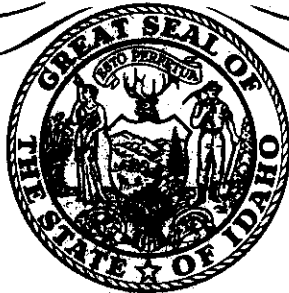


State of Idaho



Department of State

CERTIFICATE OF INCORPORATION

I, ARNOLD WILLIAMS, 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 original of the articles of incorporation of

HIGHLAND FLATS WATER ASSOCIATION, INC.

was filed in the office of the Secretary of State on the **Twelfth** day of **November** A. D. One Thousand Nine Hundred **Sixty-three** and is duly recorded on Film No. **125** of Record of Domestic Corporations, of the State of Idaho, and that the said articles contain the statement of facts required by Section 30-103 and Sections 30-1001 to 30-1005, inclusive, Idaho Code.

I FURTHER CERTIFY, That the persons executing the articles and their associates and successors are hereby constituted a corporation, by the name hereinbefore stated, for **perpetual existence** from the date hereof, with its registered office in this State located at **Maple** in the County of **Boundary,** and as such are subject to the rights, privileges and limitations granted to Non-Profit Cooperative Associations as provided in Chapter 10, Title 30, Idaho Code.

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 **12th** day of **November**, A.D., 19 **63**.

Secretary of State.

ARTICLES OF INCORPORATION
OF
HIGHLAND FLATS WATER ASSOCIATION, INC.

* * * * *

KNOW ALL MEN BY THESE PRESENTS: That we whose names are hereby affixed, all of whom are bona fide residents and full-age citizens of the United States of America, do under and in pursuance of I. C. 30-1001 et seq. of the Idaho Code as amended and general corporation laws of the said State hereby organize, constitute and associate ourselves and such other persons as may hereafter become associated with us, in accordance with these Articles, into a body politic, and corporate for the purposes hereinafter set forth, and to that end we execute these Articles of Incorporation, and hereby certify, set forth and declare as follows:

I.

NAME

That the name of the proposed corporation is HIGHLAND FLATS WATER ASSOCIATION, INC.

II.

PURPOSES

The purposes of the corporation are as follows:

1. To generally engage in, do and perform any enterprise, act or vocation that a natural person might or could do or perform so long as in conformance with the other purposes herein enumerated.

2. To engage in the business of buying, acquiring, giving, owning, leasing, transferring, encumbering and generally dealing in real and personal property so long as in conformance with the other purposes herein enumerated.

3. To acquire, construct, maintain and operate a system for the diversion, supply, storage and distribution of water to the members of this corporation for domestic, stock and garden water purposes within the area served by the corporation in the County of Boundary, State of Idaho.

4. To acquire by appropriation or otherwise and to lease, sell or dispose of water and water rights for domestic purposes.

5. To borrow money for the use of said corporation and to issue securities therefor and to pledge, mortgage, hypothecate and otherwise dispose of the real, personal and intangible property of the corporation as security therefor.

6. To have power to establish schedules of rates for the delivery of water, and to levy assessments upon its members, and to collect such water charges and assessments from its members. In the event of delinquency in the payment of such water charges and assessments, the corporation shall have the power to enforce the collection thereof by either or by any combination of the following remedies, upon giving notice to the delinquent member in the manner provided by statute, or in the absence of applicable statutes, in the manner provided in the by-laws:

(a) By personal action of debt brought against the delinquent member in a court of competent jurisdiction.

(b) By foreclosure and sale of the delinquent membership.

(c) By withholding the delivery of water from the service connection of the delinquent member.

7. To do all and every thing necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporations, firms or individuals, and to do every other act or acts, thing or things incidental or appurtenant to or growing out of or connected with the aforesaid objects or purposes or any part or parts thereof, provided the same be not inconsistent with the laws under which this corporation is organized; and also so long as in conformance with the other purposes herein enumerated.

8. The purposes herein enumerated shall be construed both as purpose and powers and shall be in no wise limited or restricted by reference to, or inference from, the terms of any other clause in this or any other article, but the purposes and powers specified in each of the clauses herein shall be regarded as independent purposes and powers, and the enumeration of specific purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or of the general powers of the corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature unexpressed.

III.

The duration of the corporation is perpetual.

IV.

The location is in Boundary County, Idaho; and the post office address of the registered office of the corporation in the State of Idaho is Naples, Idaho.

V.

Membership in this corporation shall be evidenced by a membership certificate; and the cost thereof shall be as provided in the By-Laws. Any person can purchase more than one such certificate, but no person shall be entitled to more than one vote regardless of the number of membership certificates he has.

VI.

DIRECTORS

The corporate powers of this corporation shall be vested in a Board of five (5) Directors, to be elected as provided in the By-Laws of this corporation. To be a director a person must be a certificate holder. The powers and duties of the officers of this corporation shall be as prescribed in the By-Laws.

VII.

The Board of Directors shall have the general power to act for and on behalf of the corporation in any manner not prohibited by statute or by these Articles of Incorporation. Said board shall, specifically, and not by way of limitation, have the power to sell, lease, exchange, mortgage, pledge or make other disposition of the business, property, assets or franchises of the corporation upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real, personal or mixed, as shall be authorized by the board; provided that whenever the directors desire to sell, exchange or lease the principal part of all of the business, they may do so only upon a vote of two-thirds of the entire membership of the corporation at a meeting duly called for such purpose. The terms "sell, exchange or lease" as herein used shall not include mortgage or pledge. Instruments of conveyance

or encumbrances as herein authorized shall be executed by the President or Vice-President of the corporation and be attested by the Secretary-Treasurer thereof.

The Board of Directors shall likewise be empowered (and this power is conferred by these Articles of Incorporation not by way of limitation but by way of particular inclusion only) to establish minimum water charges and schedule charges for water users in excess of the minimum, to review and revise established rates in the furtherance of the business of the corporation at any time during the corporation's fiscal year and to make and levy such assessments upon the members as it may deem necessary, advisable and in the interests of the corporation.

VIII.

There shall be no capital stock issued by the corporation, and membership in the corporation shall be limited to persons, corporations or bodies politic owning, controlling or occupying land situate within the area served by the water system of the corporation and reasonably accessible thereto. Applicants for membership approved by the Board of Directors thereupon and upon payment of the membership fee as fixed herein shall be admitted to membership, provided that no occupant of land who is otherwise eligible for membership shall be entitled or be admitted to membership if the capacity of the corporation's system or source of water supply is required to meet the needs of existing members.

IX.

Each membership certificate shall be entitled to water from the supply of the corporation in an amount equal to that of every other membership certificate. The manner, means and method of delivering the water shall be as outlined in the By-Laws.

X.

The members holding twenty-five (25) per cent of the voting rights of all outstanding memberships shall constitute a quorum at any regular or special meeting of the membership.

. XI.

There shall be an annual meeting of the members of the corporation to be held at such time and place as provided in the By-Laws. Each member shall be entitled to one vote only, and no member may hold more than one membership.

XII.

The officers of this corporation shall be a President, a Vice-President, who shall be members of the Board of Directors, and a Secretary-Treasurer to be qualified and elected in such manner and for such term as provided in the By-Laws.

XIII.

Sale, conveyance or encumbrances of all or any part of the property of the company may be made by the Board of Directors, provided, however, that such sale, conveyance or encumbrance is authorized by a majority of a quorum of the members present at a regular membership meeting or a special membership meeting called for the purpose, and instruments of conveyance or encumbrance shall be executed on behalf of the company by the President and attested by the Secretary of the company.

XIV.

1. No officer, Director or member shall at any time receive or become entitled to receive any pecuniary profit from the operation hereof either by dividend or other distribution or by payment of any salary, wage or reward of any kind in excess of reasonable compensa-

tion for services actually rendered by any officer, agent, Director
or employee or member of the corporation.

2. No dividend or distribution of the funds or other property
of the corporation shall be made until all debts are fully paid and
then only upon its final dissolution, nor shall any distribution
be made except by a vote of the majority of the members of the corpo-
ration or a quorum thereof as provided in the By-Laws. In the event
of dissolution, for the purpose of merger, the net funds of the
corporation, if any, shall be transferred to any other or several
non-profit organizations having one or more purposes in common with
this corporation.

XV.

The Incorporators of this corporation are as follows:

<u>Name</u>	<u>Address</u>
C. Jerald Harrington	Naples, Idaho
P. W. Robinson	Naples, Idaho
Ronald E. Marcy	Naples, Idaho
Mrs. E. H. Johnstone	Naples, Idaho
Ern M. Brown	Naples, Idaho
Paul Marcy	Naples, Idaho
John Fields	Naples, Idaho
Eugene Robinson	Naples, Idaho
George Aavedal	Naples, Idaho
James H. Moyer	Naples, Idaho

DATED this 24th day of November, 1963.

<u>C. Jerald Harrington</u>	<u>Mrs. E. H. Johnstone</u>
<u>P. W. Robinson</u>	<u>Ern M. Brown</u>
<u>Ronald E. Marcy</u>	<u>Paul Marcy</u>

John Fields James H. Moyer
Eugene Robinson _____
George Aavedal _____

STATE OF IDAHO)
) ss.
County of Boundary)

On this 7th day of November, 1963, before me, the undersigned Notary Public, personally appeared C. Jerald Harrington, P. W. Robinson, Ronald E. Marcy, Mrs. E. H. Johnstone, Ern M. Brown, Paul Marcy, John Fields, Eugene Robinson, George Aavedal and James H. Moyer,

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

Waldemar Luther
Notary Public for Idaho
Residing at Bonners Ferry
Comm. Exp.: 8/9/65