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ARTICLES OF INCORPORATION
OF
ASPEN LAKES CANAL COMPANY

CLERK OF STATE
STATE OF IDAHO

The undersigned, acting as the incorporator of a nonprofit corporation (the "Corporation") organized under and pursuant to the Idaho Nonprofit Corporation Act, Idaho Code Section 30-3-1 et seq. (the "Act"), adopts the following Articles of Incorporation (the "Articles").

ARTICLE I

NAME

The name of the Corporation is ASPEN LAKES CANAL COMPANY

ARTICLE II

NONPROFIT STATUS

The Corporation is a nonprofit corporation.

ARTICLE III

PERIOD OF DURATION

The period of duration of the Corporation is perpetual.

ARTICLE IV

REGISTERED OFFICE AND AGENT

The street address of the Corporation's initial registered office in the State of Idaho is 120 East Avenue, Ketchum, Idaho. The name of the initial registered agent of the Corporation at this office is James P. Speck.

ARTICLE V

PURPOSES

The purposes for which the Corporation is organized and will be operated are as follows:

A. To own, operate and maintain the Aspen Lakes diversion works and delivery system, Water Rights Nos. 37-557, 37-558 and 37-559 and any other water rights which might be acquired by the Corporation for the delivery to and beneficial use by the members of the Corporation, and

to levy and collect from its members, in the manner prescribed by law, assessments reasonably calculated to provide for the necessary improvement, repair, and maintenance and operation of said water right delivery system.

B. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Act or any amendment thereto or substitute therefor, may now or hereafter have or exercise, or which are necessary and proper to carry out the foregoing purposes. Nothing herein shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed under the Act, or any amendment thereto or substitute therefor, may not at that time lawfully carry on or do.

ARTICLE VI

LIMITATIONS

No part of the net earnings or the assets of the Corporation shall inure to the benefit of, or be distributable to, its members, directors, officers, or other private persons, except that the Corporation 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 in Article V hereof.

ARTICLE VII

MEMBERS

The Corporation shall have voting members of one class. Membership shall be appurtenant to Lots 33, 34, 37, 38, 39A, 40 and 41 of Flying Heart Ranch No. 2 Subdivision and Lot 3, Flying Heart Ranch No. 1 Subdivision (the "Lots"). Membership shall not be transferred, pledged, or alienated in any way except upon the transfer of legal and equitable title to a Lot, and then only to the transferee of such title.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by its board of directors. The number of directors serving on the board of directors shall be fixed in accordance with the bylaws of the Corporation. Other than directors constituting the initial board of directors, who are designated below, the directors shall be elected by the members of the Corporation in the manner and for the term provided in the bylaws of the Corporation. The names and mailing addresses of the four (4) persons constituting the initial board of directors are as follows:

NAME

ADDRESS

Reid Johnson

THE PLANNING GROUP
OF SCOTTSDALE, LLC
8777 N. Gainey Center Drive, Suite 265
Scottsdale, AZ 85258-2133

Orlando Ferrante

1223 Adair Street
San Marino, CA 91108

Bruce Willis

P. O. Box 3212
Hailey, ID 83333

Demi Moore

P. O. Box 2343
Hailey, ID 83333

ARTICLE IX

ASSESSMENTS

The members of the Corporation may be assessed in such amounts and on the basis provided for and described in the Bylaws of the Corporation. Such assessments shall be secured by liens in favor of the Corporation encumbering the lands to which membership is appurtenant.

ARTICLE X

DISTRIBUTION ON DISSOLUTION

Upon dissolution of the Corporation, the board of directors shall, after paying or making provision for the payment of all liabilities of the Corporation, distribute all of the assets of the Corporation consistent with the purposes of the Corporation. Any such assets not so distributed shall be distributed by the Blaine County District Court exclusively for the purposes or to such organizations as such court shall determine to be consistent with the purposes of the Corporation.

