

State of Idaho



Department of State.

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho, do hereby certify that the

CASCADE LAKE IMPROVEMENT ASSOCIATION, I.C.

a corporation organized and existing under and by virtue of the laws of the State of Idaho, filed in this office on the 9th day of October, 1972,

original articles of amendment, as provided by Section 5 of the Idaho Code, amending Articles II, III, IV, V, VI, VII and VIII and deleting Articles IX, X and XI

and that the said articles of amendment contain the statement of facts required by law, and are will be recorded on Film No. 1000110 of Record of Domestic Corporations of the State of Idaho.

I THEREFORE FURTHER CERTIFY, That the Articles of Incorporation have been amended accordingly.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State. Done at Boise City, the Capital of Idaho, this 9th day of October, A. D., 1972.

Secretary of State

AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CASCADE LAKE IMPROVEMENT ASSOCIATION, INC.

This is to certify that at an annual meeting of the membership of the CASCADE LAKE IMPROVEMENT ASSOCIATION, INC., an Idaho non-profit association, organized under the laws of the State of Idaho, held at West Mountain, Cascade, Idaho, on the 16th day of July, 1972, pursuant to due and proper notice given as required by the bylaws and statutes of the State of Idaho to all members and at which two-thirds of the membership of said association were present in person and participated in the meeting.

By a vote of 48 in favor and 6 against, amendments to the Articles of Incorporation were adopted, whereby Articles IX, X and XI were deleted, and Articles II, III, IV, V, VI, VII and VIII were amended to individually read as follows:

ARTICLE II

The nature of the business of the Association and the objects and purposes for which, or for any of which, this Association is formed are:

- a. The improvement, development, advancement and betterment of the area on the lower west and east sides, and south end of the Cascade Reservoir in Valley County, Idaho for the benefit of its members.
- b. The advancement, promotion and development of year round recreation in conformity with applicable State and Federal safety regulations.
- c. To associate its members together for their mutual benefit, and to that end whenever feasible, construct, maintain and operate a public water and sewer system for the supplying of water for domestic, livestock, commercial, agricultural, industrial and fire-fighting purposes; and collection, treatment and discharge of sewage for its members; and to engage in any activity related thereto, including, but not limited to, the acquisition of water by appropriation, drilling, pumping and/or purchase, and the purchase, laying, installation, operation, maintenance and repair of wells, pumping equipment, mains, pipe lines, valves, meters and all other equipment necessary to the construction, maintenance and operation of the systems.

d. To borrow from any source money, goods, or services without limitation as to amount of corporate indebtedness or liability; and to pledge or mortgage any of its property as security therefor in any manner permitted by law.

e. To acquire, and to hold, own and exercise all rights of ownership in, and to sell, transfer or pledge shares of capital stock or bonds, or become a member or stockholder of any Corporation or Association engaged in any related activities.

f. To buy, lease, hold, or exercise all privileges of ownership in and to the real or personal property as may be necessary or convenient for the conduct and operation of the business of the Association or incidental thereto.

g. To establish reserves and to invest the funds thereof in stocks, bonds and other property as the board of directors may deem satisfactory.

h. To levy assessments in such manner and in such amount as may be provided in the bylaws of this Association.

i. To have and exercise all powers, privileges and rights conferred on corporations by the laws of the State of Idaho and all powers and rights incidental in carrying out the purposes for which this Association is formed, except such as are inconsistent with the express provisions of the act under which this Association is incorporated.

j. To engage in and conduct any and all other activities, business, pursuit, occupation or enterprise authorized or permitted by law.

k. The foregoing shall be construed both as objects and powers and the enumeration thereof shall not be held to limit or restrict in any manner the general powers conferred on this Association by the laws of the State of Idaho, all of which are hereby expressly claimed.

ARTICLE III

The place where the principal business of the Association is to be transacted is the City of Cascade, County of Valley, State of Idaho, but the Association may maintain offices and places of business at such other places within the State of Idaho as the board of directors may determine.

ARTICLE IV

The period of existence of this Association shall be perpetual.

ARTICLE V

The private property of the member of the Association shall not be subject to payment of Association debts to any extent whatsoever.

ARTICLE VI

Section 1. Under the terms and conditions prescribed in its bylaws, this Association shall admit as members only such persons, groups, organization or corporations owning property to which the service is desired and having a reasonable accessibility to the source of and need for the service from the systems constructed, maintained and operated by the Association; provided, however, the Association shall not be required to admit members if the capacity of its systems are exhausted by the needs of its members.

Section 2. Every person who is a record owner of a fee or undivided fee interest, or having a substantial possessory interest, in a property served by or which may be served by the water and sewer systems may become a member of the Association upon signing such applications and agreements for the purchase of water and the discharge of sewage as may be provided and required by the Association and upon payment of such connection fees as may be imposed by the board of directors provided that only one membership at a time may be held for each property served. A single membership may be issued to all persons owning or having a substantial possessory interest in the property. Only one membership may be held with respect to property at one time. The board of directors shall cause to be issued appropriate certificates of membership, provided the membership shall not be denied because of the applicant's race, color, creed, or national origin. Membership may be denied if the capacity of the Association's water and sewer systems are exhausted by the need of its existing members, or, if the proposed use of the applicant is such that it would interfere with existing uses previously authorized by the board of directors.

a. A substantial possessory interest is one where the person or persons have a legal right to control and occupancy of a property, but do not have the legal or equitable ownership of the property. It may be under lease or a similar right of such possession.

(1) Before membership is allowed to one or more persons claiming such interest, the Association will endeavor to obtain the application for membership from the owner of such property.

(2) Where membership is granted to one or more persons having a substantial possessory interest, the Association as a condition to the membership may require such applicant to post such collateral or bond as the directors determine necessary to fully protect the Association from any additional risk that may be involved to the Association by reason of the lack of legal ownership in the applicant.

Section 3. Each member shall have only one membership for each property served, regardless of the number of service connections he may obtain to serve his property. Each membership certificate shall represent one vote. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the certificate is registered or by such person as the several persons may designate, but in no event shall more than one vote be cast with respect to any one property.

Section 4. Membership shall be transferable, but the transfer will be effective only when noted on the books of the Association. Such transfer will be made only to a person who obtains a qualifying interest in the property. A member will transfer his membership in the Association to his successor in interest as part of the transaction whereby he disposes of his interest to said property. The secretary, upon request, will make note of such transfer upon the records of the Association, but need not issue a new certificate to the successor in interest of the previous existing member.

Section 5. When membership in the Association is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property, regardless of whether or not the certificate is surrendered to the Association. Membership also may be terminated by action of the board of directors where the use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 6. The termination of the membership of any member shall not disqualify for membership any other person who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these bylaws.

Section 7. In the event a member's property interest is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be entitled either in person or through a designated representative to exercise all of the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor, or the like, may terminate such membership by written notice to such effect delivered or mailed to the secretary of the Association. Upon final disposition of such property rights, the owner thereof shall be entitled to membership in a like manner as set forth in Section 4 above.

Section 8. Upon transfer of a membership, the Association will not look to the successor in interest for the payment of any past due amounts. The Association will seek collections only from the individual who incurred such charges or assessments from the property itself if a judgement lien had been duly perfected against such property.

Section 9. The membership fee in this Association shall be fixed and determined by its bylaws. The voting power, property rights and interest of each member who is in good standing shall be equal and each member shall be entitled to one vote only. New members upon their admission in this Association shall be entitled to one vote and to share in the property of the Association equally with the old members. When a member has paid his membership fee in full he shall receive a certificate of membership. Assessments against members and a determination of their liabilities shall be fixed by the bylaws of the Association.

Section 10. Twenty (20) percent of the members present or represented by proxy at any meeting of members regularly called shall constitute a quorum for the conduct of business at such meeting in accordance with the notice thereof.

Section 11. This Association shall not have capital stock, but its capital shall be represented by membership certificates. This Association is organized for the mutual benefit of its members and consequently, will not have profits from which to pay dividends on its capital. After all expenses of the Association have been paid and reasonable reserves as determined by the board of directors set aside, the net earnings of the Association shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing of the systems and property of the Association, and for such other purposes as the board of directors may determine to be for the best interests of the Association. The said surplus fund or any portion thereof may from time to time at the discretion of the board of directors be distributed to the members as provided in the bylaws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

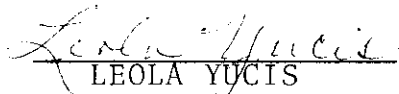
ARTICLE VII

These articles may be amended in any manner permitted or authorized by law by favorable vote of a majority of the members present or represented by proxy at a meeting of the members duly called upon notice of the specific purpose thereof and containing a statement of the proposed amendment.

ARTICLE VIII

The number of directors shall be seven.

In witness whereof, pursuant to due authorization by resolution adopted by the membership of said association, these presents are signed by its President and by its Secretary as authorized at the aforesaid meeting

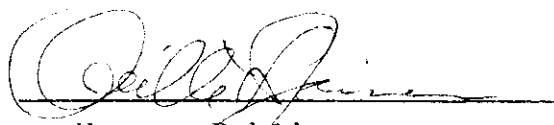

LEOLA YUCIS
Secretary


MATT F. RICE
President

State of Idaho)
County of Ada) ss.

I HEREBY CERTIFY that on the 6th day of October, 1972, before me, a Notary Public in and for said State, personally appeared Mr. Matt F. Rice, known to me to be the president of the CASCADE LAKE IMPROVEMENT ASSOCIATION, INC., and Mrs. Leola Yucis, known to me to be the Secretery of the CASCADE LAKE IMPROVEMENT ASSOCIATION, INC., and each upon oath and due form of law stated the Mr. Matt F. Rice was present and served as president and Mrs. Leola Yucis was present and served as secretary of the meeting of the membership of the CASCADE LAKE IMPROVEMENT ASSOCIATION, INC. held on the 16th day of July, 1972, at which the resolution amending the articles of incorporation of said association in the respects as set forth in the foregoing articles of amendment of articles of incorporation of the CASCADE LAKE IMPROVEMENT ASSOCIATION, INC. was adopted and that the matters and facts as set forth in said articles of amendment are true and correct to their respective knowledge, information and belief.

WITNESS my hand and Notarial Seal this 6th day of October 1972.


Notary Public