



STATUTORY WATER BANK APPLICATION
Utah Board of Water Resources

(FOR OFFICE USE ONLY) Rev. 8/4/23

Application Number:

Date Received: 8/15/2023

Date Complete: 8/17/2023

Date Noticed: 8/22/2023

Date Approved:

Clear Everything

INTRODUCTION:

This form is to apply to establish a Statutory Water Bank under Utah Code Title 73 Chapter 31 Part 2 ("the Act"). A Statutory Water Bank is intended to act as facilitator for local water transactions by connecting willing lessors and lessees of water. Eligible Applicants are legal entities, other than the United States or agency of the United States, who are record holders of a perfected water right or valid diligence claim to a water right, where the point-of-of diversion is encompassed within the proposed service area of the Statutory Water Bank.

The Act promotes the development of market tools favorable to and controlled by local water users. Under the Act, qualifying leasing arrangements can be approved as a Water Bank. Approved Water Banks are granted statutory powers designed to facilitate efficient transfers of water among interested local users. Participation in a Water Bank is voluntary. The Utah Board of Water Resources shall review all Water Bank Applications for completeness and approve complete applications. For a water right to be used within an approved Water Bank, it must be approved through a separate Change Application process overseen by the Utah Division of Water Rights. Once approved, Water Banks operate as independent entities with annual reporting requirements to the Board of Water Resources.

Pursuant to Utah Code Ann. § 73-31-106 the Board of Water Resources delegates authority to the Division of Water Resources staff to perform a completeness review of this application.

APPLICATION INSTRUCTIONS:

To apply, please:

- (1) Complete this Statutory Water Bank Application form
- (2) Attach a water bank service area map, relevant governing or supporting documents, and, if necessary, an addendum that more clearly demonstrates how the Applicant meets the requirements of the Act and satisfies the requirements of this Statutory Water Bank Application Form
- (3) Sign and date the Statutory Water Bank Application form
- (4) Email (preferred) or mail the completed Statutory Water Bank Application to:

Shalaine DeBernardi, Assistant Director of Development
Utah Division of Water Resources
PO Box 146201
Salt Lake City, UT 84114
shalainedebernardi@utah.gov
801-652-1668

CONTACT INFORMATION:

Statutory Water Bank Applicant: Vernal City		Federal Tax ID Number 87-6000290	
Name of Water Bank First Water Bank of Utah (a Non-profit Corporation)			
Official Business Address 374 East Main Street	City Vernal	State Utah	Zip Code 84078
Primary Contact /Registered Agent (First & Last Name), Title/Position Quinn Bennion, City Manager	Phone 435-781-7110	Email Address qbennion@vernalcity.org	
Address 374 East Main Street	City Vernal	State Utah	Zip Code 84078
Secondary Contact (First & Last Name), Title/Position Keith Despain, Director of Public Works	Phone (435) 789-2255	Email Address kdespain@vernalcity.org	
Address 374 East Main Street	City Vernal	State Utah	Zip Code 84078



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The Act promotes the development of market tools favorable to and controlled by local water users. Under the Act, qualifying leasing arrangements can be approved as a Water Bank. Approved Water Banks are granted statutory powers designed to facilitate efficient transfers of water among interested local users. Participation in a Water Bank is voluntary. The Utah Board of Water Resources shall review all Water Bank Applications for completeness and approve complete applications. For a water right to be used within an approved Water Bank, it must be approved through a separate Change Application process overseen by the Utah Division of Water Rights. Once approved, Water Banks operate as independent entities with annual reporting requirements to the Board of Water Resources.

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Shalaine DeBernardi, Assistant Director of Development
Utah Division of Water Resources
PO Box 146201
Salt Lake City, UT 84114
shalainedebernardi@utah.gov
801-652-1668

CONTACT INFORMATION:

Statutory Water Bank Applicant: Ashley Valley Water & Sewer Improvement District		Federal Tax ID Number 87-0368158	
Name of Water Bank First Water Bank of Utah (a Non-profit Corporation)			
Official Business Address P.O. Box 967	City Vernal	State Utah	Zip Code 84078
Primary Contact /Registered Agent (First & Last Name), Title/Position Ryan Goodrich, General Manager, AVWSID	Phone 435-823-1599	Email Address rgoodrich@avwsid.com	
Address P.O. Box 967	City Vernal	State Utah	Zip Code 84078
Secondary Contact (First & Last Name), Title/Position Tyler Dow, CEO, Wetx	Phone (801) 574-0941	Email Address tdow@wetx.io	
Address 26 S Rio Grande St., Suite 2072	City Salt Lake City	State Utah	Zip Code 84101

CONTACT INFORMATION (continued):			
Attorney (First & Last Name). (Can represent any party who is a member or shareholder of the legal entity constituting the Statutory Water Bank)	Phone 435-671-5894	Email Address dmatthews@gordonlawgroup.com	
Dan Matthews			
Attorney's Firm and Address	City	State	Zip Code
Gordon Law Group, 322 E Gateway Drive, Suite 201	Heber City	Utah	84032

PROJECT INFORMATION:

1) Narrative Description of How the Statutory Water Bank Will Generally Operate: The primary purpose of the First Water Bank of Utah ("FWBU") is to take advantage of the new statute provided by the State Legislature in order to establish a transparent, and reliable entity. The Bank will also utilize an innovative electronic platform to facilitate the transaction of water rights leases and/or sales within the boundaries of the Water Bank. The founding members of the FWBU are the Ashley Valley Water & Sewer Improvement District and Vernal City. FWBU will be governed by a Board of Directors, and will develop and adopt bylaws, policies and procedures to ensure that transactions by the Bank are conducted in a transparent, fair and consistent manner. Depositors will be able to "deposit" their water rights or water shares with the Bank. The Bank will then "list" the water rights or shares for lease or sale, and will respond to potential purchasers and/or lessees to facilitate the transactions. All transactions will be pre-approved by the appropriate State entities, and will meet all the requirements of the Water Bank Statute.			
2) County(ies) Where Statutory Water Bank is Located: Uintah County		3) Type of Water Right Accepted by Statutory Water Bank (Groundwater or Surface Water – cannot be both): Surface Water	
4) Water Right No. Owned by the Applicant (must be same type accepted by Bank): <i>(Attach State Engineer's Database Printout Showing Applicant Owns Water Right)</i> See Addendum 1.5.4, pg. 7	5) Proposed Start of Statutory Water Bank Operations: October 16, 2023	6) Estimated Years of Operation: 7 years (or until Water Banking Act is extended)	
7) Initial Assessment of the Annual Volume of Water Potentially Transacted Through the Statutory Water Bank (if known): Not currently known		8) List of Parties Potentially Participating in the Statutory Water Bank (if known): Ashley Valley Water & Sewer Improvement District, Vernal City	
9) Narrative Description of the Statutory Water Bank Service Area <i>(Attach Map)</i> . Regional Engineer, Andrew Dutson helped with the preparation of service area map confirmed that the transfer of water within the service area is not only possible but is currently taking place in numerous parts of the service area. The service area of FWBU includes the Alta Ditch, Ashley Central Canal, Ashley Upper Canal, the Highline Canal, Island Ditch and several other irrigation and canal companies. Water in this area generally comes from Ashley Creek, Steinaker Reservoir or Red Fleet Reservoir. For links to maps and supporting documents see Addendum Exhibit 1.5.2, page 7.			

STATUTORY WATER BANK GOVERNANCE:

(Attach Charter, Bylaws, and other Governing Documents, proprietary information can be redacted. Please provide a generic description and cite to where the relevant information can be found in the Statutory Water Bank's primary documents)

10) Type of Legal Entity:

Utah Nonprofit Corporation

11) Procedures for the Election or Appointment of Governing Members:

Please see Draft Bylaws of First Water Bank of Utah, Inc., A Utah Nonprofit Corporation. See link in Addendum, Exhibit 1.5.1

12) Number of Initial Governing Members (may not be an even number). If more than 5 Initial Governing Members Please Add on an Addendum:

5

Governing Member No. 1 (First & Last Name), Title/Position		Phone	Email Address	
Ryan Goodrich		435-823-1599	rgoodrich@avwsid.com	
Post Office Address		City	State	Zip Code
609 Main Street		Vernal	Utah	84078
Term:	Qualifications:			
4 yrs	Currently serving as General Manager of Ashley Valley Water & Sewer ID.			
Governing Member No. 2 (First & Last Name), Title/Position		Phone	Email Address	
Brownie Tomlinson		435-790-5468	brownietom@ubtanet.com	
Post Office Address		City	State	Zip Code
2458 E 4500 S		Vernal	Utah	84078
Term:	Qualifications:			
4 yrs	Long-time board member of AVWSID.			
Governing Member No. 3 (First & Last Name), Title/Position		Phone	Email Address	
Keith DeSpain, Public Works Director		435-789-2255	kdespain@vernalcity.org	
Post Office Address		City	State	Zip Code
374 E Main Street		Vernal	Utah	84078
Term:	Qualifications:			
4 yrs	Currently serving as Public Works Director with Vernal City.			
Governing Member No. 4 (First & Last Name), Title/Position		Phone	Email Address	
Quinn Bennion		435-789-2255	qbennion@vernalcity.org	
Address		City	State	Zip Code
374 E Main Street		Vernal	Utah	84078
Term:	Qualifications:			
4 yrs	Current Vernal City Manager			
Governing Member No. 5 (First & Last Name), Title/Position		Phone	Email Address	
WETx Representative (Tyler Dow or Assignee)		801-574-0941	tdow@wetx.io	
Post Office Address		City	State	Zip Code
26 S Rio Grande St., Suite 2072		Salt Lake City	Utah	84101
Term:	Qualifications:			
4 yrs	Experienced water and real estate attorney and co-founder of Wetx.			

13) Procedures for How the Statutory Water Bank Will Fund the Water Bank's Administrative Costs:

Founding Members of the FWBU will establish rates/costs regarding each application, materials, and legal reviews. It is anticipated that the founding members will fund the bank administration costs for the first year of operation. That percentage will be established for each type of transaction, length of time and proposed use. See Addendum, Exhibit 1.5.1, pg. 7

14) Process for Dissolution or Termination of the Statutory Water Bank, including the Process for Returning Banked Water Rights and Payments Owed to Depositors of Water Rights to the Water Bank:

The FWBU Board has outlined a process for dissolution or termination of the Statutory Water Bank, including a process for returning banked water rights and payments owed to depositories. Please see Addendum, Exhibit 1.5.1, pg. 7 and Article IX of FWBU Bylaws, page 15.

15) Description of the Statutory Water Bank's Complaint Resolution Process:

The FWBU Board has outlined a Complaint Resolution Process. See Statutory Water Bank Application Addendum - First Water Bank of Utah, Exhibit 1.1, page 1.

PROCEDURES GOVERNING WATER TRANSACTIONS:

(Attach any forms or process documents available to assist in such transactions – if additional room is needed please attach an Addendum explanation)

16) Description of How the Statutory Water Bank Will Design, Facilitate And Conduct Water Transactions Between Borrowers And Depositors:

The FWBU Board has created a process for how it will facilitate and conduct water transactions between borrowers and depositories. See Statutory Water Bank Application Addendum - First Water Bank of Utah, Exhibit 1.2(16)

17) Water Accounting Procedures, Including The Process(es) For Ensuring That The Aggregate Amount Of Loaned Water Rights Does Not Exceed The Total Sum Of Banked Water Rights:

The FWBU Board will adopt policies to ensure that no water will be transferred that is not approved by the State Engineer. Water deliveries will be monitored on an ongoing basis to ensure compliance with State Engineers rules and regulations.

18) Requirements and Process for Submitting Annual Reports to the Board of Water Resources:

The FWBU Board will in all events comply with the Rules & Regulations of the Board of Water Resources. The FWBU Board will work with Water Resources employees to clarify the data that is required along with delivery dates for the reports.

PROCEDURES FOR ACCEPTING, REJECTING, AND MANAGING DEPOSITS OF WATER RIGHTS INTO THE BANK:

(Please Attach an addendum if additional space is needed)

19) What Information a Depositor Shall Provide To Inform the Statutory Water Bank, the State Engineer, or Any Other Distributing Entity Regarding The Feasibility of Using the Water Right Within The Statutory Water Bank's Designated Service Area:

The FWBU Board has created a checklist of information needed to determine the feasibility of using a Water Right within the water bank's Designated Service Area. See Statutory Water Bank Application Addendum - First Water Bank of Utah, Exhibit 1.3(19), page 2.

20) Process For Depositors and the Statutory Water Bank to Jointly File a Change Application With the State Engineer Seeking Authorization to Deposit and Use a Water Right In the Statutory Water Bank:

The FWBU Board has created a process for Depositors and the Water Bank to file a joint Change Application with the State Engineer seeking to deposit and use a water right in the service area of the bank. See Statutory Water Bank Application Addendum, Exhibit 1.3(20), pg. 2-3.

21) Terms and Conditions for Depositing a Water Right with the Statutory Water Bank:

The FWBU Board has created a high-level Terms and Conditions as a starting point for the FWBU board. See Statutory Water Bank Application Addendum, Exhibit 1.3(21), pg. 3. As soon as the Board convenes, they will prepare Rules & Regulations governing all deposits and leases.

22) Conditions For a Depositor To Use a Water Right at the Heretofore Place-of-Use While Banked with the Statutory Water Bank (see § 73-31-501(4) of the Act):

The FWBU Board has created a high-level Terms and Conditions as a starting point for the FWBU board. See Statutory Water Bank Application Addendum, Exhibit 1.3(22), pg. 3. As soon as the Board convenes, they will prepare Rules & Regulations governing all deposits and leases.

23) Process for Determining Payments to Depositors:

The FWBU Board has created a process for determining payments to Depositors. See Statutory Water Bank Application Addendum, Exhibit 1.3(23), pg. 4.

PROCEDURES FOR ACCEPTING, REJECTING, AND MANAGING DELIVERY OF WATER RIGHTS FROM THE BANK:

(Please Attach an addendum if additional space is needed)

24) Deadline for Submitting a Delivery Request to the Statutory Water Bank:

The FWBU Board has created an overview of how deadlines for submitting delivery requests will be handled by the Statutory Water Bank. See Statutory Water Bank Application Addendum, Exhibit 1.4 (24), pg. 4.

25) Cost or Fee for Submitting a Delivery Request and Description for How the Statutory Water Bank Will Use or Apply Delivery Request Fees:

The FWBU Board has a policy on how Delivery Request Fees will be addressed by the Statutory Water Bank. See Statutory Water Bank Application Addendum, Exhibit 1.4(25), pg. 5.

26) What Information A Borrower Is to Include on a Delivery Request To Sufficiently Inform the Statutory Water Bank, State Engineer, Or Another Distributing Entity Whether The Delivery Request Is Feasible Within the Statutory Water Bank's Designated Service Area:

See Statutory Water Bank Application Addendum, Exhibit 1.4(26), pg. 5. We are in the process of developing our first borrower request form and we will forward that to the Water Bank Executive Director once it is in final draft form.


27) Any Notice And Comment Procedures For Notifying Other Water Users Of The Delivery Request:

Once the lessee signs the lease agreement online and authorizes the withdrawal of the lease amount, automatic notice will be generated and sent to the lessee, the depositor, and the irrigation company. Upon confirmation of receipt of the notice, irrigation companies can schedule delivery.

28) List of Criteria the Statutory Water Bank will use to Evaluate Delivery Requests:

Delivery requests will always be confirmed with Change Application conditions, conditions set by irrigation company and bank policies. No delivery requests that violate irrigation company policies will be accepted.

29) How The Statutory Water Bank Will Inform Water Users who Have Submitted A Delivery Request if The Delivery Request Is Approved Or Denied, The Reasons For Denial If Denied, And Any Applicable Conditions If Approve:

FWBU will automatically send water users notice via the Bank's trading platform software. In the event rejection is necessary, the reasons will be included in the notice and the transaction will not be consummated. 

30) Appeal Or Grievance Procedures, If Any, For A Borrower Seeking To Challenge A Denial Of A Delivery Request, Including Identifying Who Has The Burden In An Appeal And The Standards Of Review:

FWBU procedures to Appeal or file a Grievance can be found in the Statutory Water Bank Application Addendum, Exhibit 1.4(30), pg. 6.

31) How the Statutory Water Bank Will Determine Prices for The Use of Loaned Water Right:

FWBU has determined this will be a market-driven water bank when it comes to pricing. For more detail, please see Statutory Water Bank Application Addendum, Exhibit 1.4(31), pg. 6.

32) How the Statutory Water Bank Will Coordinate with The State Engineer to Facilitate Distribution Of Approved Delivery Requests:

For an overview of how FWBU will coordinate with the State Engineer on distribution of Delivery Requests, please see Statutory Water Bank Application Addendum, Exhibit 1.4(32), pg. 6.

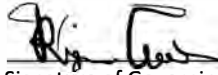
ACKNOWLEDGEMENT AND SIGNATURE:

By signing and submitting this application, you acknowledge that:

- (1) the information submitted is correct;
- (2) the Statutory Water Bank will not discriminate between the nature of use in water rights, depositors, or borrowers;
- (3) the Statutory Water Bank shall comply with the conditions of an approved Changed Application for a banked water right; and
- (4) the Statutory Water Bank shall report to the State Engineer known violations of approved Change Applications.

Ryan Goodrich

Name of Governing Member (1)



Signature of Governing Member (1)

8/15/23

Date

Tyler Dow

Name of Governing Member (2)



Signature of Governing Member (2)

8/15/23

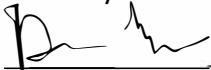
Date

APPROVED AS TO FORM AND COMPLETENESS

(to be completed by an attorney representing a member or Shareholder of the Statutory Water Bank)

Dan Matthews

Attorney Name



Attorney Signature

8/15/23

Date

Ashley Valley Water & Sewer Improvement District

Member or Shareholder of Statutory Water Bank Represented by Attorney

TO BE COMPLETED BY THE MEMBER OF THE BOARD OF WATER RESOURCES ASSIGNED TO AREA:

I have reviewed this application and forward it to staff of the Division of Water Resources to conduct a completeness review and to prepare a Statutory Water Bank report.

Comments (if any):

Randy Crozier

Board Member Name



Board Member Signature

8/16/23

Date

FOR OFFICE USE ONLY

Board Meeting Date: _____ Approved Denied

**Statutory Water Bank Application
First Water Bank of Utah, Inc.**

Addendum

The following refers to the Statutory Water Bank Application form provided by Utah Board of Water Resources to the First Water Bank of Utah. Where space in the PDF form provided was insufficient, First Water Bank of Utah representatives advise reviewers of the PDF form to refer to this Addendum for additional information.

Exhibit 1.1- Statutory Water Bank Governance

1.1(15): Description of Statutory Water Bank's Complaint Resolution Process

The Bank will utilize software that provides forms that will not allow leases to exceed deposits. Complaints about the process, fees, policies, procedures of the Bank will be submitted to the manager of the Bank and addressed by the Board. Complaints regarding deliveries will be submitted to the Bank and irrigation company and addressed by the irrigation company. If complaints cannot be resolved and the lessee doesn't receive water, the transaction will be voided and lease amounts returned.

Exhibit 1.2 - Procedures Governing Water Transactions

1.2(16): Description of how the Statutory Water Bank Will Design, Facilitate, And Conduct Water Transactions Between Borrowers And Depositors:

The basic transaction process for the FWBU will generally be as follows:

- 1) Potential Depositor creates an account with the FWBU.
 - A. FWBU reviews water rights, ensures that they are appropriate and meet the State requirements, checks to make sure the listing price is within the expected range, etc.
 - B. Once approved, the Depositor is allowed to "deposit" the water right into the Bank, and a "listing" is created by FWBU to list the water right for lease or sale. The listing is controlled by the Bank at all times. It cannot be amended by the Depositor without Bank approval.
- 2) Potential Lessee also must create an account with FWBU.
- 3) If Lessee sees a water right they are interested in, they may either 1) make an offer; or 2) request additional information.
- 4) If an offer is made, FWBU creates an "Offer Sheet" and sends it electronically to both parties for review and signature. Once signed, the Bank approves the transaction, and accepts the wire deposit from the Lessee.

5) FWBU checks with the Water Master to make sure proposed delivery is feasible, and checks to make sure the transaction meets all State requirements. If so, FWBU completes the transaction and instructs the WM to commence delivery of the water as per the listing agreement. Once deliveries have commenced, FWBU wires escrowed funds to the Depositor.

Exhibit 1.3 - Procedures for Accepting, Rejecting, and Managing Deposits of Water Rights into the Bank

1.3(19) Description: What information a Depositor Shall Provide to Inform the Statutory Water Bank, the State Engineer, or Any Other Distributing Entity Regarding the Feasibility of Using the Water Right Within the Statutory Water Bank's Designated Service Area

- Water right/share owner information;
 - As applicable, provenance of water rights, legal opinions, historical usage, etc.;
- Existing point of delivery (with Map or coordinates or field number);
- Existing type of use
- Existing approved diversion/ depletion amount. This can also be expressed in turns, times, or number of heads. FWBU will verify with the irrigation companies to see how they measure. Must be the measuring method normally used by the irrigation company.
- FWBU will require verification of ownership of water right, availability of water right, feasibility of transaction, etc. before allowing the deposit and listing to be made.
- Approved evidence of ownership might include some or all of the following: Copy of stock certificate, affidavit of ownership from Depositor, certificate of good standing from irrigation company, approval of State Engineer for proposed use (or map of service area of irrigation company) etc. May also require map of location of existing use/proposed use, etc. (eventually GPS data will confirm that proposed transaction is within the service area and is feasible)
- Also proposed time period of availability, requested price, etc.
- Certificate (paragraph they can initial) confirming prior beneficial use (user needs to provide a description of the use)

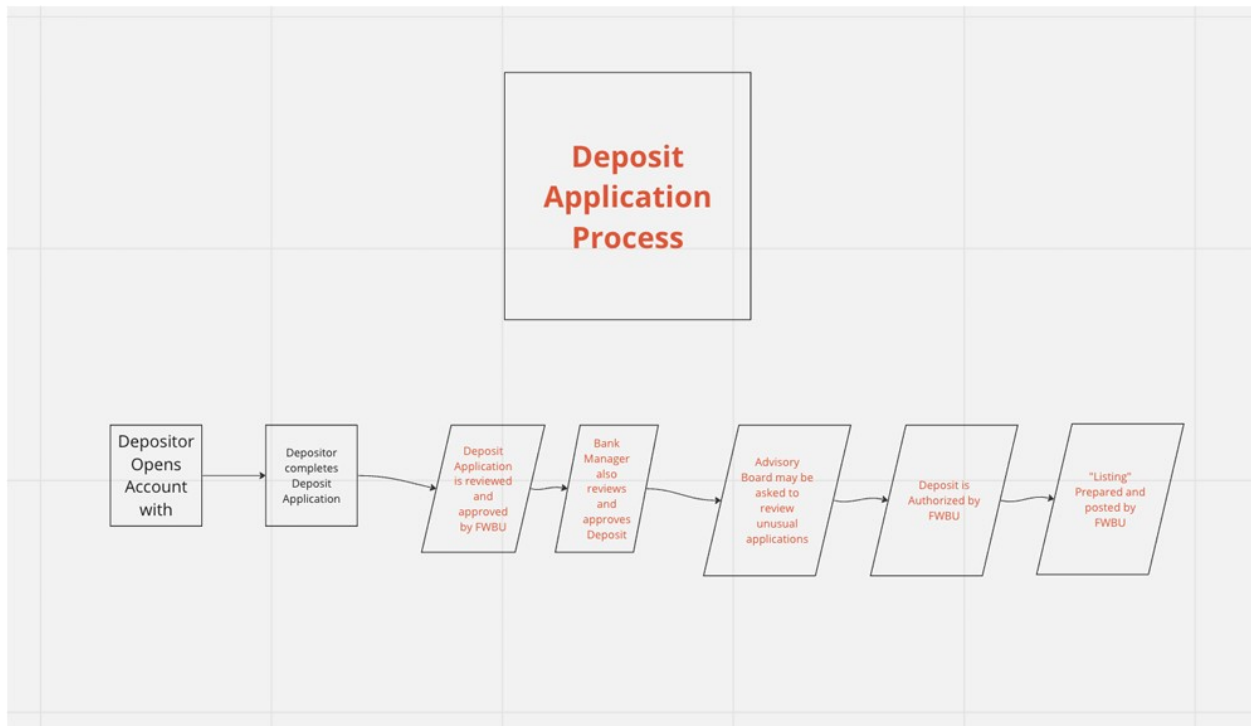
1.3(20) Description: Process for Depositors and the Statutory Water Bank to Jointly File a Change Application With the State Engineer Seeking Authorization to Deposit and Use a Water Right in the Statutory Water Bank

Often these will be filed by the Bank on the shares of a company, in conjunction with the proposed depositor. We will need to be sure that we have approval from the irrigation company on file. Once a change has been approved for a particular series of stock in a particular water company, we hope to be able to rely on that change of other shares unless there is an issue with delivery. Policies will be developed to help spread the cost of the change applications

across multiple depositors (perhaps those costs could eventually be included in the transaction fees). We don't want the first depositor to pay a lot, and subsequent depositors to pay zero.

1.3(21) Description: Terms and Conditions for Depositing a Water Right with the Statutory Water Bank

Much of this information will be in the policy manual of the Water Bank, to be determined by the Board. However, the information listed below will be required. We will also prepare a "Depositor Agreement" which will detail the terms and conditions. It will include clauses that indicate that the Bank does not guarantee a lessor, but that it will make reasonable efforts. It will also have information allowing the Bank to suspend or terminate the deposit if any of the information is found to be inaccurate. The document will also include some indemnification information so that the Bank is not liable to the lessee in the event the irrigation company fails to deliver the water. See attached note re: Depositor Agreement. (See attached diagram)



Depositors will also be required to set up an account with the bank, including email (for notice purposes), an account where payments can be made, etc.

1.3(22) Description: Conditions for a Depositor to Use a Water Right at the Heretofore Place of Use While Banked with the Statutory Water Bank

Lease or deposit agreement should contain a provision that allows the depositor to use the water until confirmation of signing of lease, payment, and delivery is given. We will have to coordinate with the irrigation companies so we have set times that leases and changes can be made (cut-off dates, etc). Water needs to be put to beneficial use by the depositor until lease/payment/delivery occurs. Depositors will then be sent a notice to cease use, and irrigation

companies will change their delivery schedule. We will have to put in penalty provisions / termination language so both parties can't use the water at the same time. Maybe the delivery would have a time delay / confirmation check mark that the depositor would initial before receiving the wire transfer of the payment.

We need to always make sure that the Bank relies on the truthfulness and integrity of the 1) depositor; 2) lessee; and 3) irrigation company. The Bank cannot guarantee deliveries, etc. We should have policies that terminate an account in the event of malfeasance or misfeasance by either the irrigation company, the depositor or the lessee.

1.3(23) Process for Determining Payments to Depositors

Depositors will be paid once a lease is entered into by the Lessee and delivery is actually made. We will need to prepare forms that automatically generate once a lease is signed (Smart Contract signed online). A notice should be sent to the Depositor, and to the manager of the Bank, who can then contact the Irrigation Company. We will have to have standing agreements with the irrigation companies on how and when they need notice of leases so they can adjust their delivery systems. There may be "cut-off" dates after which leases might not be available. Those terms can be agreed to with the irrigation company, and included as caveats to both the depositor and the potential lessees.

Once delivery is confirmed by the irrigation company, the invoice for the lease will automatically generate and be emailed to the lessee. The lessee will have ___ days to pay the invoice. No water deliveries will occur until the invoices have been paid in full. Invoice shall include the lease amount, plus administrative fees set by the Bank (in the Policy manual and on the platform - transparency). Once delivery and payment have been confirmed by the platform (administrative fees will be deducted and payment will be wired to the depositor).

Exhibit 1.4 - Procedures for Accepting, Rejecting and Managing Delivery of Water Rights From the Bank

1.4(24) Description: Deadline for Submitting a Delivery Request to the Statutory Water Bank

These procedures will be outlined in the policy manual and will be agreed upon by the irrigation company beforehand. (This includes other entities that might deliver water pursuant to contracts, etc. (i.e. Uintah Water Conservancy District, etc.). They will help us determine cut-off dates, etc. This information will be clearly listed on the trading platform. Trades or requests beyond the approved cut-off date will not be allowed by the software or by the First Water Bank of Utah's internal procedures.

1.4(25) Description: Cost of Fee for Submitting a Delivery Request and Description for How the Statutory Water Bank Will Use or Apply Delivery Request Fees:

The administrative fee charged by the bank will be set by the Board. The delivery request will be part of the lease agreement signed by the lessee. We will create a check-list, form in conjunction with the irrigation company which will simplify the application process for the lessee. Fees will be deducted for the Water Bank (based on transaction) and the remaining balance will be wired to the depositor before the delivery occurs. Deadlines for payment, and information making it clear that no delivery will occur until payment is received, will be clearly listed on the lease form/delivery request. Lessee will have to check that box on the form before the transaction can proceed.

1.4(26) Description: What information a Borrow is to include on a Delivery Request to sufficiently inform the Statutory Water Bank, State Engineer, or another Distributing Entity whether the Delivery Request is feasible within the Statutory Water Bank's Designated Service Area:

The potential lessee will also have to open an account with the Water Bank. This can be a simple "fill-in-the blank" online form. It will include

- Lessee information (name, address, email, telephone, property location, account information (for withdrawing lease payment).
- Signature verifying ownership (or other ownership interest) in proposed place of use, agreement to be bound by terms and conditions and policies of bank, acknowledgment that they have read, understood and agreed to the conditions of the depositor, separate line agreeing to the price and the administrative fee of the bank, acknowledgment that they will use the water strictly in accordance with the conditions of the deposit, the terms and conditions of the irrigation company (which will be included on our platform) and that they will restrict their use to the approved use and duration (type, amount and location indicated).
- Proposed place of use (which our platform will automatically confirm with our approved service area. If it does not conform with the existing map in the software, the request will be "flagged" for review by the manager. Requests outside the service area will not be accepted. Service area changes will have to be approved by the State.
- Proposed nature of use. The nature of use cannot exceed the allowed use and amount for the water right. Deliveries from the irrigation company should take care of this.
- At the termination of the lease period, the lessee will be requested to acknowledge that they received the deliveries as promised, that they put the water to beneficial use, on the approved property, in the approved amount. Failure to provide this information at the end of each lease period will result in the account being flagged and no future leases allowed until corrected.

1.4(30) Description: Appeal or Grievance Procedures, if any, for a borrower seeking to challenge a denial of a Delivery request, including who has the burden in an appeal and the standards of review

Until the delivery request is approved by the bank and the irrigation company, the lessee has no privity of contract. They either meet the requirements of the bank and the irrigation company, or the water is not for lease. If the potential lessee has a legitimate suggestion, it can be addressed by the bank and the irrigation company. The lessee will not negotiate directly with the irrigation company or the depositor. If they have a concern with the delivery after approval, that would be a different process.

1.4(31) Description: How the Statutory Water Bank will determine prices for the use of the loaned water right.

FWBU has determined this will be a market-driven water bank. While the bank might suggest some ranges based upon consultation with depositors, irrigation companies, etc., the depositor can set the price as they see fit. We believe that the market will eventually correct any outrageous price modulations.

1.4(32) How the Statutory Water Bank will coordinate with the State Engineer to facilitate distribution of Delivery Requests

In most cases the State Engineer will not be involved with delivery information and processes once the change app is approved. The river commissioner, along with the irrigation company ditch masters, will coordinate the changes in deliveries. We anticipate that most of our initial customers will be shareholders in irrigation companies, or lessees under federal contracts. The Bank will generate a comprehensive report at the end of each irrigation season listing the leases, the deliveries, the uses, etc.

Many of these transactions will be within the existing service area of a single irrigation company. Alternatively, additional transactions will be between companies that already do exchanges and swaps.

Finally, most of the contract water that may be included in the Bank is already being delivered to the entire service area of the Bank. So we are not usually going to be dealing with a water right that is being transferred temporarily for use outside its existing service area.

If the proposed transactions are already within the existing service area of 1) the FWBU and 2) the relevant irrigation company, then the proposed transaction will just need to be approved by the irrigation company's watermaster to make sure the proposed new delivery is feasible and will not disrupt normal operation of the system.

Exhibit 1.5 - Maps and Supporting Documents

Exhibit 1.5.1 [DRAFT First Water Bank of Utah Bylaws](#)

Exhibit 1.5.2 [First Water Bank of Utah Service Area Maps](#)

Exhibit 1.5.3 [Link to Internal Memorandum detailing 10-12 Potential Transactions](#)

Exhibit 1.5.4 [FWBU State Engineer Database Printout](#)

**BYLAWS
OF
First Water Bank of Utah, Inc.
A Utah NONPROFIT CORPORATION**

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**BYLAWS
OF
First Water Bank of Utah, Inc.**

These bylaws (the “*Bylaws*”) are adopted for the governance of First Water Bank of Utah, Inc., a Utah nonprofit corporation (herein referred to as the “*Corporation*”).

**ARTICLE I
REGISTERED AGENT AND OFFICE**

The name and street address of the Corporation’s registered agent shall be as set forth in the Corporation’s Articles of Incorporation or other filing with the Utah Secretary of State. The registered agent is subject to change from time to time by the Board of Directors, by the officers of the Corporation, or as otherwise provided by the Utah Nonprofit Corporation Act (the “*Act*”).

**ARTICLE II
Founding Members /Shareholders**

The First Water Bank of Utah is owned exclusively by its Founding Members who are also the Shareholders. The Founding Members are the Ashley Valley Water & Sewer Improvement District (“AVWSID”), Vernal City (“Vernal”) and WETx. Founding Members own all the stock in the First Water Bank of Utah.

Section 2.1. Voting Shareholders. The Corporation shall have one class of voting Shareholders. As used in these Bylaws, “*Founding Member(s)*” shall mean voting Member(s).

Section 2.2. Qualifications. Founding Members shall have some experience, understanding and interest in water rights, water treatment and/or water delivery, and the purposes of the Corporation generally and a desire to fulfill the purposes of the Corporation specifically.

Section 2.3. Adding new Founding Members. New Founding Members may be added only upon unanimous consent of the existing Founding Members. The number of shares issued to new Founding Members as Shareholders shall be determined by the existing Founding Members, and shall be documented in a Founders Agreement, signed by all current Founding Members and by the new Founding Members. Terms and conditions of admission, including reimbursement of a proportionate share of costs, percentage of shares issued, etc., shall be contained in the Founders Agreement(s). Once admitted as a Founding Member and Shareholder, the new Founding Member shall have the same rights, duties and responsibilities as the original Founding Members.

Section 2.4. Rights of Shareholders. The right of a Founding Member to vote and all its right, title, and interest in or to the Corporation shall cease on the termination of such status as a Shareholder. Founding Members shall be entitled to share in the distribution of the corporate assets upon the dissolution of the Corporation in proportion to their ownership of shares.

Section 2.5. Annual Meetings. No annual meeting of the Shareholders shall be required. In the event of an annual meeting of Shareholders, it shall be held at the time and place as shall be determined by the presiding Founding Member.

Section 2.6. Special Meetings. Special meetings of the Shareholders may be called by the chairman of the Board of Directors or any two (2) of the Shareholders and shall be held at such time and place, within or without Utah, as may be determined by the Shareholders.

Section 2.7. Notice and Conduct of Meetings. Written notice, stating the place, day and hour of all meetings and, in the case of special meetings, the purposes for which such meeting is called, shall be given before the date of the meeting, by or at the direction of the presiding Founding Member, to each Shareholder entitled to vote at such meeting. Notice shall be given in accordance with the provisions of Section 3.8 hereof. The presiding Founding Member shall conduct meetings of the Shareholders. If the presiding Founding Member is unavailable or otherwise unable to conduct any meeting of Shareholders, he shall appoint a Founding Member in his stead to conduct such meeting or meetings of Shareholders.

Section 2.8. Voting. At any meeting of the Shareholders, each Founding Member present at such meeting shall have the number of votes equal to their ownership percentage of the shares. Any tie in a vote among the Shareholders shall be broken by a vote of the presiding Founding Member. Voting by proxy shall not be permitted.

Section 2.9. Action by Unanimous Written Consent. Any action required or permitted to be taken at a meeting of the Shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Shareholders. Such consent shall have the same force and effect as a unanimous vote of the Shareholders.

Section 2.10. Meetings by Conference Telephone. Shareholders may participate in a meeting by conference telephone or similar communications equipment, so long as all persons participating in such a meeting can hear one another. Participation in a meeting through telephonic means shall constitute presence in person at such meeting.

Section 2.11. Quorum. A majority of the Shareholders shall constitute a quorum for the transaction of business of the Shareholders, but a lesser number may adjourn from time to time without notice other than an announcement of a lack of a quorum at the meeting, until a quorum shall attend. Notwithstanding the foregoing, if a Shareholder owning more than 25% of the outstanding shares is not present at any meeting, no binding action may be taken at that meeting.

Section 2.12. Presiding Member. The Shareholders may elect one Founding Member as presiding Founding Member. That entity shall appoint a representative, who shall hold such position for one year or such longer period designated by the Shareholders by affirmative vote unless removed prior thereto by the Board for any reason, or until his or her earlier death, resignation, removal or other inability to serve. The presiding Founding Member representative shall preside at meetings of the Shareholders and shall perform such other duties as are incident to the position, are required by law or these Bylaws, or are specified by the Shareholders by resolution.

Section 2.13. Right of Inspection. Every Member shall have the right at any reasonable time to inspect all the Corporation's books, records and documents of every kind.

Section 2.14. No Transfer or Assignment. No Founding Member of the Corporation may transfer or assign its Shareholdership interest in the Corporation or any right arising therefrom to any other party without the express, written consent of all of the other Founding Members. In the event one of the Founding Members desires to no longer participate as a Founding Member, their interest (represented by their shares) shall first be offered to the remaining Founding Members according to the Remaining Founding Members' percentage of ownership of the outstanding shares. No individual may be a Founding Member / Shareholder.

ARTICLE III BOARD OF DIRECTORS

Section 3.1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors (sometimes referred to herein as “Board” when acting as the Board and as “Director(s)” when acting otherwise) except as otherwise provided in the Act, the Articles or these Bylaws.

Section 3.2. Number, Election, Tenure and Qualifications.

(a) The number of the Board shall be specified from time to time by resolution of the Board, but shall not be less than three (3). Initially, the Board shall consist of two (2) members from AVWSID, two (2) members from Vernal, and one (1) member from WETx.

(b) Other than when empaneling the Board (which will require staggered one terms of different durations, e.g. Director 1, a one (1) year term, Director 2, a two (2) year term and Director 3, a three (3) year term), the Directors shall be elected for terms of three (3) years to succeed those whose terms expire. Despite the expiration of a Director’s term, the Director shall continue to serve until the selection and qualification of a successor or until there is a decrease in the number of directors, or until such director’s earlier death, resignation or removal from office. The Founding Member who controls the Board seat shall appoint Director(s) to fill each of their Director(s) positions which become open from time to time.

Section 3.3. Resignation. Any Director may resign at any time by giving written notice to the president or the secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.4. Vacancies. Any vacancy occurring in the Board may be filled by an appointment by the Founding Member to whom the seat belongs. A Director appointed to fill a vacancy shall serve for the unexpired term of such Director’s predecessor in office and must meet the qualifications applicable to the position on the Board to be filled. Any directorship to be filled by reason of an increase in the number of Director(s) shall be filled by an appointment approved by the Founding Member to whom the new seat is assigned.

Section 3.5. Standards of Conduct. A Director shall discharge his or her duties as director (or officer):

(a) In good faith;

(b) With the care an ordinarily prudent individual in a like position would exercise under similar circumstances; and

(c) In a manner the director (or officer) reasonably believes to be in the best interest of the Corporation.

(d) A Director or Board Member shall disclose any conflict of interest, or potential conflict of interest, when he or she is personally involved in a matter that also concerns the First Water Bank of Utah. If the Board determines by majority vote that the conflict is significant, it may request that the Director recuse himself or herself from any Board action involving the issue giving rise to the conflict.

Section 3.6. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as may be determined by the Board, for the purpose of transaction of such business as may come before the meeting. The Board of Directors may provide by resolution the time and place, either within or outside the State of Utah, for the holding of regular meetings. No additional notice of meetings held pursuant to a resolution of the Board, other than the resolution itself, is required.

Section 3.7. Special Meetings. Special meetings of the Board may be called by or at the request of a majority of the Directors. The individual or individuals authorized to call special meetings of the Board may fix any place as the place, either within or outside Utah, for holding any special meeting of the Board called by them.

Section 3.8. Annual Meetings. One of the regular meetings of the Board described above in Section 3.6 shall be designated as the Annual Meeting for the purposes of organization, election of directors and officers and the transaction of other business.

Section 3.9. Notice. Notice of each meeting of the Board (other than regular meetings held pursuant to a resolution of the Board under Section 3.6 above) stating the place, day and hour of the meeting shall be given to each Director via email (as shown on the Corporations records), at least seven (7) days prior thereto by the mailing of written notice by email. Any Director may waive notice of any meeting before, at or after such meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, unless the Director, at the beginning of the meeting or promptly upon later arrival, objects to holding the meeting because of lack of notice or defective notice, and after objecting, the Director does not vote for or assent to action taken at the meeting with respect to the purpose. If special notice was required for a particular purpose, the Director must object to the purpose for which the special notice was required, and after objecting, refrain from voting for or assenting to the action taken at the meeting with respect to the purpose, or the Director's attendance constitutes a waiver of notice.

Section 3.10. Quorum and Voting. A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of the Directors present in person at a meeting at which a quorum is present shall be the act of the Board of Directors. If less than a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting without further notice other than an announcement at the meeting, until a quorum shall be present.

Section 3.11. Proxies. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be considered to be present at a meeting and to vote if Director has granted a signed written proxy:

(a) to another Director who is present at the meeting and authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy; or

(b) to a person who is not a Director if the proxy authorizes such person to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

Section 3.12. Presumption of Assent. Director(s) present at a meeting of the Board, when corporate action is taken, is considered to have assented to all action taken at the meeting unless:

(a) (i) the Director objects at the beginning of the meeting, or promptly upon the Director's arrival, to holding the meeting or transacting business at the meeting; and (ii) after objecting, the Director does not vote for or assent to any action taken at the meeting; and

(b) the Director contemporaneously requests that the Director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or

(c) the Director causes written notice of the Director's dissent or abstention as to any specific action to be received by: (i) the presiding officer of the meeting before adjournment of the meeting; or (ii) the Corporation promptly after adjournment of the meeting.

The right of dissent or abstention as set forth above as to a specific action is not available to a director who votes in favor of the action taken.

Section 3.13. Compensation. Unless prohibited by the Act, Directors may receive reasonable compensation for their services as such, as determined by the Board. Reasonable stipends and expenses for Directors for attendance at Board meetings may be paid or reimbursed by the Corporation. Directors shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the Corporation in any other capacity.

Section 3.14. Executive and Other Committees. By one (1) or more resolutions adopted by the Board, the Board may designate from among its Directors or Shareholders or members of the public an executive committee and one (1) or more other committees, each of

which shall have and may exercise all of the authority of the Board granted to such committee by the resolution establishing such committee. Each committee shall be composed of at least one (1) Director and one (1) Shareholder, appointed by the Board, and other committee members may be called upon as needed. The chair of the executive or other committee shall be determined by the committee members. The delegation of authority to any committee shall not operate to relieve the Board or any Shareholder or other member of said committee, from any personal liability imposed by law. Rules governing procedures for meetings of any committee governed by this Section 3.14 of shall be as established by the committee itself.

Section 3.15. Meetings by Telecommunication. Shareholders of the Board or any committee thereof may participate in a meeting of the Board or committee by any means of communications so long as all individuals participating in the meeting can hear one another. Such participation shall constitute presence in person at the meeting.

Section 3.16. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if the action is taken by all Directors of the Board. The unanimous action shall be evidenced by one (1) or more written consents describing the action taken, signed by each Director, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a different effective date.

An electronic transmission communicating a vote under this Section 3.16 is considered to be written, signed, and dated for purposes of this Section if the electronic transmission is delivered with information from which the Corporation can determine: (i) that the electronic transmission is transmitted by the Director; and (ii) the date on which the electronic transmission is transmitted. The date on which an electronic transmission is transmitted is considered the date on which the vote, abstention, demand, or revocation is signed. For purposes of this Section, communications to the Corporation are not effective until received.

Action taken pursuant to this section has the same effect as action taken at a meeting of Directors and may be described as an action taken at a meeting of Directors in any document.

Section 3.17. Advisory Board. The Board may appoint such advisory commission or board as it may deem appropriate, consisting of Directors or persons who are not Directors, but such board shall not be deemed a committee of the Board and shall not exercise any powers of the Board. The Board shall select a chair and such other officers of the advisory board as it may determine. Notice of, and procedures for, meetings of any advisory board shall be as prescribed by the chair of such board, and meetings of any advisory board may be called by the Board.

Section 3.18. Chair of the Board. The chair of the Board of Directors shall be selected (and removed) by the Board of Directors by majority vote and shall (i) preside at all meetings of the Board of Directors; (ii) see that all orders and resolutions of the Board of Directors are carried into effect; (iii) supervise and manage the activities of committees or advisory boards constituted by the Board, if any; and (iv) perform all other duties incident to the office of chair of the Board.

Section 3.19. Emergency Powers. For purposes of this Section 3.20, an emergency shall be deemed to exist if a quorum of Directors cannot readily be obtained because of a catastrophic event, within the meaning of that term under the Act. In the event of an emergency, notice of a meeting of the Board need be given only to those Directors that practically can be reached, and notice can be given by any practicable manner, including by satellite or radio. In this and only in this event, Officers of the Corporation present at the meeting of the Board may be considered Directors, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum. During an emergency, the Board may modify seniority to accommodate the incapacity of any directors, officers, employees or agents, adopt bylaws only to be effective during the emergency, relocate the Corporation's principal offices and take such other action as is necessary in good faith to further the Corporation's ordinary activities and purposes.

ARTICLE IV OFFICERS AND AGENTS

Section 4.1. Number and Qualifications. The elected officers of the Corporation shall consist of at least a president, secretary and treasurer. The Board may also elect or appoint such other officers, assistant officers and agents, including, one or more vice president(s), assistant secretaries and assistant treasurers, as it may consider necessary. One individual may hold more than one office at a time.

Section 4.2. Power/Duties. The Board may delegate to any officer of the Corporation or any committee of the Board the power to appoint, remove and prescribe the duties of other officers, assistant officers, agents and employees.

Section 4.3. Resignation. An officer may resign at any time by giving written notice of resignation to the Corporation. An officer's resignation shall take effect at the time specified in the notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.4. Election and Term of Office. The elected officers of the Corporation shall be elected by the Board at each annual meeting, or, if the term of office exceeds one year, at the meeting which coincides with the conclusion of the given term. If the election of officers shall not be held at such meeting, such election shall be held as soon as convenient thereafter. Each officer shall hold office until the officer's successor shall have been duly elected and shall have qualified, or until the officer's earlier death, resignation or removal.

Section 4.5. Removal. An officer, assistant, agent or employee may be removed, with or without cause, at any time: (i) in the case of an officer, assistant, agent or employee appointed by the Board, only by resolution of the Board; and (ii) in the case of any other officer, assistant, agent or employee, by any officer of the Corporation or committee of the Board upon who or which such power of removal may be conferred by the Board; but such removal shall be without prejudice to the contract rights, if any, of the individual so removed.

Section 4.6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.7. Compensation. If the Board determines to compensate officers, the compensation of the officers shall be fixed from time to time by the Board based upon the fair value of services rendered by such officers, and no officer shall be prevented from receiving fair compensation by reason of the fact that he or she is also a Director of the Corporation.

Section 4.8. Authority and Duties of Officers. The officers of the Corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the Board or these Bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) *President.* The president shall perform duties as may be assigned to him/her by the Board and all duties normally performed by a chief executive officer of a non-profit corporation.

(b) *Vice-President.* If appointed, in the absence of the president, or in the event of the president's death, inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him/her by the president or by the Board. In the event there is more than one vice-president serving, the vice-presidents shall perform the duties assigned to them by the president and the Board.

(c) *Secretary.* The secretary shall: (i) keep the minutes of the proceedings of the Board and any committees of the Board; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the Corporation (if any); and (iv) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by the president or by the Board. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(d) *Treasurer.* The treasurer shall: (i) be the principal financial officer of the Corporation and oversee the care and custody of all its funds, securities, evidences of indebtedness and other personal property, and deposit the same in accordance with the instructions of the Board; (ii) supervise the process of receiving and giving receipts for moneys paid in on account of the Corporation (iii) supervise the paying of all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity out of available funds; (iv) prescribe and supervise the methods and systems of accounting to be followed, see that complete books and records of account are kept, and prepare and file all local, state and federal tax returns and related documents, prescribe and supervise an adequate system of internal audit, and oversee the preparation of and furnish to the chair of the Board and the Board statements of account showing the financial position of the Corporation and the results of its operations; (v) upon request of the Board, make such reports to it as may be required at any time; and (vi) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to

the treasurer by the chair of the Board or the Board. In the absence of a treasurer, the secretary shall perform the duties of a treasurer set forth herein.

ARTICLE V EXECUTION OF INSTRUMENTS

Section 5.1. Checks, Drafts, etc. All checks, drafts and orders for payment of money, and notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 5.2. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board.

Section 5.3. Contracts. The Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 5.4. Conflicts of Interest. The Directors of the Corporation may adopt by majority vote a conflict-of-interest policy.

ARTICLE VI INDEMNIFICATION

Section 6.1. Indemnification.

(a) Notwithstanding Section 6.1(b), and to the fullest extent allowed by relevant law, the Corporation shall indemnify any agent or Director of the Corporation who is successful, on the merits or otherwise, in the defense of any proceeding or matter to which the agent or Director was a party by reason of having served as an agent or Director of the Corporation, or any claim, issue or matter in the proceeding to which the agent or Director was a party because the agent or Director is or was an agent or Director of the Corporation, against reasonable expenses incurred in the proceeding or matter, including reasonable attorney fees.

(b) The Corporation may in its discretion indemnify an individual made a party to a proceeding because the individual is or was a director, officer, employee, fiduciary or agent of the Corporation or of any other enterprise at the request of the Corporation, or by reason of any action allegedly to have been taken, omitted or neglected as such director, officer, employee, fiduciary or agent against reasonable expenses incurred in connection with the proceeding, if:

- (i) the individual's conduct was in good faith;
- (ii) the individual reasonably believed that the individual's conduct was in, or not opposed to, the Corporation's best interests; and
- (iii) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

(c) The Corporation shall not indemnify a director, or officer, employee, fiduciary, or agent in connection with a proceeding in which such individual was adjudged liable to the Corporation, or in connection with any other proceeding charging that the individual derived an improper personal benefit, whether or not involving action in the individual's official capacity, in which proceeding the individual was adjudged liable on the basis that the individual derived an improper personal benefit and acted intentionally to derive improper personal benefit.

Section 6.2. Advances of Costs and Expenses. The Corporation may in its discretion pay for reasonable expenses incurred by a director, officer, employee or agent (in defending a civil or criminal action, suit or proceeding) who is a party to a proceeding in advance of final disposition of the proceeding if:

(a) the individual furnishes the Corporation a written affirmation of the individual's good faith belief that the individual has met the applicable standard of conduct described above in Section 6.1(b).

(b) the individual furnishes the Corporation a written undertaking, executed personally or on the individual's behalf, to repay the advance, if it is ultimately determined that the individual did not meet the standard of conduct; and

(c) a determination is made that the facts then known to those making the determination would not preclude indemnification.

Section 6.3. Insurance. By action of the Board, notwithstanding any interest of the directors in such action, the Corporation may, subject to Section 6.5, purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any individual indemnified hereunder against any liability asserted against such individual and incurred by such individual in such individual's capacity of or arising out of such individual's status as an agent of the Corporation, whether or not the Corporation would have the power to indemnify such individual against such liability under applicable provisions of law. The Corporation may also purchase and maintain insurance, in such amounts as the Board of Directors may deem appropriate, to insure the Corporation against any liability, including without limitation, any liability for the indemnifications provided in this Article.

Section 6.4. Right to Impose Conditions to Indemnification. The Corporation shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as the Board may deem appropriate in each specific case, including but not limited to any one or more of the following: (a) that any counsel representing the individual to be indemnified in connection with the defense or settlement of any action shall be counsel that is mutually agreeable to the individual to be indemnified and to the Corporation; (b) that the Corporation shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the individual to be indemnified; and (c) that the Corporation shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified individual's right of recovery, and that the individual to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Corporation.

Section 6.5. Limitation on Indemnification. Notwithstanding any other provision of these Bylaws, and except as otherwise provided by law, the Corporation shall neither indemnify any individual nor purchase any insurance in any manner or to any extent that would jeopardize or be inconsistent with qualification of the Corporation as an organization described in Section 501 (c)(6) of the Internal Revenue Code (the “IRC”).

ARTICLE VII LIMITATIONS

Section 7.1. Prohibition Against Sharing in Corporate Earnings. No director, officer or employee of or individual connected with the Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided that this shall not prevent the payment to any such individual of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by the Board of Directors; and no such individual or individuals shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All directors of the Corporation shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed, transferred, conveyed, delivered, and paid over, in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, consistent with applicable provisions in the Corporation’s Articles.

Section 7.2. Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a nonprofit corporation is or may hereafter be permitted by law to make, or any similar restriction, provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial of tax exemption under any section of the IRC.

Section 7.3. Exempt Activities. Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under IRC §501(c)(6).

ARTICLE VIII MISCELLANEOUS

Section 8.1. Account Books, Minutes, Etc. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board and committees. All books and records of the Corporation may be inspected by any Director, such Director’s authorized agent or attorney, for any proper purpose at any reasonable time. Official documents of the Corporation (i.e. approved minutes, resolutions, policies and

procedures, annual budgets, etc.) shall be stored in the WETx Vault. Working copies and drafts of documents, policies, budgets, etc. shall be stored in the FWBU Google Drive, to which each of the Board Members shall be given read-only access.

Section 8.2. Fiscal Year. The fiscal year of the Corporation shall be as established by the Board of Directors.

Section 8.3. Conveyances, Encumbrances and Contracts. Property of the Corporation may be assigned, conveyed or encumbered by such officers of the Corporation as may be authorized by the Board, and such authorized individuals shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance; however, the sale, exchange, lease or other disposition of all or substantially all (more than 80%) of the property and assets of the Corporation shall be authorized only by majority vote of the Shareholders.

Section 8.4. Designated Contributions. The Corporation may accept any designated contribution, grant, bequest or devise consistent with its general tax-exempt purposes, as set forth in the Articles. As so limited, donor-designated contributions will be accepted for special funds, purposes or uses, and such designations generally will be honored. However, the Corporation shall reserve all right, title and interest in and to, and control of such contributions, as well as full discretion as to the ultimate expenditure or distribution thereof in connection with any special fund, purpose or use. Further, the Corporation shall acquire and retain sufficient control over all donated funds (including designated contributions) to assure that such funds will be used to carry out the Corporation's tax-exempt purposes.

Section 8.5. Loans Prohibited. No loans (as borrower or lender) shall be made by the Corporation except as may be approved by the Board.

Section 8.6. References to Internal Revenue Code. All references in these Bylaws to provisions of the Internal Revenue Code or "IRC" are to the provisions of the Internal Revenue Code of 1986, as amended, and shall include the corresponding provisions of any subsequent federal tax laws.

Section 8.7. Amendment. The power to alter, amend, restate or repeal these bylaws and adopt new bylaws or to alter, amend or restate the Corporation's Articles of Incorporation shall be vested in the Shareholders or the Board. Any amendment must be approved by an affirmative vote of a majority of the Shareholders at any annual or special meeting of the Shareholders or by the Directors at any regular or special meeting of the Board.

Section 8.8. Severability. The invalidity of any provision of these Bylaws shall not affect the other provisions hereof, and in such event these Bylaws shall be construed in all respects as if such invalid provision were omitted.

ARTICLE IX

Dissolution

Section 9.1. Account Books, Minutes, Etc. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board and committees. All books and records of the Corporation may be inspected by any Director, such Director's authorized agent or attorney, for any proper purpose at any reasonable time. Official documents of the Corporation (i.e. approved minutes, resolutions, policies and procedures, annual budgets, etc.) shall be stored in the WETx Vault. Working copies and drafts of documents, policies, budgets, etc. shall be stored in the FWBU Google Drive, to which each of the Board Members shall be given read-only access.

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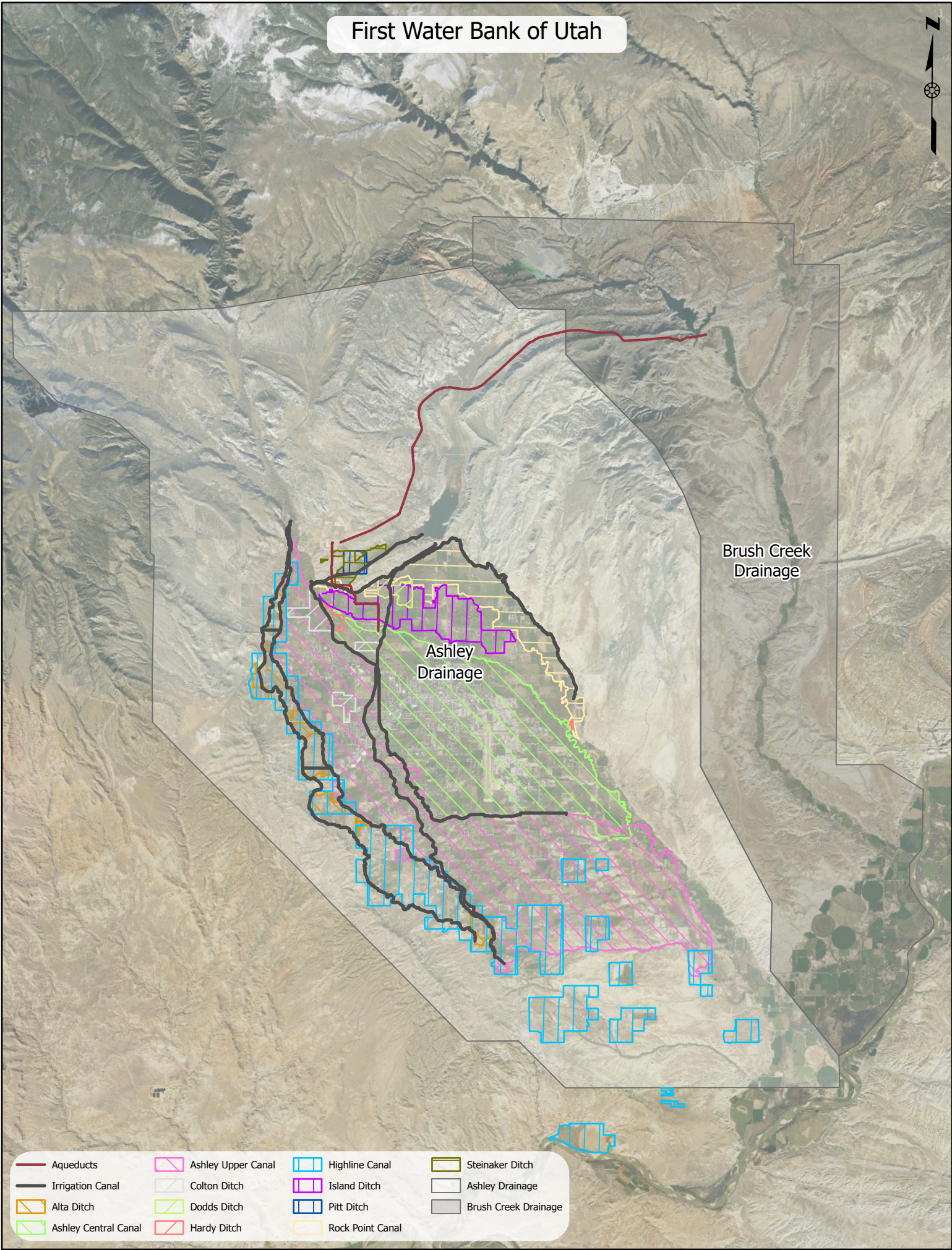
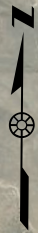
**First Water Bank of Utah
BYLAWS CERTIFICATE**

The undersigned certifies that he is the Secretary of First Water Bank of Utah, Inc., a Utah nonprofit corporation, and that, as such, s/he is authorized to execute this certificate on behalf of said Corporation, and further certifies that attached hereto is a complete and correct copy of the presently effective Bylaws of said Corporation.

Dated effective as of the ____ day of _____, 2023.

[insert name], Secretary

First Water Bank of Utah

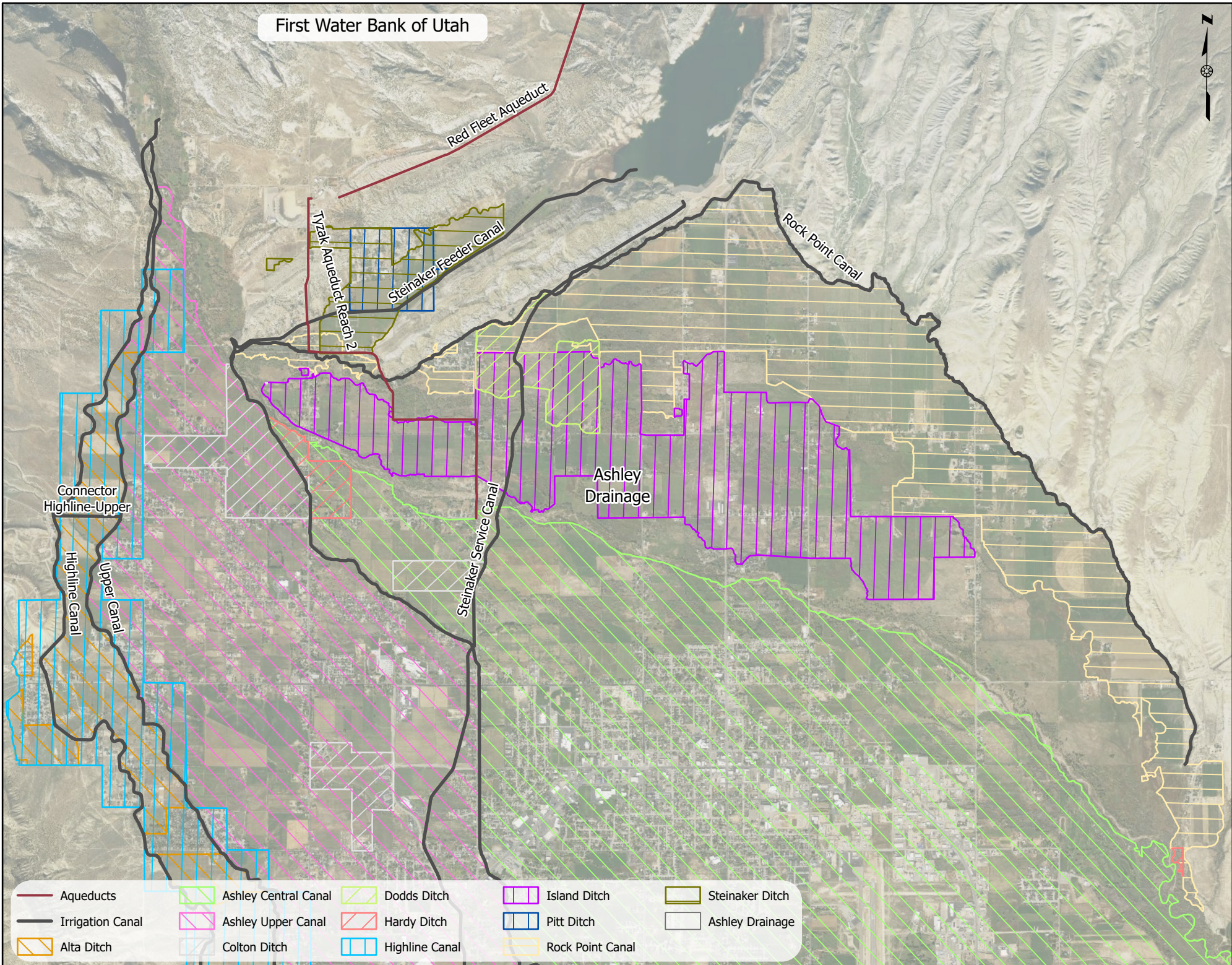


Brush Creek
Drainage

Ashley
Drainage











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|----------------------|--------------------|------------------|----------------------|
| Aqueducts | Ashley Upper Canal | Highline Canal | Steinaker Ditch |
| Irrigation Canal | Colton Ditch | Island Ditch | Ashley Drainage |
| Alta Ditch | Dodds Ditch | Pitt Ditch | Brush Creek Drainage |
| Ashley Central Canal | Hardy Ditch | Rock Point Canal | |

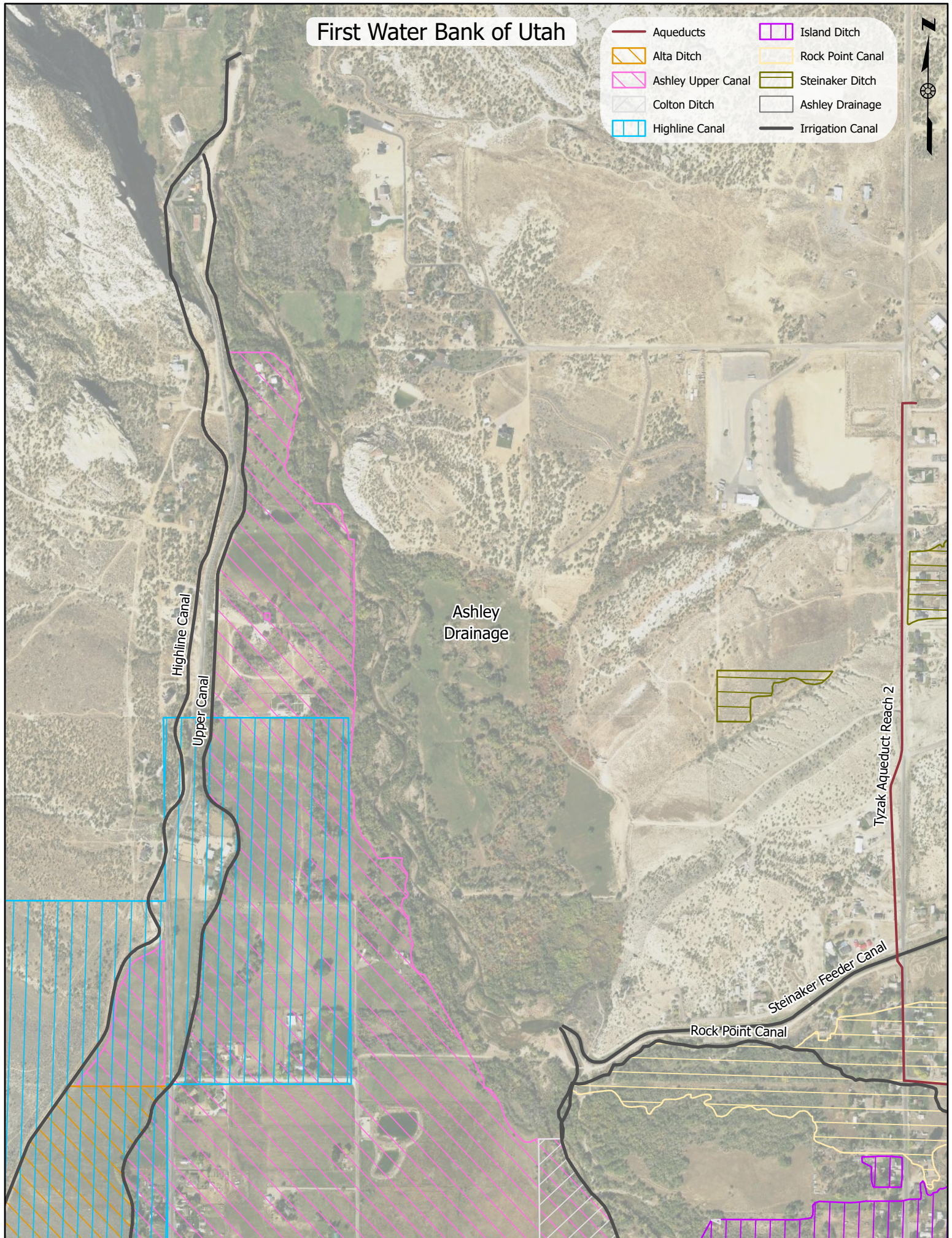
First Water Bank of Utah



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First Water Bank of Utah

-  Aqueducts
-  Alta Ditch
-  Ashley Upper Canal
-  Colton Ditch
-  Highline Canal
-  Island Ditch
-  Rock Point Canal
-  Steinaker Ditch
-  Ashley Drainage
-  Irrigation Canal





First Water Bank of Utah, Inc.

609 West Main Street
Vernal, Utah 84078

INTERNAL MEMORANDUM

To: General Information
From: Dan Matthews, WETx CWO
Date: September 5, 2022
Re: Proposed List of Initial Customers and Contracts for FWBU.

1. Background Information:

A. Initial Potential Customer List. To the best of my knowledge, the First Water Bank of Utah will be the very first Statutory Water Bank in Utah. WETx is working with Ashley Valley Water and Sewer Improvement District, who will be the initial sponsoring entity of FWBU. Other entities, including Vernal City and Uintah Water Conservancy District, have expressed preliminary interest in participating, but are not currently part of the applicant group.

Because it's the first of its kind in Utah, FWBU will be testing various policies, procedures and methods for implementing the Water Bank. WETx has been retained to create the blockchain based transaction platform for FWBU. In order to provide real transactions, WETx proposed to take some of AVWSID's existing contracts and "recreate" them as transactions of FWBU. This will allow accurate testing of the platform, and will give FWBU an actual footprint as a water bank.

The conversion of existing contracts will be conducted with the cooperation and consent of the parties to the contracts. This memorandum provides ten plus examples of existing contracts that could be converted to FWBU transactions once the formation of the Bank is approved. The parties to these contracts have not yet been contacted by WETx or AVWSID to discuss this option. Therefore, the contents of this memorandum are for internal discussion purposes only.

B. Existing Customers and Contracts that could be converted to use FWBU Platform. AVWSID, as the sponsoring entity, is in a good position to initiate transactions through FWBU due to its existing contracts. The following are some of the existing contracts that could be reviewed to see if they could be converted to Water Bank transactions:

- i. AVWSID contract with Ramsey Hill Exploration LLC;
- ii. AVWSID contract with the Maeser Water Improvement District;

- iii. AVWSID water contract with Jensen;
- iv. AVWSID contract with Vernal City;
- v. AVWSID contract Uintah County (parks and public spaces);
- vi. AVWSID contract with Burdick Paving (locate existing Contract);
- vii. Existing repeat customers of the Fill Station (as shown on the attached Exhibit);
- viii. Churches and other large secondary irrigation users that are current customers of AVWSID);
- ix. Uintah School District; and
- x. Uintah Recreation District;

C. Additional Options for Customers and Contracts. It will obviously be desirable to include transactions that are not wholly dependent upon AVWSID as one of the parties as soon as possible. We are aware of various irrigation users that could also be approached about participating in test transactions of irrigation water within existing service areas.

2. Benefits of Initial Transactions: Although they have been used in some surrounding states for some time, water banks are a new idea in Utah. FWBU will be the initial statutory water bank that will be approved under Utah's water banking statute. The trading platform is also in the development stage. Having some initial customers and transactions that are prepared in advance will help promote the success of FWBU.

EXHIBIT "A"
FIRST WATER BANK OF UTAH
PROPOSED SERVICE AREA MAP

**WRINDEX Water Right Information Index Program**

Version: 2018.10.11.00 Rundate: 08/15/2023 02:42 PM

Name Index Screen

Name	WR/CH/EX #	Type	Status	App #	Cert #
Ashley Valley Water & Sewer Improvement District, Ashley Springs Priority Date: 07/08/1983	a12847 0.650 cfs		WD		64.3900 acft
Ashley Valley Water & Sewer Improvement District, Ashley Spring Priority Date: / / 1874	45-5109 1.720 cfs	ADEC			Share holder
Ashley Valley Water and Sewer Improvement District, Brush Creek Priority Date: 07/20/1984	E2297 2500.0000 acft		UNAP		
Ashley Valley Water and Sewer Improvement District, Ashley Creek Priority Date: 02/01/1983	45-5084 15.000 cfs	APPL	UNAP	A58501	
Ashley Valley Water and Sewer Improvement District, Ashley Spring Priority Date: 01/28/1975	45-3603 16.000 cfs	APPL	REJ	A44637	
Ashley Valley Water and Sewer Improvement District, Underground Water Well Priority Date: 04/25/1984	45-5139 21.000 cfs	APPL	REJ	A59882	
Ashley Valley Water and Sewer Improvement District, Ashley Springs Priority Date: 06/29/2000	45-5820 1000.0000 acft	FIXD	APP	F72820	
Ashley Valley Water and Sewer Improvement District, Ashley Creek Springs Priority Date: 03/30/1962	E104 1400.0000 acft		APP		Shareholder, 490 ac-ft
Ashley Valley Water and Sewer Improvement District, Ashley Springs Priority Date: 06/29/2000	45-5821 1000.0000 acft	APPL	UNAP	A72821	
Ashley Valley Water and Sewer Improvement District, Ashley Springs Priority Date: 07/08/1983	a12847 0.650 cfs		WD		64.3900 acft
Ashley Valley Water and Sewer Improvement District, Ashley Springs Priority Date: 07/08/1983	a12848 1.720 cfs		WUC		1257.6060 acft user

Water Right Details for 45-6540

Utah Division of Water Rights

8/21/2023 1:53 PM

(WARNING: Water Rights makes NO claims as to the accuracy of this data.)

Water Right: 45-6540

Application/Claim:

Certificate:

Owners:

Name: Vernal City Corporation (Public Water Supplier)
Address: Attn: City Manager
374 East Main
Vernal UT 84078
Interest:
Remarks:

General:

Type of Right: Decree
Quantity of Water: 10.95 CFS
Source of Info.: Ownership Segregation
Status:
Source: Ashley Creek
County: Uintah
Common Description:
Proposed Det. Book: 45-6
Map: 114d
Pub. Date:
Land Owned by Appl.:
County Tax Id#:

Dates:

Filing:
Filed:
Priority: / /1874
Decree/Class:
Advertising:
Publication Began:
Protest End Date:
Publication End:
Protested: Not Protested
Newspaper:
Hearing Held:
Approval:
State Eng. Action:
Recon. Req. Date:
Action Date:
Recon. Req Type:
Certification:
Proof Due Date:
Election or Proof:
Cert./WUC Date: 06/07/1963
Extension Filed Date:
Election/Proof Date:
Lapsed, Etc. Date:
Lap. Ltr. Date:
Wells:
Prov. Well Date:
Most Recent Well Renovate/Replace Date:

Points of Diversion:

Points of Diversion - Surface:
Stream Alteration Required: No
(1) N 540 ft. E 485 ft. from N4 corner, Sec 1 T 3S R 20E SLBM
Diverting Works: Concrete Box and
Elevation:
Source:
UTM: 616424.791, 4494679.157 (NAD83)

Water Uses:

Water Uses - Group Number: 635228
Water Rights Appurtenant to the following use(s):
45-1647(DEC), 45-1691(DIL), 45-6540(DEC),

Water Use Types:	
Municipal: Vernal	Period of Use: 04/01 to 10/31
Acre Feet Contributed by this Right for this Use: Unevaluated	

Use Totals:
Municipal sole-supply total: Unevaluated acft

Other Comments:

FLOW: The diversion rate limitation of Water Right No. 45-6540 is established as 10.95 cfs as indicated on this claim. However, if regulation and proportional distribution of stream flow is required among all rights with a priority date of 1874, Water Right No. 45-1647 is then limited to a diversion rate equal to 1.837% of the adjusted natural flow of Ashley Creek. The adjusted natural flow of Ashley Creek is determined by the total of the natural flow of Ashley Creek, minus the water diverted into the Pitt Ditch. (Civil #483, WUC's 45-436, 438, 439, 440, 442, 443 and 5445.)

TYPE OF RIGHT: Right decreed by Court Civil Decree #18.

Total of 1.837% of Ashley Creek.
 Ashley Central Irrigation Company, on 4/30/1985, deeded to Vernal City, `... an undivided 12.25 % of its water right in the flow of Ashley Creek... , or 12.25% of WR# 45-167. 6.712% of the 12.25% of WR# 45-167 is included in WR# 45-1647. The remaining portion of the deeded 12.25% is 5.538% which is the basis for this water right.

Diversion under claims 167, 1647, 5110, 5213, and 6540 is based upon a flow rate established as 33.168% of Ashley Creek.
 The 1.837% of Ashley Creek is calculated as 5.538% of 33.168%

Segregation History:

This Right was Segregated from: 45-167, with Appl.#., Approval Date: / / under which Proof is to be submitted.

as originally filed:	Flow in CFS	AND/OR/BLANK	Quantity in Acre-Feet	Water Uses						
				Irrigated Acreage	Stock (ELUs)	Domestic (EDUs)	Acre-Feet			
							Municipal	Mining	Power	Other
10.95			498.42							

Comment: 5.538% of 45-167: 1.837% of Creek: Portion of 12.25% deeded to Vernal City

This Right as currently calculated:	Flow in CFS		Quantity in Acre-Feet	Water Uses						
				Irrigate Acreage	Stock (ELUs)	Domestic (EDUs)	Acre-Feet			
							Municipal	Mining	Power	Other
10.95			498.42							

Exchanges Based On This Water Right (1):

Exchange Number	Filed On	Contract Number	Status	Acre-Feet
E854	01/21/1975		Approved	973.72
Total Acre-Feet for all Exchanges:				973.72