

State of Idaho

Department of State.

CERTIFICATE OF INCORPORATION OF

HOPEFUL VALLEY WATER COMPANY

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that
duplicate originals of Articles of Incorporation for the incorporation of _____

HOPEFUL VALLEY WATER COMPANY,
duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received
in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of
Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated January 1, 1930.

Pete T. Cenarrusa
SECRETARY OF STATE

Corporation Clerk



FILED
1-9-80

ARTICLES OF INCORPORATION
OF
HOPEFUL VALLEY WATER COMPANY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, all of whom are of legal age and citizens of the United States, have this day associated ourselves and do hereby and by these Articles of Incorporation unite and associate ourselves for the purpose of forming a corporation under Title 30, Chapter 3, Idaho Code, and we hereby acknowledge, enter into, and adopt the following Articles of Incorporation.

ARTICLE I

The name of the corporation is HOPEFUL VALLEY WATER COMPANY.

ARTICLE II

The period of the duration of this corporation shall be perpetual.

ARTICLE III

The location and Post Office address of its initial registered office is:

Route #1, Box 111-B
Athol, Idaho 83801

and the name of its initial registered agent at such address is: ALLAN WRUCK.

ARTICLE IV

The number of directors constituting its initial Board of Directors is five (5), whose names and addresses are as follows:

ALLAN WRUCK
P.O. Box 275
Coeur d'Alene, Idaho 83814

TERRY WRIGHT
Route #1, Box 111-G
Athol, Idaho 83801

MARK W. ALLEN
Route #1, Box 111-D
Athol, Idaho 83801

JAMES A. MARTIN
Route #1, Box 111-E
Athol, Idaho 83801

CECIL A. JONES
Route #1, Box 111-A
Athol, Idaho 83801

ARTICLE V

The names and addresses of each incorporator are:

ALLAN WRUCK
P.O. Box 275
Coeur d'Alene, Idaho 83814

TERRY WRIGHT
Route #1, Box 111-G
Athol, Idaho 83801

MARK W. ALLEN
Route #1, Box 111-D
Athol, Idaho 83801

JAMES A. MARTIN
Route #1, Box 111-E
Athol, Idaho 83801

CECIL A. JONES
Route #1, Box 111-A
Athol, Idaho 83801

ROBERT J. THOMPSON
P.O. Box 802
Hayden Lake, Idaho 83835

LARRY E. JOHNSON
Route #1, Box 111-C
Athol, Idaho 83801

WADE D. MCKAY
Route #1, Box 111-P
Athol, Idaho 83801

DREW A. GODFREY
P.O. Box 915
Hayden Lake, Idaho 83835

ARTICLE VI

In furtherance and not in limitation of the general powers conferred by the laws of the State of Idaho, this corporation shall have the following purposes and powers:

- 1) To purchase, lease, take, appropriate, hold own, or otherwise acquire, and to maintain and operate water and irrigation rights, and acquire, purchase, lease, take, appropriate, own, hold, build, maintain and operate all works of any kind or nature necessary or convenient for the appropriation, diversion, storage, transportation, and distribution or use of water for irrigation, and domestic use, within the area as follows:

The South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M., Kootenai County, State of Idaho.

- 2) To do each and everything necessary, suitable or proper, in the judgment of the directors of this association, for the accomplishment of any of the purposes or attainment of the objects, or which shall at any time appear conducive to or expedient for the interest or benefit of the association, and the members thereof.
- 3) The association shall make no profits for itself from any of its activities; but all of its operations shall be for the mutual benefit of its members only and shall be cooperative in character.
- 4) This association shall have and exercise all powers, privileges and rights authorized by the laws of the State of Idaho and all powers and rights incident thereto.
- 5) This corporation is organized to provide water for irrigation and domestic uses on a cooperative basis and will collect income from members for the sole purpose of meeting losses and expenses.

ARTICLE VII

Corporations, associations and co-partnerships, as well as persons, may become members of this corporation, subject to any restriction thereof by the constitution or laws of the State of Idaho.

ARTICLE VIII

There shall be issued nine (9) membership certificates which shall be issued to specific parcels of property located within the area to be served by the corporation as follows:

PARCEL #1:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3, W.B.M., Kootenai County, State of Idaho, more particularly described as follows:

PARCEL #1 (Continued):

Commencing at the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18, thence North 89°55'50" East a distance of 1502.0 feet to the True Point of Beginning, thence South 1°23'44" West, a distance of 255.0 feet to a point, thence North 89°29'58" East a distance of 777.26 feet to a point on the West right-of-way line of the County Road; thence North 33°48'37" East along said right-of-way line a distance of 300.0 feet to a point; thence South 89°55'50" West a distance of 938.03 feet to the point of beginning.

EXCEPT:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M., Kootenai County, State of Idaho, more particularly described as follows:

Commencing at the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18, thence North 89°55'50" East a distance of 1502.0 feet to a point; thence continuing North 89°55'50" East, 938.03 feet to a point of the West boundary of the existing road; thence South 33°48'37" West along said county road right-of-way 151 feet to the True Point of Beginning thence at right angles to said county road right-of-way in a north-westerly direction a distance of 60 feet; thence at right angles in a southwesterly direction a distance of 100 feet thence at right angles in a Southeasterly direction a distance of 60 feet to the said county road right-of-way; thence Northeasterly along said County road right-of-way a distance of 100 feet more or less to the POINT OF BEGINNING.

PRO RATA SHARE: 1/9 th

PARCEL #2:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 West B.M., Kootenai County, State of Idaho, more particularly described as follows:

Commencing at the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18, thence North 89°55'50" East a distance of 1502.0 feet to a point; thence South 1°23'44" West, distance of 255.0 feet to the True Point of Beginning, thence con-

tinuing South $1^{\circ}23'44''$ West a distance of 325.0 feet to a point, thence North $89^{\circ}55'50''$ East a distance of 563.56 feet to a point of the West right-of-way line of the County Road, thence along said right-of-way North $33^{\circ}48'37''$ East along the West right-of-way Line a distance of 398.37 feet to a point thence South $89^{\circ}29'58''$ West a distance of 777.26 feet to the Point of Beginning.

PRO RATA SHARE: 1/9 th

PARCEL #3:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 West of the Boise Meridian, Kootenai County, Idaho, more particularly described as follows:

Beginning at a Point on the East-West centerline of said Section 18, that is South $89^{\circ}58'55''$ East, 1177.00 feet from the West 1/4 corner of said Section 18; thence North $1^{\circ}23'44''$ East, 742.00 feet to a point thence North $89^{\circ}55'50''$ East 888.56 feet to a point on the West boundary of the existing county road; thence South $33^{\circ}48'37''$ West, 72.32 feet to a point; thence South $89^{\circ}55'50''$ West, 220.00 feet to a point; thence South $1^{\circ}23'44''$ West 340.65 feet to a point on the West boundary of the existing county road R/W; thence, along the said R/W South $33^{\circ}48'37''$ West, 411.71 feet to a point on the East-West centerline of said Section 18; thence North $89^{\circ}58'55''$ West, 409.00 feet to the point of beginning.

PRO RATA SHARE: 1/9 th

PARCEL #4:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M., Kootenai County, Idaho, more particularly described as follows:

Beginning at a point that is North $89^{\circ}55'50''$ East, 751.00 feet from the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18; thence continuing North $89^{\circ}55'50''$ East, 751.00 feet to a point; thence South $1^{\circ}23'44''$ West, 580.00 feet to a point; thence South $89^{\circ}55'50''$ West, 751.00 feet to a point; thence North $1^{\circ}23'44''$ East, 580.00 feet to the Point of Beginning.

PRO RATA SHARE: 1/9 th

PARCEL #5:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M., Kootenai County, Idaho, described as follows:

Beginning at a point on the East-West centerline of said Section 18, that is South 89°58'55" East 588.50 feet from the West 1/4 corner of said Section 18; thence North 1°23'44" East, 741.0 feet to a point; thence North 89°55'50" East 588.50 feet to a point; thence South 1°23'44" West, 742.0 feet to a point on the East-West centerline of said Section 18; thence North 89°58'55" West 588.50 feet to the true point of beginning.

EXCEPT the West 147.0 feet and the East 147.0 feet thereof.

PRO RATA SHARE: 1/9 th

PARCEL #6:

The West 147.0 feet located in a parcel of land in the South 1/2 of the West 1/2 of Section 18, Township 52 North, Range 3 West of the Boise Meridian, more particularly described as follows:

Beginning at a point on the East-West centerline of said Section 18, that is South 89°58'55" East 588.50 feet from the West 1/4 corner of Section 18, thence North 1°23'44" East 741.00 feet to a point, thence North 89°55'50" East 588.50 feet to a point thence 51°23'44" West 742.00 feet to a point on the East-West centerline of Section 18, thence North 89°58'55" West 588.50 feet to the point of beginning.

PRO RATA SHARE: 1/9 th

PARCEL #7:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 West of the Boise Meridian, Kootenai County, Idaho, more particularly described as:

Beginning at the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18, thence North 89°55'50" East, 751.00 feet to a point; thence South 1°23'44" West, 580.00 feet to a point; thence South 89°55'50" West, 751.00 feet to a point; thence North 1°23'44" East, 580.00 feet to the point of beginning.

PRO RATA SHARE: 1/9 th

PARCEL #8:

East 147.0 feet of that portion of the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M. of Kootenai County, Idaho, more particularly described as follows:

Beginning at a point on the East-West centerline of said Section 18, that is South 89°58'55" East, 588.50 feet from the West 1/4 corner of said Section 18; thence North 1°23'44" East, 741.00 feet to a point; thence North 89°55'50" East 588.50 feet to a point; thence South 1°23'44" West 742.00 feet to a point on the East-West centerline of said Section 18; thence North 89°58'55" West 588.50 feet to the point of beginning.

PRO RATA SHARE: 1/9 th

PARCEL #9:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 north, Range 3 W.B.M., Kootenai County, State of Idaho, more particularly described as:

Beginning at the West 1/4 corner of said Section 18; thence along the West boundary of said Southwest 1/4 of the Northwest 1/4, North 1°23'44" East, 740.20 feet to a point; thence North 89°55'50" East, 588.50 feet to a point; thence South 1°23'44" West, 741.0 feet to a point on the East-West centerline of said Section 18; thence along said East-West centerline, North 89°58'55" West, 588.50 feet to the point of beginning.

PRO RATA SHARE: 1/9 th

Each membership certificate shall be entitled to one vote in matters involving the business of the corporation and to one domestic water hook-up to the water distribution system for the purpose of serving a one-family dwelling. No additional membership certificates shall be allowed, nor additional domestic water hook-ups permitted except upon such terms and conditions as shall be agreed to, accepted and adopted by a two-thirds (2/3) majority of the total allowable votes of the membership in the corporation. Provided, however, memberships in the corporation and voting rights and corporate powers are subject to the following:

- 1) All funds collected by the corporation for water assessments, dues, service charges or otherwise, shall be disbursed only in payment for the expenses of maintenance and operation of the water system and necessary operational expenses of the corporation.
- 2) Each membership certificate shall be identified with and transferred with the ownership of the specific property to which it attaches.
- 3) No liens for charges of the corporation shall be permitted against any of the property for which a membership certificate is issued. Provided, however, services may be suspended for a period of time during which any outstanding charges are not paid, but will be promptly restored upon payment thereof.

- 4) Proxies shall not be valid for a period of in excess of eleven (11) months, nor shall any proxy be binding upon a purchaser of property from the grantor of the proxy.
- 5) These four restrictions contained in this Article VIII cannot be changed or altered during the first year of operation and function of the corporation except by a two-thirds (2/3) majority of the eligible votes and, in the event VA or FHA financing is involved, with the approval of such financing agency. Thereafter, the same may not be changed except by two-thirds (2/3) majority vote of all eligible voters of the corporation.

ARTICLE IX

The water distribution system serving the property as hereinbefore provided is located on the following described property, to-wit:

A parcel of land in the South 1/2 of the Northwest 1/4 of Section 18, Township 52 North, Range 3 W.B.M., Kootenai County, Idaho, more particularly described as follows:

Beginning at a point that is North 89°55'50" East, 1502.00 feet from the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of said Section 18; thence continuing North 89°55'50" East, 938.03 feet to a point on the West boundary of the existing county road; thence South 33°48'37" West along said county road right-of-way, 151 feet to the true point of beginning; thence at right angles to said county road right-of-way in a northwesterly direction a distance of 60 feet; thence at right angles in a southwesterly direction a distance of 100 feet; thence at right angles in a Southeasterly direction a distance of 60 feet to the said county road right-of-way; thence Northeasterly along said county road right-of-way a distance of 100 feet more or less to the true point of beginning

and will be owned by the corporation.

ARTICLE X

Records will be kept showing the amount of business done by the members on the basis of the annual accounting period and the excess earnings derived during such period. The equity interest in the organization shall not be forfeitable.

ARTICLE XI

Except for debts lawfully contracted between him and the corporation, no member shall be liable for the debts of the corporation to an amount exceeding the sum remaining unpaid on his membership fee, including any unpaid balance on any promissory notes given in payment thereof.

ARTICLE XII

The management of the corporation will be vested in a board of directors; the number of the directors shall be not less than five (5), and the qualifications, term of office, manner of election, time and place of meeting, powers and duties of directors, shall be as are prescribed by the bylaws of the corporation.

ARTICLE XIII

The bylaws of this corporation may be altered, amended or new bylaws adopted at any regular meeting or at any special meeting of the members called for that purpose, by the affirmative vote of two-thirds (2/3) of the members present at such meeting, providing a quorum be present, a quorum being a majority of the voting members of the corporation. Provided, however, such right to amend as subject to the restrictions contained in

Article VIII hereof.

ARTICLE XIV

The corporation reserves the right to amend, alter, change, or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by the laws of the State of Idaho, and all rights conferred upon the members of the corporation herein are granted subject to this reservation, subject to the provisions of Article VIII.

ARTICLE XV

Upon dissolution, all funds from the sale of assets together with any other funds shall be distributed to all members and former members on the basis of the amount of business done with the organization after the payment of all debts and obligations.

IN WITNESS WHEREOF, we have herunto set our hands and seals this 11th day of December, 1979.

Cecil C. Jones
Jerry Wright
James A. Martin

Allan J. Wruck

Wade D. McKay

Larry E. Johnson

Mark W. Allen

Robert J. Thompson

Drew A. Godfrey

STATE OF IDAHO)
County of Kootenai) ss.

On this 11th day of December, 1979, before
me, the undersigned Notary Public for the State of Idaho, per-
sonally appeared ALLAN WRUCK, TERRY WRIGHT, MARK W. ALLEN, JAMES
A. MARTIN, CECIL A. JONES, ROBERT J. THOMPSON, LARRY E. JOHNSON,
WADE D. MCKAY and DREW A. GODFREY, known to me to be the persons
whose names are subscribed to the foregoing Articles of Incorpor-
ation, and acknowledged to me that they executed the same.

Gabrielle Groth-Hannat

Notary Public for Idaho
Residing at: Coeur d'Alene
My Commission expires: Life