

AMENDED BYLAWS
OF
LOWER SACRAMENTO CREEK RESERVOIR COMPANY

ARTICLE I.

Augmentation Plans, Qualification of
Stockholders, Stockholders Agreements and Covenants

A. PURPOSES: The purposes for which this nonprofit corporation is organized and its powers are fully set forth in the Articles of Incorporation and are incorporated herein by reference. Its principal purpose is to receive and hold title to the Lower Sacramento Creek Reservoir No. 1 and interests therein, lands, easements, rights-of-way, and other related facilities in trust for its stockholders and to administer such water rights and operate the related facilities for the benefit of its stockholders in accordance with individual plans for augmentation for each of the Property Owner Association and nominees which are stockholders in the company, and approved by a decree entered by the District Court in and for Water Division 1 of the State of Colorado. The plans for augmentation referred to in these Amended Bylaws, except as otherwise stated, are those individual plans for augmentation for certain subdivisions and for future subdivisions located in the South Platte Drainage basin of the State of Colorado. The subdivisions and entities comprising the membership are:

1. Valley of the Sun Property Owners Association
2. Sun Mountain Property Owners Association
3. Foxtail Pines Property Owners Association
4. F C Spruce Hill, LLC
5. Venture '73 Owners Association
6. Widdowfield Property Owners Association
7. Mountain Mutual Reservoir Company
8. Foxtail Pines Heights Owners Association
9. Fairplay - Four Mile Creek, Ltd. (nominee for future users)

Mountain Mutual Reservoir Company is not an owner of individual plans of augmentation but is a supplier of augmentation water to be used in subdivision developments, and therefore, has the right to lease, rent, or sell the waters which may be stored in Lower Sacramento Creek Reservoir. The Court approved augmentation plans for the subdivisions set forth above, and any future subdivisions shall be incorporated herein by reference as though set forth herein in their entirety. Although Fairplay-Four Mile Creek, Ltd. has a water augmentation plan approved, their subdivision has not been started and there is no present owners' association for the proposed subdivision, therefore Fairplay-Four Mile Creek, Ltd. is acting in the capacity of a nominee for



future property owners of that subdivision.

B. WATER SUPPLY: Each individual subdivision's water supply required to meet the annual water requirement for each basic unit shall be furnished by means of an on-site well drilled by the landowner, or by means of a central municipal type well or wells drilled by the owner or owners, including subdivision developers, or a central municipal type water system.

1. Each owner or owners of lots or subdivisions shall obtain a well permit or well permits from the State Engineer, in Denver, Colorado, before the owner or owners may use an existing well or drill a new well.

2. Each owner or owners shall also obtain State Health Department and/or County Health Department approval for the installation and use of an on-site sewage disposal system or central municipal type disposal system.

C. QUALIFICATION OF STOCKHOLDERS AND VOTING RIGHTS: Except as is otherwise provided in these Amended Bylaws, or the Articles of Incorporation, each Property Owners Association or shareholder stated above shall be the only entities which shall be stockholders in the corporation.

1. Stock Transfer Limitations and Termination: The stock is non-transferable by a stockholder, except to a successor in interest to a Property Owners Association, to a successor in interest to a nominee referred to above, or to a nominee through water court action to remove excess water from the applicable court decree.

2. Classes of Stockholders and Voting Rights: There shall be one class of stockholders in the corporation: Each of the Property Owners Associations or entities referred to above shall hold stock in the corporation in the same relation as their percentage of storage rights in the Reservoir. The stock ownership shall be as follows:

	<u>Shares</u>
1. Valley of the Sun Property Owners Association	1311
2. Sun Mountain Property Owners Association	175
3. Foxtail Pines Property Owners Association	710
4. F C Spruce Hill, LLC	166
5. Venture '73 Owners Association	127
6. Widdowfield Property Owners Association	116
7. Mountain Mutual Reservoir Company	772
8. Foxtail Pines Heights Owners Association	54
9. Fairplay - Four Mile Creek, Ltd. (nominee)	<u>109</u>
Total Shares	3540



D. STOCKHOLDERS AGREEMENTS AND COVENANTS: In consideration of its ownership of stock, and the mutual promises and covenants of the other stockholders, each stockholder promises, covenants and agrees that it will cause all of its property owners or future property owners to do the following things:

1. Each stockholder shall be subject to and bound by all of the terms and conditions of the decree in the individual Plan for Augmentation for each subdivision. Its land is in a platted subdivision and shall be subject, in particular, to the provisions of any protective covenants contained in the decree and declaration of covenants incorporated therein relating to the terms and conditions upon which an owner of a lot may obtain a well permit from the State Engineer and drill an on-site well or central municipal type well to supply water for his own use and upon which an owner of a lot may install and use an on-site sewage disposal system or central water and sewage system acceptable to the State of Colorado Department of Health and, if applicable, to the approval of any county health department.

2. Each stockholder will furnish the water supply to meet the annual water requirement for each basic unit owned by its subdivision through the diversion of water from an on-site well under a permit approved by the State Engineer; each owner of a basic unit will pay all costs for the drilling and equipment of the well; and will pay all costs and expenses incurred in obtaining the well permit.

3. Each stockholder will pay its pro-rata share of the costs for the maintenance of the Lower Sacramento Creek Reservoir as required by the individual plan for augmentation in which it is a landowner and any augmentation reservoir which is in addition to the augmentation reservoir provided for by this corporation. It will also pay its pro-rata share of the expenses or all the expenses, as the case may be, incurred in the operation and maintenance of such additional augmentation reservoir.

4. Each stockholder will be bound by and subject to all the provisions of the Amended Bylaws and the Articles of Incorporation of this corporation.

5. Each stockholder will use its best efforts to require that each of its individual property owners will not waste water or use it for any purposes other than those permitted by his well permit and, if he commits waste or uses the water for any other purposes, he agrees that the corporation may withhold his replacement water. Each stockholder also agrees that the corporation may withhold his replacement water if it has not paid



all assessments regularly made when due and payable. The corporation shall notify the Division Engineer of Water Division 1 of any action it takes under this paragraph, so that he may take such action as he may deem necessary.

6. All assessments provided for in these Amended Bylaws shall become due as they are made and levied. In the event payment is not received within 45 days of the assessment, then at the company's election, a lien may be asserted upon the defaulting stockholder's share or shares of stock. The corporation may enforce the lien by foreclosure and sale of the stock. The company shall also notify the Division Engineer of Water Division 1 that the shareholder's plan of augmentation is suspended, so that he may take such action as he deems necessary.

E. OBLIGATIONS OF THE CORPORATION: The corporation is obligated:

1. To receive and hold title to the real property underlying the Lower Sacramento Creek Reservoir No. 1 and interests therein, lands, easements, rights-of-way, and other related facilities conveyed to it by Realto, Ltd. in trust for the stockholders.

2. To administer and operate the facilities to provide replacement water for the benefit of its stockholders in accordance with individual plans for augmentation as incorporated herein.

3. To make annual reports (or more often as required by decree) to the Division Engineer on the number of wells which are an active part of this system to be augmented for the coming year and the amount of replacement water released from the reservoir.

4. To determine the annual budget, assess stockholders and maintain records as required by the Water Court, State Engineer, and/or Division Engineer.

5. To record a copy of these Amended Bylaws, certified to by its Secretary, with the County Clerk and Recorder of Park County and each county in which land included in any decreed plan for augmentation is located.

6. To be bound by and subject to all the provisions of its Amended Bylaws and its Articles of Incorporation.

ARTICLE II.

Stockholders' Meetings

A. PLACE: Stockholders' meetings shall be held at the principal office of the corporation in the County of Jefferson, State of Colorado, unless some other place shall have been designated by a majority of the Board of Directors, and at such other places, whether within or without the State of Colorado, as shall be stated in the notice and call of the meeting, which notice or call shall be given to stockholders not less than thirty (30) days prior to the date of such meeting.

B. ANNUAL MEETING: The annual meeting of stockholders of the corporation shall be held each year on the fourth Thursday in August at the hour of 4:00 p.m., if it is not a legal holiday, and if it is a legal holiday, on the following Thursday at the hour of 4:00 p.m.

C. SPECIAL MEETINGS: Special meetings of stockholders for any purpose or purposes may be called by any three directors, the President, the Secretary, or the holders of twenty percent (20%) of all issued and outstanding stock entitled to vote at such meetings by the giving of notice thereof as herein defined.

D. VOTING: At all meetings of stockholders, voting may be via voice, but any qualified voter may demand a stock vote, whereupon such vote shall be taken by ballot and the Secretary shall record the name of the stockholder voting and the number of shares voted, and if such vote shall be proxy, the name of the proxy appointed in writing and subscribed to by the stockholder and bearing a date of not more than one (1) year prior to the date of said meeting.

1. Each stockholder shall have one vote for each share or fractional share of stock registered in its name on the books of the corporation, except where the transfer books of the corporation shall have been closed or a date shall have been fixed for a vote. A complete list of the stockholders entitled to vote, arranged in alphabetical order, and the number of voting shares held by each stockholder, shall be prepared by the Secretary, who shall have charge of the stock ledger and it shall be subject to inspection by all stockholders, and the contents thereof shall be made available during the full business day next prior to the meeting. Cumulative voting shall not be permitted.

2. A majority of the issued and outstanding stock shall be represented at each meeting, and a majority of the stock so represented shall control, except that with respect to meetings called for the purpose of amending the Articles of Incorporation,



the required vote shall be two-thirds of the stock so represented.

3. In absence of a quorum, either regular or special meetings may be adjourned to a future date not more than sixty (60) days from the date designated in the call.

E. ORDER OF BUSINESS: The order of business at any annual meeting or special meeting of stockholders shall be as follows:

1. Call the meeting to order;
2. Proof of notice of meeting;
3. Report of the Secretary of the stock represented at the meeting and the existence or lack of a quorum;
4. Reading of minutes of last previous meeting;
5. Reports of officers;
6. Reports of committees;
7. Election of directors;
8. New business;
9. Levy of assessments;
10. To the extent that these Amended Bylaws do not apply, Roberts' Rules of Order shall prevail.

F. NOTICE: Notice of stockholders' meeting shall be in writing and shall be delivered by mailing the same to each stockholder at the address appearing on the stock books of the corporation at least thirty (30) days before the date of such meeting.

1. The notice of the annual meeting is not required to state its purpose. In addition to the election of directors, all business that can legally come before a stockholders' meeting shall be considered and transacted under the Order of Business. Notices of special meetings shall state the purpose of such meeting.

ARTICLE III.

Board of Directors

A. MANAGEMENT: The Board of Directors shall constitute the policy making or legislative authority of the corporation. The Board shall consist of not less than three (3) nor more than seven (7) members who shall be elected from the stockholders at the annual meeting of stockholders by a plurality vote for a term of one (1) year, and shall hold office until their successors are elected and qualify. The Board of Directors shall have all power policies of the corporation that are not limited by these Amended Bylaws or by the Statutes of the State of Colorado.

B. VACANCIES: Any vacancy on the Board of Directors shall be filled by the remaining directors. Directors elected to fill vacancies shall hold offices for the unexpired term or until their successors are elected and qualified.

C. REMOVAL OF DIRECTORS: The entire Board of Directors or any lesser number may be removed by a majority vote of the stockholders at any special meeting of the stockholders called for that purpose.

D. SPECIAL MEETINGS: Special meetings of the Board of Directors may be called at any time by the President, Secretary or any two directors. Notice of special meetings shall be in writing, and such notice shall be given by mail, facsimile or E-mail, not less than three (3) days prior to the date of such special meeting. The meeting may be conducted in person, telephone or E-mail.

E. QUORUM: A majority of the Board of Directors shall constitute a quorum and if there is a quorum, a majority of those present may transact all business of the corporation except as otherwise limited herein.

ARTICLE IV.

Officers

A. TITLES: The officers of the corporation shall be a President, Vice-President, Secretary and Treasurer, who shall be elected for one (1) year by the directors at the organizational meeting and thereafter at the meeting following the annual meeting of the Stockholders. Such officers shall hold office until their successors are elected and qualify. The Board of Directors may also choose additional Vice-Presidents, Assistant Secretaries and Assistant Treasurers. The President and Secretary shall be members of the Board of Directors. The other officers need not be members of the Board of Directors, but shall be stockholders. One person may hold the office of Secretary and Treasurer. No one person shall hold the office of President and Secretary.

B. PRESIDENT: The President shall preside at all meetings of the stockholders and Board of Directors when present, and shall have general care, supervision and direction of the affairs of the company and its employees, under the direction of the Board of Directors; he shall sign, execute and acknowledge for and on behalf of the company all deeds, contracts, leases, conveyances, stock certificates, notes and evidences of indebtedness and other documents and papers necessary or proper to be executed by said corporation; he shall also sign, together

with the Treasurer, all vouchers or checks for payment of money.

C. VICE-PRESIDENT: The Vice-President, in the absence of the President, shall preside at all meetings of the Board of Directors and of the stockholders and shall also do and perform any and all other acts which the President might do were he present and do and perform such other duties as the Board may from time to time prescribe.

D. SECRETARY: The Secretary shall issue notices for all meetings, shall keep minutes of all meetings, and shall record all proceedings. He shall have custody and control of the corporate books, excluding the books of account, together with the corporate seal. He shall make such reports and perform such other duties as may be consistent with his office or as may be required of him from time to time by the Board of Directors.

E. ASSISTANT SECRETARY: The Assistant Secretary shall perform such duties as may be prescribed by the Board of Directors at the time of his or her appointment.

F. TREASURER: The Treasurer shall act as financial agent for the company for the receipt and disbursement of all funds; he shall keep the books of accounts of the company in proper form and correctly, and shall give receipts for all monies or other effects coming into his hands or control and keep on file with the records of the corporation duplicates thereof; he shall sign all checks or vouchers for the payment of money with the President, or in the absence of the President with a Vice-President, and shall pay no voucher, accounts or orders, except such as have received the approval of the Board of Directors or some person duly authorized by the Board to approve the same; he shall file and preserve all vouchers, bills, orders and accounts paid by him and furnish from time to time as may be required, to the Board of Directors, a detailed statement in writing of the receipts and expenditures of the corporation and the balance on hand at the date of such statement.

G. ASSISTANT TREASURER: The Assistant Treasurers shall perform such duties as may be prescribed by the Board of Directors at the time of his or her appointment.

H. VACANCIES: A vacancy in any office, however arising, may be filled by the directors at any regular or special meeting.

I. SALARIES: Salaries of agents and employees shall be fixed by the Board of Directors.





ARTICLE V.

Stock

A. CERTIFICATES: Certificates of stock shall be issued in numerical order. Each holder thereof shall be entitled to a certificate signed by the President or Vice-President and the Secretary or an Assistant Secretary. Transfers of stock shall be in accordance with the form prescribed on the certificates. Possession of stock shall not be regarded as evidence of ownership unless it appears on the stock books of the corporation that said shares of stock were issued or duly transferred to the holder thereof.

B. LOSS OF CERTIFICATE: In the event of loss or destruction of a certificate, another may be issued in its place upon proof of such loss or destruction and upon the giving of a bond of indemnity to the corporation, or the transfer agent, or both in such sum as the Secretary of the corporation may provide.

C. REGULATIONS: The Board of Directors shall have power and authority to make all rules and regulations concerning the issue, transfer, conveyance, and registration of certificates of shares, provided, however, that such regulations shall not be inconsistent with the laws of the State of Colorado or the Articles of Incorporation or the Amended Bylaws of the corporation.

D. REGISTERED STOCKHOLDERS: The corporation shall be entitled to treat the holder of record of any shares or share as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claims to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VI.

Finances and Dividends

A. CORPORATION - NOT FOR PROFIT: This corporation is not organized for profit. No stockholder, director, officer or person from whom the corporation may receive any property funds, shall receive, or shall lawfully be entitled to receive, any pecuniary profit from the operation of the corporation, and in no event shall any part of the funds or assets of the corporation be paid as a salary or compensation or inure to the benefit of any director, officer and stockholder; provided, however, that:

1. Reasonable compensation may be paid to any director,



officer and stockholder while acting as an employee or agent of the corporation for services performed in effecting one or more of the purposes of the corporation, and

2. Any director, officer or shareholder may be reimbursed for his actual and reasonable out-of-pocket expenses incurred in connection with the administration of the affairs of the corporation.

B. DIVIDENDS: No dividend of any kind or character shall ever be declared on any stock of the corporation.

C. DEPOSITORY: The depository of the corporate funds shall be designated by resolution of the Board of Directors. Other or additional depositories may be designated from time to time by an appropriate resolution of the Board of Directors.

D. RECORDS: All books, records, bills and accounts of the corporation may, at the discretion of the Board of Directors, be audited at least once annually by a Certified Public Accountant to be designated by the Board of Directors.

ARTICLE VII.

Indemnification

Each person or individual who may have acted for or on behalf of the corporation as a director, officer, executive, employee, representative or agent, by his heirs and personal representatives, shall be indemnified by the corporation against any costs and expenses, including counsel fees, reasonably incurred in connection with any civil, criminal, administrative, or other claim, action, suit, or proceeding in which he or they may become involved or with which he or they may be threatened, by reason of his being or having been acting in such capacity for and on behalf of the corporation as director, officer, executive, employee, representative, or agent, or otherwise, and against any payments in settlement of any such claim, action, suit or proceeding or in satisfaction of any related judgment, fine, or penalty, except costs, expenses, or payments in relation to any matter as to which there has been no adjudication with respect to his performance of his duties to the corporation unless the corporation shall receive an opinion from independent counsel that the person or individual has not been so derelict. In the case of a criminal action, suit or proceeding, a conviction or judgment (whether after trial or cased on a plea of guilty or nolo contendere or its equivalent) shall not be deemed an adjudication that the person or individual was derelict in the performance of his duties to the corporation if he acted in good



faith in what he considered to be the best interests of the corporation and with no reasonable cause to believe the action was illegal. These rights of indemnification shall not be exclusive of other rights to which he may be entitled as a matter of law or otherwise.

ARTICLE VIII.

Assessments

A. ASSESSMENTS: The corporation shall have power to make annual and special assessments on the capital stock to be levied pro rata on the shares of stock payable in money for the purpose of covering the costs and expenses incurred in the operation and maintenance of all the corporation's property.

B. ANNUAL ASSESSMENTS: The annual assessments shall be first submitted to the stockholders at the annual meeting and a majority of the stock issued and outstanding, represented either by the owner in person or by proxy, can approve or modify such annual assessment, and if the stockholders fail to make and levy any annual assessment at the annual meeting or any adjournment thereof, the Board of Directors shall have the power to make and levy the annual assessment for the ensuing corporate year.

C. SPECIAL ASSESSMENTS: Special assessments shall be first submitted to the stockholders at an annual meeting or at a special meeting called for that purpose and a majority of the stock issued and outstanding represented either by the owner or in person or by proxy can approve or modify the special assessment, and if the stockholders fail to make and levy any special assessment, the board of Directors shall have the power to make and levy the special assessments.

D. LIENS: All assessments shall become due as they are made and levied. At the option of the company, they may be made a lien on shares of stock of the shareholder, his heirs, personal representatives, successors and assigns. The corporation may enforce the lien by foreclosure and sale of the stock. The plan of augmentation may also be suspended. The corporation shall also notify the Division Engineer of Water Division 1 of the filing of any such lien so that he may take such action as he deems necessary.

E. DELINQUENCY: Annual assessments are due and payable when levied and shall be paid in full within forty-five (45) days thereafter. Special assessments are due and payable on the date of the levy and shall be paid in full within forty-five (45) days thereafter.



1. Whenever any stockholder shall fail to pay any assessment in full when due the corporation may serve a written or printed demand on the stockholder by depositing the same in the United States mail in a sealed envelope, postage prepaid, addressed to the person for whom such demand is intended to his or her home address as the same appears on the books of the corporation. The time of mailing shall be deemed the time of making such demand. After thirty (30) days have elapsed from the time of mailing, the corporation may maintain an action to recover the amount of any assessment or installment of an assessment which remains due and unpaid and all costs including a reasonable attorney's fee.

ARTICLE IX.

Notices

A. REQUIREMENT: Whenever a notice shall be required by the Statutes of the State of Colorado or by these Amended Bylaws, there shall be no necessity for giving of personal notice, and all requirements with respect to the giving of notice shall be fulfilled by depositing said notice in writing in the United States mail in a sealed envelope, postage prepaid, addressed to the person for whom such notice is intended to his or her home address as the same appears on the books of the corporation. The time of mailing shall be deemed the time of giving such notice. A waiver of notice in writing signed by the stockholder, director, or officer, whether before or after the time stated in said waiver shall be deemed in every respect to waive notice, and all requirements for giving of notice shall be deemed waived upon the signing of such waiver. The presence at a meeting of any officer, stockholder or director shall, in all events, be considered a waiver of such notice, and failure to vote shall not decrease or defeat the effectiveness of such waiver.

ARTICLE X.

Corporation Year

The corporation year shall be from August 1st of the year to July 31st of the following year.

ARTICLE XI.

Amendments

The Amended Bylaws may be amended:



A. By the stockholders at any regular or special meeting by a majority of the stockholders entitled to vote; or

B. By the Board of Directors by a two-thirds vote of the entire Board.

ARTICLE XII.

"Rules of Order"

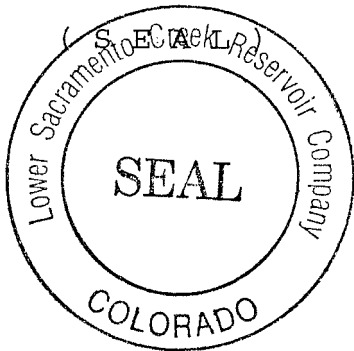
A. STOCKHOLDERS' MEETINGS: Wherever no rule of order has been provided for herein, Roberts' Rules of Order shall prevail.

B. DIRECTORS' MEETING: The Directors may use the rules of order prescribed for the stockholders' meetings in these Bylaws, or they may, without amending these Bylaws, adopt such other rules of order as they may deem proper.

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C E R T I F I C A T E

I do hereby certify that I was Secretary of the meeting Lower Sacramento Creek Reservoir Company duly called and held on the 30th day of September, A.D., 2005, and I do hereby certify that the above and foregoing Bylaws were duly adopted as the Bylaws of such corporation at such meeting.



William M Blatchley

Secretary