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ARTICLES OF INCORPORATION
CLARK FORK-PEND OREILLE CONSERVANCY, INC.

The undersigned, acting as incorporator pursuant to the Idaho Nonprofit Corporation Act ("Act"), hereby adopts the following Articles of Incorporation for the purpose of forming an Idaho nonprofit corporation:

ARTICLE 1

The name of the corporation is Clark Fork-Pend Oreille Conservancy, Inc. ("Conservancy").

ARTICLE 2

The duration of existence is perpetual.

ARTICLE 3

The Conservancy is organized and shall be operated exclusively for charitable and educational purposes by conducting or supporting activities for the benefit of or to carry out the purposes of the qualified organizations referred to in the Clark Fork Settlement Agreement, dated as of January 1, 1999 ("Agreement") that was made and entered into pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission, regarding the issuance of a new license No. 2058 for the Clark Fork Project, and which qualified organizations include the following:

- (a) Montana Department of Fish, Wildlife and Parks;
- (b) Idaho Department of Fish and Game;
- (c) Cabinet Resource Group, Inc., a Montana nonprofit corporation;

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(d) Lake Pend Oreille Idaho Club, Inc., an Idaho nonprofit corporation;

(e) Tri-State Water Quality Council, Inc., an Idaho nonprofit corporation;

(f) Kootenai Tribe of Idaho;

(g) Kalispel Tribe of Indians; and

(h) Green Mountain Conservation District.

An organization is a "qualified organization" for purposes of these Articles of Incorporation only if it is described Section 501(c)(3) and either Section 509(a)(1) or Section 509(a)(2) of the Internal Revenue Code of 1986, as amended ("IRC").

ARTICLE 4

The Conservancy shall at all times be operated, supervised and controlled by the said qualified organizations within the meaning of Section 1.509(a)-4(g) of the U. S. Treasury Regulations.

In furtherance of this requirement, a majority of the officers and directors of the Conservancy shall always be appointed or elected by the said qualified organizations.

ARTICLE 5

In furtherance of the purposes set forth above, the Conservancy shall operate as a local, nonprofit organization dedicated to conserving natural resource lands in the lower Clark Fork River-Lake Pend Oreille watershed. Working cooperatively within the communities of Western

Sanders County, Montana and Eastern Bonner County, Idaho, the Conservancy shall work to preserve critical areas, through acquiring and managing interests in land, including qualified conservation easements under IRC Section 170(h), to protect, maintain and enhance the watershed's outstanding fish and wildlife habitat, water quality and recreation resources in perpetuity.

ARTICLE 6

It is intended that the Conservancy shall have the status of a corporation which is exempt from federal income taxation under IRC Section 501(a) as an organization described in IRC Section 501(c)(3) and which is other than a private foundation, by reason of being described in IRC Section 509(a)(3). These Articles shall be construed accordingly, and all powers and activities of the Conservancy shall be limited accordingly.

The Conservancy shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in loss of its exemption from federal income tax under IRC Section 501(c)(3). Nor shall any of its activities consist of participating in or intervening in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

No part of the net earnings of the Conservancy shall inure to the benefit of, or be distributable to, its members, trustees, officers or other private persons,

except that the Conservancy shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above.

ARTICLE 7

The Conservancy shall not have members.

ARTICLE 8

The number of directors constituting the initial board of directors of the corporation is twelve and the names and addresses of the persons who are to serve as directors until their successors are elected and shall qualify are:

1. Gael Bissell
490 North Meridian Road
Kalispell, MT 59901
2. Mary Terra-Berns
2750 Kathleen Avenue
Coeur d'Alene, ID 83815
3. Cal Ryder
P. O. Box 1628
Noxon, MT 59853
4. James C. Watkins
P. O. Box 61
Hope, ID 83836
5. Vickie Bushee
307 North Second Avenue
Sandpoint, ID 83864
6. Gary Aitken
P. O. Box T
Bonners Ferry, ID 83805
7. Stacey H. Stovall
P. O. Box 386
Laclede, ID 83841
8. Donald J. Malisani
P. O. Box 3727
Spokane, WA 99220

9. Jack Silsby
35 Cedar Grove Lane
Noxon, MT 59853
10. Mike Baxter
P. O. Box 2011
Thompson Falls, MT 59873
11. Dan Jacobson
P. O. Box 905
Sandpoint, ID 83864
12. Jackie Nichols
P. O. Box 1343
Trout Creek, MT 59874

ARTICLE 9

The Conservancy shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, all as provided in Idaho Code Section 30-3-88.

ARTICLE 10

The initial registered office of the Conservancy is 523 Hope Ave., Hope, Idaho 83836, and the initial registered agent at that location is Ruth A. Watkins. The mailing address for such registered agent is P. O. Box 61, Hope, ID 83836.

ARTICLE 11

Upon dissolution and final liquidation of the Conservancy, all assets remaining after all creditors have been paid shall be transferred or conveyed to one or more domestic or foreign corporations, societies or

organizations which have qualified for nonprofit and tax exempt status under IRC Section 501(c)(3) and which are engaged in activities substantially similar to those of the Conservancy; or shall be distributed to the federal government, or to a state or local government, for a public purpose.

To the extent reasonably possible, such distributions shall be made to the qualified organizations named above or their successors.

Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE 12

The name and address of the incorporator is Charlton Mills, P. O. Box 814, Sandpoint, ID 83864.

Dated November 4, 2002.



Charlton Mills