

By-laws of
THE PINES WATER COOPERATIVE
(A Colorado Cooperative)

ARTICLE I

DEFINITIONS

The following words when used in these bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

"Act" shall mean and refer to Title 7, Article 56 of the Colorado Revised Statutes entitled "Cooperatives."

"Articles" shall mean and refer to the Articles of Incorporation of the Cooperative.

"Cooperative" shall have the meaning given in CRS § 7-56-103 (6) and shall refer to The Pines Water Cooperative.

"Declarant" shall mean and refer to Pines Ranch Limited Liability Company, a Colorado Limited Liability Company, its successors and any assignee, other than an Owner/Shareholder, who shall receive by assignment from the said Pines Ranch Limited Liability Company, all or a portion of its rights as Declarant by an instrument expressly assigning such rights.

"Easements" shall refer to the access and maintenance easements necessary to maintain, monitor and improve the water resources available to Members/Shareholders.

"Member", or "Shareholder" shall refer to the owner of lots within the Pines Village Subdivision, the Pines Village North Replat, and the owner of property commonly referred to as The Pines Ranch.

"Parcel" shall mean and refer to any plot or tract of land shown on any recorded subdivision map of the Properties which is shown as a lot thereon and which is or is to be improved with a residential dwelling, the property commonly referred to as The Pines Ranch.

"Properties" shall mean and refer to those certain tracts or parcels of land situated in Custer County, Colorado, and known as The Pines Village, The Pines Village North Replat, and the The Pines Ranch.

"Shareholder's Fee" shall refer to the fee paid annually by Members/Shareholders of The Pines Water Cooperative for the maintenance of water resources benefiting the Members/Shareholders.

"Water Resources" shall mean adjudicated water/spring rights whether currently owned or later acquired by The Pines Village, The Pines Village North Replat and The Pines Ranch.

"Water Superintendent" shall mean the individual elected by a majority of the Board of Directors who shall have the responsibility of administering, maintaining and caring for the water resources.

ARTICLE II

MEMBERSHIP IN THE PINES WATER COOPERATIVE

"Membership" Every owner of property within the Pines Village, Pines Village North Replat and the Pines Ranch shall be members of the Pines Water Cooperative. The interests of owners within the respective subdivisions shall

represented by the property owner's association. The owner of the Pines Ranch shall represent the interests of the Pines Ranch. The Board of Directors of the Pines Village Property Owner's Association shall appoint two members of the association to sit on the Board of Directors of the Pines Water Cooperative. The Water Superintendent shall also sit on the Board of Directors.

STOCK

Common Stock The Pines Water Cooperative is authorized to issue 200 shares of common voting stock. However, only one share shall be issued per record title holder of property. Such stock is not transferable except to a person who is eligible to be a Member of the Pines Water Cooperative. There will be no dividends paid or returns on shares of stock. Shares issued hereunder simply serve as evidence of Membership in the Pines Water Cooperative and the right to vote at the annual Members meeting.

PURPOSE OF THE PINES WATER COOPERATIVE

Purpose The purpose of the Pines Water Cooperative shall be to manage the water resources owned by the Pines Village, Pines Village North Replat and the Pines Ranch for the benefit of its Members.

OFFICES

Registered Office. The registered office of the Pines Water Cooperative shall be located in the County of Custer, State of Colorado, more specifically 855 Chalice Road, Westcliffe, Colorado 81252. The registered agent shall be Robert Gemin. The registered agent and the registered office may be changed from time to time as the Board of Directors of the Pines Water Cooperative may determine as long as it is located in the County of Custer.

Principal Office. The Principal Office of the Pines Water Cooperative shall be located in the County of Custer, State of Colorado and is currently located at 855 Chalice Road, Westcliffe, Colorado 81252.

ARTICLE III

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Number. The affairs of this Cooperative shall be managed by a Board of at least three (3) Directors until the annual meeting in 2012, and thereafter the number of directors shall be established by the Board at each annual meeting, which number shall never be less than three (3).

Election. At the first annual meeting (in 2012) and each annual meeting thereafter, the Pines Village Property Owner's Association may appoint two of the three directors for a term of one (1) year each. The owner of the Pines Ranch may appoint one of its members or if owned solely by an individual appoint him or herself as the third Director for a term of two years.

Vacancies. In the event of death, resignation or inability of a director to serve, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Compensation. No director shall receive compensation for any service he may render to the Cooperative. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IV

MEETINGS OF DIRECTORS

Regular Meetings. Regular meetings of the Board of Directors shall be held bi-annually, at such place and hour as may be fixed from time to time by resolution of the Board. Such meetings may be conducted electronically via

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telephone conference or other means.

Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Cooperative, or by any two directors, after not less than three (3) days written notice delivered to each director. Directors may appear by electronic means.

Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the water resources, including but not limited to the cisterns and pipelines associated with the distribution of the water for the benefit of the members;
- (b) exercise for the cooperative all powers, duties and authority vested in or delegated to this Cooperative;
- (c) declare the office of a Member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.
- (e) appoint the Water Superintendent annually;
- (f) impose emergency assessments in the event of extraordinary repairs and/or legal fees.

Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members, when such statement is requested;
- (b) supervise all officers, agents and employees of this Cooperative, and to see that their duties are properly performed;
- (c) fix the amount of the annual Membership dues to be assessed each Member, with such dues to be based on the previous year's actual expenses for management and maintenance of the water resources;
- (d) send written notice of dues payments to every Owner subject thereto at least thirty (30) days in advance of each annual dues period;
- (e) procure Directors and Officers Insurance;
- (f) cause the water resources and the equipment used for distribution of water to be maintained, repaired and upgraded when necessary, along with the attendant easements for the benefit of its Members.

ARTICLE VI

OFFICERS AND THEIR DUTIES

Enumeration of Offices. The officers of this Cooperative shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors for the new year.

Term. The officers of this Cooperative shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Special Appointments. The Board may elect such other officers as the affairs of the Cooperative may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall sign all checks and promissory notes as approved from time to time by the Board of Directors.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Cooperative and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Cooperative together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Cooperative and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Cooperative, keep proper books of account; cause an annual audit of the Cooperative books to be made by a public accountant at the completion of each fiscal year; and shall prepare (i) an annual budget and (ii) a statement of income and expenditures, to be presented to the membership at its regular annual meeting, a copy of each of which shall be made available to each Member upon request.

ARTICLE VII

WATER SUPERINTENDENT

Appointment The Water Superintendent shall be appointed by the Board of Directors.

Control, Operation and Maintenance of Water Resources It shall be the responsibility of the Water Superintendent to control, operate, maintain and ensure that the water resources are in good working order on behalf of the Membership of the Cooperative.

Meters It shall also be the duty of the Water Superintendent to monitor use of the water resources so as to comply with the Division of Water mandates and the water decrees.

Report to Board of Directors The Water Superintendent shall report directly to the Board of Directors when required by the Board.

Compensation The Water Superintendent shall not be compensated by the Cooperative, but may be reimbursed for reasonable expenses.

ARTICLE VIII

MEMBERSHIP DUES

The rights of membership in the Cooperative and as a consequence the Member's right to the use of water is subject to the payment of annual dues levied by the Cooperative, the obligation of which is imposed against the Member and becomes a lien against the Members right to the use and enjoyment of water. Dues for Members may change annually as determined by the Board of Directors and its annual budget. Currently annual dues are fixed as per the attached addendum.

ARTICLE IX

BOOKS AND RECORDS

The books, records and papers of the Cooperative shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles and the Bylaws of the Cooperative shall be available for inspection by any Member at the principal office of the Cooperative, where copies may be purchased at reasonable cost.

ARTICLE X

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Cooperative, the year of its organization and the words "Corporate Seal, State of Colorado." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XI

AMENDMENTS

Amendment to By-laws These Bylaws may be amended, at a regular or special meeting of the Board of Directors, by a vote of a majority of a quorum of the Board of Directors present in person or by proxy.

Conflict Between Articles and By-laws In the case of any conflict between the Articles and these Bylaws, the Articles shall control.

ARTICLE XII

FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Cooperative may indemnify an officer or director who was, is, or is threatened to be made a named defendant or respondent in a proceeding because such person is or was a director or officer if it is determined, in accordance with the provisions of the Act, as the same may be amended from time to time, that the person:

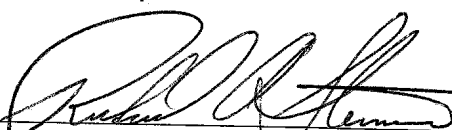
- (i) conducted himself or herself in good faith;
- (ii) reasonably believed:
 - a. in the case of conduct in his or her official capacity as a director or officer of the Cooperative, that his or her conduct was in the Cooperative's best interests; and
 - b. in all other cases, that his or her conduct was at least not opposed to the Cooperative's best interests; and
- (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Any indemnification made under the provisions of this Article XI shall be made in accordance with the provisions of the Act.

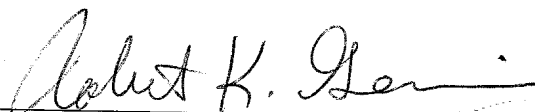
IN WITNESS WHEREOF, we, being all of the directors of the Pines Water Cooperative, have hereunto set our hands this 28th day of October, 2013.



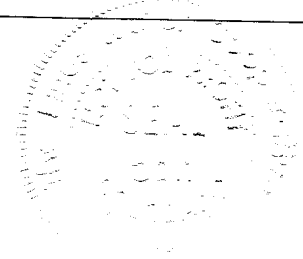
BARRY MCBRIDE, Director
The Pines Water Cooperative



RICHARD A. STERMER, Director
The Pines Water Cooperative



ROBERT K. GEMIN, Director
The Pines Water Cooperative



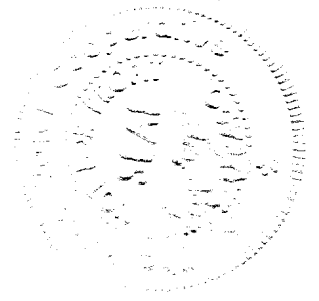
CERTIFICATION

I, the undersigned, do hereby certify, that I am the duly elected and acting Secretary of the The Pines Water Cooperative, a Colorado Cooperative, and that the foregoing Bylaws constitute the original Bylaws of said Cooperative, as duly adopted by written consent of the Board of Directors thereof, dated this the 28th day of October, 2013.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Cooperative this 28th day of October, 2013.



BARRY MCBRIDE, Secretary
The Pines Water Cooperative



MEMBERSHIP DUES ADDENDUM

- | | |
|--|------------|
| 1. ANNUAL WATER USE FEE FOR OWNERS IN PINES VILLAGE AND PINES VILLAGE NORTH
REPLAT UTILIZING THE WATER SYSTEM | \$300.00 |
| 2. ANNUAL MEMBERSHIP FEE IN PINES VILLAGE WATER COOPERATIVE | \$50.00 |
| 3. ANNUAL WATER USE FEE FOR THE PINES RANCH | \$300.00 |
| 4. TAP FEE-ONE TIME | \$1,000.00 |