

EXPEDITE

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**ARTICLES OF AMENDMENT AND RESTATEMENT TO THE
ARTICLES OF INCORPORATION
OF
THE SAGE BRUSH IRRIGATION COMPANY**

THE UNDERSIGNED CORPORATION, pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Part 10, Utah Code Annotated, 1953, as amended (the "Act"), hereby adopts the following Articles of Amendment and Restatement to its Articles of Incorporation (the "Articles"):

WHEREAS, The Articles of Incorporation of The Sage Brush Irrigation Company, dated May 14, 1942, are hereby amended and restated, in their entirety, for the purpose of updating the Articles of Incorporation in conformance with the new provisions of the Act and other new statutory enactments pertaining to nonprofit mutual water companies, and providing for new classes of stock and related changes, as follows:

**ARTICLE I
CORPORATE NAME**

The name of the corporation is **The Sage Brush Irrigation Company** (the "Company"), is incorporated as a nonprofit corporation under the Act.

**ARTICLE II
DURATION**

The period of duration of the Company shall be perpetual unless sooner dissolved as provided in the Act.

**ARTICLE III
PURPOSES AND POWERS**

A. Purpose and Powers: The purposes and powers of the Company and the business for which the Company is formed are:

(1) To acquire, own, operate, manage, repair, maintain, and replace water diversion and canal systems and all related and appurtenant facilities and equipment;

(2) To own and acquire, by appropriation, purchase, condemnation, lease, contract, change, exchange, or otherwise, all needful water rights, water stock and sources of water supply for use in connection with the water diversion and canal systems of the Company and the water supply flowing in and through the same, and to regulate, control and distribute said water supply to the Shareholders of the Company;

(3) To acquire, condemn, hold, lease, and sell real and personal property as necessary, and in general to do any and all things necessary and proper to be done in carrying out the primary business of an irrigation company and ancillary water delivery services;

(4) To sell or otherwise transfer and convey the water, water rights, water stock and sources of water supply, and the real and personal property of the Company as deemed appropriate in the interest of the Shareholders;

State of Utah
Department of Commerce
Division of Corporations and Commercial Code
I hereby certified that the foregoing has been filed
and approved on this 10th day of OCT 2023
In this office of this Division and hereby issued
This Certificate thereof.

Examiner DR Date 10/13/23



Leigh Veillette
Leigh Veillette
Division Director

(5) To assess its stock for all corporation purposes in accordance with and as permitted by the laws of the State of Utah and as set forth herein and such bylaws and rules and regulations (the "Bylaws"), as shall be promulgated from time-to-time by the Board of Directors of the Company ("Board");

(6) To borrow money to such extent and upon such terms as may be determined by the Board, and to issue notes, bonds, and/or make and perform contracts with the United States, the State of Utah and other governmental entities and agencies and/or private lenders, pursuant to which the Company shall be authorized to sell, lease, exchange, mortgage and/or pledge all or substantially all of the assets of the Company as and for security for loans, or otherwise, for the purpose of acquiring water, water rights, water stock, sources of water supply, and real and personal property, and for the development of and/or improvements to the Company's water diversion and canal systems and related appurtenances and equipment or otherwise for the purpose of attaining or furthering any of its lawful purposes and objectives; provided, however, that no such note, bond, contract or other evidence of indebtedness which requires a pledge of all or substantially all of the assets of the Company as and for security therefore shall be given except with the authorization of a vote of the capital stock of the Company, in conformance with the requirements of the Act and the lender, at a meeting called for the purpose of voting thereon;

(7) To apportion any loss of Company water rights due to abandonment or forfeiture for non-use to any and all Shareholders whose failure to make beneficial use of the water caused the loss, forfeiture, or partial forfeiture of the water rights of the Company; and

(8) To do any and all lawful acts and things, and to have and exercise all rights and powers from time to time granted to a non-profit corporation by law, including, without limitation, those powers described in the Act as now or hereafter enacted.

B. No Restrictions: The purposes and powers enumerated herein shall not be construed as limiting or restricting in any manner the purposes and powers of the Company as set forth in the Act or otherwise as provided by law, and the Company shall always have such incidental power or powers as may be connected with or related to any specific power or powers enumerated herein.

C. Non-Profit Status: The Company is organized as a nonprofit private irrigation and water delivery company engaged in distributing water only to its Shareholders and, therefore, is not a public utility regulated by the Public Service Commission of Utah under Utah Code Title 54. Notwithstanding any other provision of these Articles to the contrary, the Company shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under the Code, as amended (or the corresponding provision of any future United States Internal Revenue law).

D. No Pecuniary Benefit: None of the objects of the Company shall be for the pecuniary profit of its members, directors, or officers, and no part of the net earnings of the Company shall inure to the benefit of or otherwise be distributable to, its members, directors, officers, shareholders or other persons, except that the Company shall be authorized and empowered to pay reasonable compensation for services rendered to the Company and to make payments and distributions in furtherance of the purposes set forth herein. No loan shall be made by the Company to any of its directors or officers.

E. No Propaganda: No substantial part of the activities of the Company shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Company shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office except as authorized under the Act.

**ARTICLE IV
REGISTERED OFFICE; PRINCIPAL PLACE OF BUSINESS; REGISTERED AGENT**

A. Registered Office, Principal Place of Business. The Post Office Box and street address for the Company's registered office and principal place of business, which may be changed from time to time by the Board of Directors ("Board") without amendment to these Articles of Incorporation, is:

The Sage Brush Irrigation Company
Jane Giles
P.O. Box 545
Heber City, Utah 84032

The Sage Brush Irrigation Company
Jane Giles
179 East 100 South
Heber City, Utah 84032

B. Registered Agent. The Company's current registered agent at the above address shall be Jane Giles, who hereby represents, affirms, and acknowledges that:

I hereby accept my appointment as the Company's registered agent.


Name: Jane Giles, Registered Agent

**ARTICLE V
MEMBERSHIP; SHARES OF STOCK**

A. Membership and Issuance of Shares. The Company shall issue shares of stock of the Company as evidencing membership therein and the members shall be referred to as Shareholders, stockholders, or members.

B. Classes of Stock: The Company is authorized to issue the aggregate number of shares of stock for the following share classes. Each share of stock of a particular class shall be identical in all respects and shall have the same rights, privileges, preferences and obligations as each of the other shares of such class of stock. Shares of stock can be issued in fractions.

<u>Class</u>	<u>Number of Shares</u>
Class A Primary Stock	2,516
Class B Supplemental Agricultural Stock	800
Class C Combined Stock	503
Class D Direct M&I Stock	500

(1) Class A Primary Stock: Class A Primary Stock is issued to provide irrigation and livestock water to Shareholders. The water supply for Class A Stock is the natural flow of the Provo River

as supplied by the Company's 12th Class and 17th Class water rights, respectively Award Paragraphs 59 (Water Right No. 55-11296) and 64(bp) (Water Right No. 55-11378) of the Provo River Decree (Civil No. 2888). In an average water year, the volume of water delivered under one Class A Share is up to 0.6 acre-feet ("AF") and ultimately determined by the proportion of Provo River flows available to the Company: one Class A Share generally yields 0.3 AF of water. The Company issues 5 Class A Shares per acre of irrigated land in the Company's service area. One Class A Share is entitled to one vote on all matters Class A Stock is authorized to vote on. Class A Stock is not appurtenant to any parcel of land. Additional preferences and privileges associated with Class A Primary Stock are found in the Company's Bylaws.

(2) Class B Supplemental Agricultural Stock: Class B Stock is issued to supplement Class A Primary Stock and to approximate a full annual water supply for one acre of land. The water supply for Class B Stock is water stored in Jordanelle Reservoir and made available to the Company through a water sales with Wasatch County Special Service Area #1 ("WCSSA#1"). Class B Stock is to be used for agricultural purposes only and pursuant to the terms of contracts with WCSSA#1, Central Utah Water Conservancy District, and the U.S. Department of the Interior. The Company shall issue 1.8 Class B Shares to supplement 5 Class A Shares. The annual amount of water delivered per Class B Share shall not exceed 1 AF and ultimately depends on the amount of water delivered under the Company's Class A Shares. The instrument recognizing Class B Shares is a Subscription Contract with the Company, not a paper share certificate. Class B Stock is non-voting. Class B Shares are appurtenant to the parcels identified in the Subscription Contract. Additional preferences, privileges, and restrictions associated with Class B Supplemental Agricultural Stock are found in the Company's Bylaws.

(3) Class C Combination Stock: Class C Combination stock is issued to facilitate the conversion of Shareholder Subscription Contracts for supplemental agricultural water to water authorized for municipal and industrial ("M&I") use. Shares of Class C Stock represent a formal combination of Class A Primary Shares and Class B Supplemental Agricultural Shares. The water supply for Class C Stock is a combination of the natural flow of the Provo River and water stored in Jordanelle Reservoir. Storage water is made available to the Company through a water sales contract for M&I water with WCSSA#1. To obtain one Class C Share, a Shareholder must relinquish 5 Class A Shares and 1.8 Class B Shares. In an average water year, the volume of water delivered under one Class C Share shall be 3 AF. Shareholders obtain Class C Shares by participating in a multi-step process to convert Shareholder Subscription Contracts for supplemental agricultural water to M&I use. Successful conversion of water is dependent on numerous approvals outside the Company's control and the issuance of Class C Stock is not guaranteed. One Class C Share is entitled to 5 votes for all matters Class C Stock is authorized to vote on. Whether Class C Shares are appurtenant to parcels of land depends on the terms of the Company's water sales contract with the WCSSA#1. Additional preferences, privileges, and restrictions associated with Class C Combination Stock are found in the Company's Bylaws.

(4) Class D Direct M&I Stock: Class D Direct M&I Stock is issued to provide water M&I for use. The water supply for Class D Stock is Project Water converted to M&I use at the request of WCSSA#1 and based on excess Project Water not needed for agricultural purposes anywhere in the Heber Valley or by any of the local irrigation companies (i.e. not based on request to convert individual Shareholder Subscription Contracts). Class D is water stored in Jordanelle Reservoir and made available to the Company through a water sales contract for M&I water with WCSSA#1. Class D Stock must be used pursuant to the terms of contracts with WCSSA#1, Central Utah Water Conservancy District, and the U.S. Department of the Interior. In an average water year, the volume of water delivered under one Share of Class D Stock shall be 1 AF. Shares of Class D Stock are non-voting. Whether Shares of Class D Stock are appurtenant to any parcel of land depends on the terms of the Company's water sales contract

with the WCSSA#1. Additional preferences, privileges, and restrictions associated with Class D Direct M&I Stock are found in the Company's Bylaws.

C. Shareholder Voting Rights; Single Voting Group. Pursuant to the Company's Bylaws, votes may be cast in person or by written proxy. All members holding voting shares of Company stock, regardless of class, shall constitute a single voting group.

D. Use of Company Water. Subject to Company Articles, Bylaws, and governing contracts, shares of Company stock shall represent a right to participate in the Company, to the equitable distribution and delivery of Company Water to the Shareholder's authorized point of delivery, and the right to use Company Water for its authorized purposes. Holding Company shares does not grant the Shareholder a recognizable interest in or claim to the Company Water Rights or other assets of the Company.

E. Place-of-Use. The Place-of-Use for all Company Shares shall be coordinated with the Central Utah Water Conservation District staff in their role as the operator and manager of the Wasatch County Water Efficiency Project and, unless otherwise authorized by a water sales contract with WCSSA#1, shall be within the Company's Service Area.

F. Stock Certificates; Book-Entry Shares.

(1) Stock Certificates. Depending on the Class of Shares, the Company may issue paper stock certificates representing a Shareholder's right to use Company water pursuant to the terms and conditions in these Articles, Company Rules and Regulations, and Company governing documents. Company issuance of stock certificates shall comply with the requirements of Utah Code Title 70A Chapter 8.

(2) Book-Entry Shares (Shares without Certificates). The Board, at its discretion, may authorize the issuance of some or all of the shares of any or all of its classes without paper certificates as "Book-entry Shares." The issuance of Book-Entry shares shall not disturb or limit the right to the use of Company water bestowed by each Class of Company Shares, as governed by these Articles, Company Bylaws, or Company governing documents.

G. Transfer of Ownership. The Board shall have the power and authority to make all such rules and regulations as it may deem necessary and expedient concerning the manner and method of the transfer of shares of Company stock not inconsistent with the Act, these Articles, the Bylaws, or other Company governing documents.

H. Annual Shareholder's Meeting. The Board shall call an annual meeting of the Shareholders as provided in the Company Bylaws.

**ARTICLE VI
STOCK ASSESSMENT; FEES AND CHARGES**

A. Stock Assessments. All Company can assess, collect, and enforce general assessments, special Assessments, and special Shareholder assessments. Each Class of Shares may be assessed separately and as determined by the Company's Bylaws.

B. Fees and Charges. The Board of Directors, from time to time, may impose equitable fees

and charges, other than and in addition to regular and special assessments, as it may deem necessary for the administration of the Company and otherwise in carrying out the various corporate purposes of the Company.

ARTICLE VII BOARD OF DIRECTORS; OFFICERS

A. Board of Directors.

(1) Number of Directors. The powers and business affairs of the Company shall be exercised and managed by a governing Board of Directors ("Board") consisting of no less than five (5) Directors, to be nominated by the membership and elected only by those Shareholders owning stock entitling them to vote.

(2) Qualification. All directors must be natural persons of 18 years of age or older, be a shareholder in the Company, and own at least one Class A or Class C Share.

(3) Representation and Election. The Board of Directors may determine that directors be elected to represent a geographical district, or other feature, as determined from time to time by the Board of Directors. The Board of Directors shall be elected to serve for staggered terms of three (3) years.

(4) Powers.

(a) The Board of Directors shall have and may exercise all powers and do all such lawful acts and things as are now or may hereafter be authorized pursuant to the Act.

(b) Specifically, but not by way of limitation of any authority, power or responsibility conferred pursuant to the Act, the Board of Directors shall have the authority and power, from time to time, to promulgate, amend and repeal such bylaws and rules and regulations for the management of the internal affairs of the Company and the operation and control of the Company's water rights, water stock, sources of water supply, and diversion and canal systems and appurtenant facilities and equipment as the Board of Directors shall deem necessary and appropriate, not inconsistent with these Articles and the Act.

B. Officers.

(1) Officers; Election and Appointment. The officers of the Company shall be elected by the Board, and shall consist of a President, and if deemed necessary a Vice-president, who shall be elected from among the membership of the Board for a term of one year by the Directors at their first meeting after the annual meeting of shareholders; and a secretary-treasurer who may, but need not, be a member of the Board of Directors. Each officer shall hold office until their successors are elected and qualify. The Board may also appoint and employ any employees of the Company who shall not be a member of the Board.

(2) Powers. The authority, powers, and responsibilities of the officers of the Company are set forth in the Act, these Articles, and the Company's Bylaws.

ARTICLE VIII LIMITATION ON LIABILITY OF MEMBERS

The private property of the Shareholders of the Company and its Directors and officers shall not be liable for the obligations of the Company. The Company shall indemnify, advance expenses to, and reimburse the Directors, officers, employees, and agents of the Company to the maximum extent authorized under the Act and otherwise as provided by law.

**ARTICLE IX
AMENDMENT OF ARTICLES OF INCORPORATION**

These Articles of Incorporation may be amended as provided in the Act; provided, however, that these Articles of Incorporation shall in no event be amended in any manner so as to change the Company from a nonprofit corporation to a corporation organized or operated for pecuniary profit.

**ARTICLE X
DISTRIBUTIONS**

No part of the net earnings of the Company shall inure to the benefit of, or be distributable to, its members, Directors, officers, or other persons, except that the Company shall be authorized and empowered to pay reasonable compensation for services rendered to the Company and to make payments and distributions in furtherance of the purposes set forth herein;

**ARTICLE XI
DISSOLUTION**

In the event of dissolution of the Company, each shareholder shall receive their proportionate share based on their stock ownership in the Company's property and assets to which their share class of stock relates, as their legal interests may appear, after paying or providing for payment of all debts and obligations of the Company.

The foregoing Amendment and Restatement of the Articles of Incorporation was adopted by the Shareholders of the Company at the annual meeting of Shareholders meeting held on the 25th day of February, 2023. The number of votes cast for the amendment by the Shareholders was sufficient for approval by the Shareholders.

DATED this 25th day of February, 2023.

THE SAGE BRUSH IRRIGATION COMPANY



President

ATTEST:



Secretary

ACKNOWLEDGMENT

STATE OF UTAH)

: ss.

County of Wasatch)

Michael Burrows and Jane Giles, being first duly sworn upon oath depose and say that they are the President and Secretary of The Sage Brush Irrigation Company, that each has signed the foregoing Articles of Amendment and Restatement to the Articles of Incorporation of The Sage Brush Irrigation Company on behalf of said corporation, and that said corporation duly authorized the foregoing Articles of Amendment and Restatement to the Articles of Incorporation.

[Signature]
President

[Signature]
Secretary

SUBSCRIBED AND SWORN to before me this 15th day of March, 2023.

[Signature]
NOTARY PUBLIC

