws govern the conduct and affairs of the **Squaw Creek Ditch Company** (hereafter "the Company"). These Bylaws both incorporate and supercede previous Bylaws and Amendments of the Company previously adopted in 1976, 1995, and 2005, available for review at the Company's website, www.squawcreekditch.com.

ARTICLE 1

AUTHORITY AND PURPOSE

1. **Authority.** The Company, formed in 1896, is an Idaho nonprofit corporation, chartered pursuant to the Idaho Nonprofit Corporation Act (Title 30, Chapter 3, Idaho Code). The Company manages the Squaw Creek Irrigation District (District), Sweet, Idaho. The District was formed pursuant to Chapter 1, Title 43 of the Idaho Code, identified at the Idaho Department of Water Resources website, www.idwr.idaho.gov. The boundaries of the Company and the District are defined by Idaho Code Section 42-202B (2) and authorized pursuant to Idaho Code Section 42-1411 (2)(h), and generally defined through one or more administrative processes, such as the Snake River Basin Adjudication or water right transfers.

2. **Purpose.** The Company's primary purpose is to deliver irrigation water via the Squaw Creek Ditch Canal (Canal) to the headgates of its stockholders situated within the District's boundary.

3. **Website.** The Company's website shall be www.squawcreekditch.com. All notices and company documentation shall be archived at the website. The website shall serve as the official public repository for all Company notices and documentation, including previous bylaws previously adopted in 1976, 1995, and 2005.

ARTICLE 2

CONTROL OF CANAL AND DELIVERY OF IRRIGATION WATER

1. **Control of Canal.** As more fully set forth in Idaho Code and these Bylaws, the Company shall have the sole and exclusive control over any construction and maintenance of the Canal.

2. **Delivery of Irrigation Water.** The Company's sole responsibility shall be the delivery of irrigation water to the headgates (*see* Art 2, Par 5) currently located along the Canal. Weather permitting, delivery of said irrigation water shall commence on or about April 15th each year, and cease on or about October 15th. Delivery of water to the laterals, including resolution of lateral disputes, shall be the sole responsibility of the stockholders (*see* Article 8). Weather permitting, delivery of stock water to stockholders shall be at the Company's convenience. The Company shall have no responsibility to manage or control drainage or seasonal runoff on or from a stockholder's property.

3. **Canal Right-of-Way.** Except in cases where a right-of-way has been duly conveyed and/or recorded, the Company has an historical easement by prescription over all land on which the Canal is located. The width of the right-of-way for the Canal which has been

acquired by prescription is that width which historically has been used by the Company in its act of constructing, maintaining, managing, overseeing, cleaning, repairing, reconstructing and improving the Canal. The width includes:

- (a) the area between the two banks of the Canal where the water shall naturally run,
- (b) the banks themselves,
- (c) the roadway or roadways on the banks of the Canal which have been used to construct, maintain, repair, and oversee the distribution of water from the Canal,
- (d) the cut bank or the area from which excavations have been necessarily made to construct or maintain the Canal,
- (e) the area where fill has been added to construct or maintain the Canal.

4. Canal Obstructions and Fences. Except for existing structures, no landowner or any person or entity shall erect, place, suffer, or permit anything to be placed or located, on or under the Company's Canal Right-of-Way without the prior express written permission of the Company. These include without limitation: any bridge, plank, walkway, cable, wire, structure, building, pole, ramp, corral, loading chute, shed, improvement, equipment, obstruction, or anything which blocks the free and unobstructed use and passage over the entire width of the Canal Right-of-Way. However, a landowner shall be permitted to erect on his property boundaries a fence up to the roadway used to construct and maintain the Canal. In no case, shall a landowner construct a fence across the roadway, but a landowner may place a metal pipe panel sixteen feet (16 ') in width across the roadway. The panels and location of the fences must be approved in writing by the Company. Also, the panel may not be locked but may be latched by a method which permits it to be entirely removed and laid on the ground by the Company or its agent(s).

5. Headgates. No new or existing headgate shall be installed, modified, or maintained in the Canal without the prior written consent and supervision of the Company. All necessary and reasonable costs of construction, including Company supervision and materials, shall be borne by the landowner. Notwithstanding, in no case shall any new or existing installation, modification, or maintenance occur once irrigation water is placed in the Canal.

6. Floodgates. The Company shall have the sole and exclusive control and maintenance over the Canal Floodgates. Any unauthorized modification, or tampering with said floodgates is strictly prohibited.

7. Measuring Devices. When any land is being served by a headgate is partitioned or divided into parcels and the parcels are owned by different persons, before water shall be delivered through the headgate, the owner or owners of the land shall be required to install a measuring device capable of measuring the water flowing through the headgate. The construction and type of measuring device shall be subject to the prior written approval of the Company. Also, the owner must demonstrate that the measuring device is capable of accurately measuring the flow of water by casual observation of Company's ditch rider. Landowners are encouraged to hire an engineer or obtain advice from the Idaho Department of Water Resources or NRCS before submitting any plans for a measuring device to the Company.

8. **Tiling Canal.** Subject to the provisions herein, no Landowner shall be permitted to cover, enclose, or tile any part of the Canal without obtaining in advance the prior written approval of the Company. When a landowner desires to enclose, cover, or tile the Canal, the landowner shall:

- (a) Obtain plans from a registered professional engineer and submit them to the Company for its approval.
- (b) Tender to the Company a budget for the total estimated cost of retaining the services of a professional to review the plans, supervise the construction, and final inspection.
- (c) Enter into an agreement whereby the Landowner and his successors and assigns agree to maintain the works placed in the Canal and be responsible for the effects of having placed the works in the Canal, as well as bear the costs of preparing and recording the agreement at the County Clerk's office.

9. **Scarcity of Water.** If at any time, there is not sufficient water to supply all stockholders in the Company with the full amount that they are entitled to receive, all users of water shall be ratably reduced by the same percentage amount. Thereafter, all diversions from the Canal to each stockholder shall be ratably reduced to comply with that lesser amount.

ARTICLE 3

RIGHTS OF STOCKHOLDERS AND STOCK CERTIFICATES

1. **Power in Stockholders.** Except as otherwise provided in the Company's Articles of Incorporation, these Bylaws, or the laws of the State of Idaho, all authority, rights, and power with respect to the Company shall be vested in the stockholders.

2. **Good Standing.** Except as otherwise provided in the Company's Articles of Incorporation, these Bylaws, or the laws of the State of Idaho, a stockholder in "good standing" shall mean a stockholder who is current in payment of his annual assessment fees, as determined by the Company (see Article 7).

3. **Right to Vote.** Each stockholder in good standing shall have the right to vote, in person or by proxy, at stockholder meetings. Each stockholder shall be entitled to one vote for each share of stock (or acre of land) owned by that individual within the service area. Each share shall represent one inch of water.

4. **Right to Inspection.** All books, papers and records of the Company in the hands of any officer of the Company shall be subject to inspection by any officer, director or stockholder in good standing, upon reasonable demand of place and time.

5. **Right to Certificate of Stock.** Current ownership and voting rights in the Company shall be evidenced by reissued certificates of stock in a form adopted by the Board of Directors, to be signed by the President (or Vice-President) and the Secretary-Treasurer, and be attested by the corporate seal. All certificates shall be consecutively numbered. The name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the Company books. All certificates of stock transferred by endorsement thereof shall be surrendered for cancellation and new certificates issued to the

purchaser or assignee. Shares of stock shall be transferred only on the books of the Company by the holder or by his/her designee.

ARTICLE 4

STOCKHOLDER MEETINGS

1. **Annual Meeting.** The annual meeting of the stockholders of the Company shall be held at a designated place and time in Gem County, Idaho, on the 1st Monday of February of each year, at which time there shall be elected by the stockholders, by ballot, a board of three (3) Directors for the ensuing year, and a quorum of stockholders in good standing shall transact such other business as shall properly come before them.

2. **Notice of Annual Meeting.** At least twenty (20) days prior to said annual meeting, a notice setting out the time and place of such annual meeting shall be placed on the Company's website and emailed to each stockholder. In the event a stockholder has no email address, then in that event, said notice shall be mailed via USPS postage prepaid to the stockholder at his/her address as the same appears on the stock register of the Company, or if no such address appears, at his/her last known place of address.

3. **Quorum and Voting.** For the purpose of electing directors or voting on any matter submitted to a vote at any annual meeting or special meeting, those stockholders in good standing who are present in person or represented by proxy shall constitute a quorum.

4. **Special Meetings** of the stockholders shall be held at a designated place and time as determined by the Directors. Such meetings may be called at any time by the President, any two Directors, or by fifty-one (51%) percent of stockholders in good standing. The Secretary shall deliver, by USPS mail, or e-mail, a notice of such call to each stockholder of the Company, at least three (3) days before such meeting, and such notice shall state the time and place of such meeting and the object thereof. No business shall be transacted at a special meeting except as stated in the notice sent to the stockholders, unless by the unanimous, consent of all stockholders, either in person or by proxy, all such stock being represented at the meeting.

5. **Order of Business.** The following order of business shall be observed at all annual and special meetings of the stockholders so far as is practicable, to-wit:

- (a) Calling the Roll
- (b) Reading, correction, and approval of minutes of previous meeting.
- (c) Reports of Officers
- (d) Reports of Committees
- (e) Unfinished Business
- (f) New Business (including Annual Budget and Assessment)
- (g) Election of Directors

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ARTICLE 5 DIRECTORS

1. **Number and Term.** A board of three (3) directors shall be chosen by the stockholders at their annual meeting to manage the affairs of the Company. The board members shall serve in staggered two-year terms.

2. **Eligibility.** To be eligible to serve on the Board of Directors, an individual must hold (either by record or by proxy) ten (10) or more shares of stock in the Company, or be the renter and operator of a farm with ten (10) or more shares of stock in the Company.

3. **Vacancies** on the Board of Directors by reason of death, resignation, or other causes, shall be filled by an appointment of the remaining Directors, and any appointee shall hold office for the unexpired term for which he is appointed and until his successor is elected and qualified.

4. **Meetings and Quorum.** Meetings of the board of Directors shall be held at such times and places as the Board of Directors shall by resolution appoint. A majority of the Directors shall constitute a quorum.

4. **Powers.** The Directors shall have the general management and control of the business and affairs of the Company and shall exercise all the powers that may be exercised or performed by the corporation, under the statutes, the certificates of incorporation, and by-laws.

5. **Compensation and Expenses.** The Directors and officers shall receive no pay, salary or wages; however, any Director shall be entitled to reimbursement for any reasonable costs or expenses suffered or paid by the Director as a result of the Company's business. Any such claim for reimbursement shall be supported by proper evidence of payment.

6. **Insurance and Indemnification.** The Company shall purchase and maintain Idaho County Risk Management Program (ICRMP) insurance for the activities of its directors, officers, and any contractor. Each director and officer of the Company, now or hereafter serving as such, shall be indemnified and held harmless by the Company against any and all claims and liabilities to which he has or shall become subject by reason of serving or having served as a director or officer of the Company, except for claims and liabilities arising out of said director's purposeful misconduct or gross negligence. No director of the Company shall be personally liable to the Company or its stockholders for monetary damages, except for breach of a director's duty of loyalty to the Company or its stockholders, for acts or omissions not in good faith or which involve the intentional misconduct or a knowing violation of the law, for liability under § 30-1-833 of the Idaho Code, or for any transaction from which the director derived an improper personal benefit.

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ARTICLE 6

OFFICERS

1. **Introduction.** The officers of the Company shall be appointed by the Directors and serve at their pleasure. The officers shall consist of a President, a Vice-President, a Secretary-Treasurer, and such other officers as shall from time to time be chosen. The office of Secretary-Treasurer shall be combined in one office and one person.

2. The **President** shall preside at all meetings of the Directors and stockholders and shall have general charge of and control over the affairs of the corporation and be subject to control of the Board of Directors.

3. The **Vice-President** shall perform such duties as may be assigned to him by the Board of Directors. In the case of the death, disability or absence of the President, he shall perform and be vested with all of the duties and powers of the President.

4. The **Secretary-Treasurer** shall have the following duties: (i) countersign all certificates of stock of the Company, (ii) keep a record of the minutes of the proceedings of meetings of stockholders and Directors, (iii) give notice as required in these by-laws of all such meetings, (iv) custody of all books, records, and papers of the company, except such as shall be the charge of some other duly appointed person, (v) keep accounts of all monies of the corporation received or disbursed, and shall deposit all monies and valuables in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate. (vi) make payments on behalf of the Company, conditioned on all checks requiring two signatures, the President or Vice-President, and the Secretary-Treasurer.

ARTICLE 7

ASSESSMENTS, DELINQUENCIES, AND REMEDIES

1. **Introduction.** Monies necessary for maintaining and operating the Company's irrigation system, payment of corporate indebtedness, or any other budgeted purpose the Board determines to be in the best interests of the Company, shall be raised by an annual assessment levied upon stock held by the Company's stockholders in the manner provided by these Bylaws. In addition to such assessments, the Company may make administrative charges, as well as other reasonable charges to offset related expenses in connection with the diversion, conveyance, drainage or delivery of water to any stockholder or other person or entity with whom the Company may contract. Nothing herein shall be construed to prevent or limit the power of the Company to borrow or enter into appropriate financing agreements.

2. **Annual Assessment.** At the Company's annual meeting, the stockholders in good standing shall meet and determine the Annual Assessment which shall consist of two parts: a per-share assessment, and an "emergency maintenance fee." The per-share assessment shall be determined by dividing Company's annual operating budget by the number of issued and outstanding shares of the Company. In determining the per-share assessment, the stockholders may take into account existing debt service, delinquent accounts, and other contingencies; however, in no case shall a landowner's per-share assessment be less than Fifty Dollars (\$50). In addition to this per-share assessment, each stockholder/landowner shall pay an emergency maintenance fee of Fifty Dollars (\$50) for foreseeable or unforeseeable repairs and upkeep of

the Canal, fixtures, and irrigation system of the Company. Together, the per-share assessment and the emergency maintenance fee shall be referred to as the Annual Assessment.

3. **Annual Assessment Notice and Payment Due Date.** The Notice of Annual Assessment (annexed hereto) shall be delivered to each stockholder via email and/or USPS postage prepaid. The Annual Assessment shall be due and payable to the Treasurer of the Company as of the 15th day of March of the same year, either in full, or in regular installments.

4. **Special Assessments.** Monies necessary for non-budgeted matters shall be raised by a special assessment levied upon stock held by the Company's stockholders at a special meeting called for that purpose, as provided in Article 4 of these Bylaws.

5. **Delinquencies.** Any stockholder who has not made any payment towards the annual assessment by April 15th of each year shall be considered delinquent. In that event, the Secretary shall cause a Notice of Delinquency to be sent to said delinquent stockholder via USPS certified mail, as well as posted at the Company's website, and if so requested by the Board, shall cause said notice to be published in a newspaper of general circulation.

6. **Company Remedies for Delinquencies.** In the event the Annual Assessment becomes delinquent, the Company may refuse, without liability, to furnish water to said delinquent stockholder(s) until any delinquent assessment(s) are brought to a current paid status. However, the Company can provide water for said delinquent user if the user gives reasonable security for the payment of such assessment against said delinquent landowner. In the event said action(s) shall infringe upon the rights of stockholders past the headgate, stockholders may exercise their rights under Idaho Code found in Article 8 "Lateral Associations." In addition, the Secretary shall, on or before the 1st day of September of each year, file for record with the county recorder of Gem County, a statement in writing in the form set forth by Gem County. In the event any amount of the annual assessment remains unpaid by February 1st of any year, the board may instruct the Secretary to file a claim of lien against the lands of each individual stockholder whose stock is then delinquent.

ARTICLE 8

LATERAL ASSOCIATIONS

The Company's responsibility to deliver irrigation water ends at the headgates along the Canal. In the event of disputes involving delivery of water past the headgate to a lateral, Idaho Code gives stockholders (lateral users) certain rights and remedies, including the right to form a Lateral Association. Stockholders may refer to the Company's website www.squawcreekditch.com for further information about lateral users' rights and responsibilities under Idaho Code.

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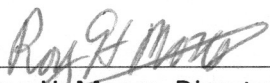
ARTICLE 9
MISCELLANEOUS

1. Seal. The corporate seal of the Company shall be a circular seal in a form acceptable to the Board of Directors.
2. Any of these By-laws may be amended by a majority vote of the stockholders in good standing at any regular meeting or any special meeting called for that purpose.
3. Upon dissolution of the Company, the net assets shall be distributed to stockholders in proportion to each stockholder's equity interest therein.

ARTICLE 10
ATTESTATION

Each of the undersigned do hereby certify that the foregoing By-laws were duly presented to the stockholders of the Company at the annual meeting February 2015, and that said By-laws were adopted and approved by the stockholders pursuant to Idaho Code 30-13, and the Secretary of the Company was directed to record said By-laws as provided by Idaho law.

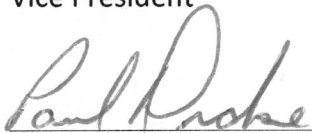
DATED and SIGNED the 5th day of March, 2015.



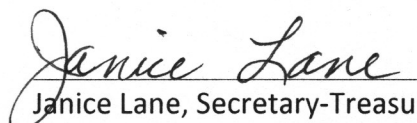
Roy H. Moses, Director
Chairman, President



Joseph A. Zavaletta, Director
Vice President



Paul Drake, Director



Janice Lane, Secretary-Treasurer

