

ARTICLES OF INCORPORATION

OF

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SECRETARY OF STATE  
STATE OF IDAHO

GRAYS CREEK MEADOWS DITCH COMPANY  
A NON-PROFIT CORPORATION

IDAHO SECRETARY OF STATE

12/22/1998 09:00  
EX 2207 CI: 14344 BH: 172389

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C126764

The undersigned hereby forms a non-profit corporation under the provisions of Title 30, Chapter 3, Idaho Non-Profit Corporation or Company Act and Amendments thereto.

ARTICLE I.

NAME

The name of this corporation shall be the Grays Creek Meadows Ditch Company.

ARTICLE II.

PURPOSES

The purposes for which this corporation is formed are as follows:

(1) To construct, contract for the construction, own, hold, maintain and/or operate on a non-profit basis a certain irrigation system and appurtenant facilities to be located in Adams County, Idaho, whereby certain waters are to be diverted, conveyed and delivered from the Weiser River and/or other sources for beneficial use to irrigate lands which lie in Township 15 North, Range 1 West, Boise Meridian, Adams County, Idaho;

(2) To acquire, hold and own adequate water rights, directly or by contract, for the irrigation of the lands under

said irrigation system, and to acquire additional or other water rights if deemed desirable;

(3) To deliver said water represented by said water rights for the benefit of the stockholders of this corporation equally and ratably per share, or to convey water owned by others under such rules as may be established in the company's By-Laws;

(4) To fix, charge, levy and collect from the stockholders assessments against said stock in sufficient and appropriate amounts to pay construction charges, tolls, rentals, assessments, operation and maintenance costs, pumping charges or other service charges that are appropriate;

(5) To sell and issue shares of stock, as well as different classes of stock, if necessary, for the purpose of appropriately levying and assessing operation and maintenance charges on an equitable basis among lands served by the system;

(6) To levy assessments against the capital stock in accordance with Idaho law, and as provided in these Articles and in the By-Laws of this corporation and to provide the manner of collecting the same and the penalty to attach for non-payment thereof, including the right to a lien against the land where the water represented by such stock is appurtenant and to foreclose such lien as provided in the corporations' By-Laws;

(7) To operate, maintain, rehabilitate, reconstruct and improve canals, pumps, motors, pumping stations, pipelines, lateral ditches, reservoirs and other irrigation structures or related facilities;

(8) To do any and all things necessary or proper to be done in conducting the business of supplying the corporation's stockholders with irrigation water for beneficial use on the lands served by the corporation's system;

(9) To buy, own, hold, lease and dispose of such real and personal property as may be necessary or expedient for the proper conduct of the corporation's business;

(10) To commence, prosecute or defend suits, to protect water rights appurtenant to the lands served by said canal system, or suits for any and all other purposes;

(11) To borrow money, negotiate notes, bonds, mortgages or other obligations for the payment of money for the purposes of raising revenue to defray the expense of construction, improvement and all other capital expenditures, as well as the management, maintenance and operation of its irrigation system;

(12) To enter contracts with the United States Department of Interior, Bureau of Reclamation, State Agencies, or other persons or entities in regard to the acquisition of water rights or for the construction or reconstruction of facilities, and including canals, reservoirs, etc.;

(13) To enter agreements for the joint ownership, operation and maintenance of common project facilities as may be appropriate and necessary with proper entities; and

(14) To do and perform all acts necessary to carry out the objects and purposes of this corporation.

### ARTICLE III.

#### REGISTERED OFFICE/REGISTERED AGENT

The initial registered address for Grays Creek Meadows Ditch Company is Post Office Box 1181, Cascade, Idaho 83611, but the corporation may maintain offices and places of business at such other places within the State of Idaho as the Board of Directors may determine.

The initial registered agent for the corporation is Kathleen A. Davis, Post Office Box 1181, Cascade, Idaho 83611.  
\*905 CADDY LN CASCADE ID 83611

### ARTICLE IV.

#### PERPETUAL EXISTENCE

The period of existence of this corporation shall be perpetual.

### ARTICLE V.

#### PRIVATE PROPERTY NOT SUBJECT TO CORPORATE DEBTS

The private property of the shareholders of this corporation shall not be subject to payment of corporate debts other than as provided in these Articles and the corporate By-Laws.

### ARTICLE VI.

#### CORPORATE STOCK AND ASSESSMENTS

Section 1. The corporation shall have members who shall be

referred to as stockholders or shareholders of the corporation and all rights and obligations shall follow ownership of such shares of stock as provided in these Articles and the By-Laws of the corporation. Under the terms and conditions prescribed in the By-Laws, this corporation shall admit as stockholders, and stock shall be issued to only such persons, groups of persons, organizations or corporations who own or operate real property where the corporation can physically make delivery of water under the irrigation system presently constructed for the corporation, or as may be later expanded or extended hereafter by acquiring additional water supplies and improving and enlarging the distribution system of the corporation. The corporation shall be entitled to retain and hold in trust the legal title to all water rights for the benefit of its shareholders when such rights are transferred to the corporation and each shareholder for whom the company holds such water rights shall be entitled to his proportionate share of the water rights so held in trust in accordance with his stock ownership, conditioned upon the payment of all construction, operation and maintenance, and other charges which may be levied against each share of stock as is appropriate and in accordance with the Articles and By-Laws of this corporation.

Section 2. The authorized capital stock of this corporation shall be Ten Thousand (10,000) shares of no par value stock.

Section 3. In the event that the system is subsequently enlarged and adequate water is available for the delivery to additional acres of land without reducing the amounts of water to

which the then present stockholders are entitled, subject to the pre-emptive rights of the then stockholders, the corporation may issue additional shares of the capital stock to new members who shall be entitled to vote and share in the ownership of the corporation equally with old members on such terms as the Board of Directors shall determine, provided that such new members assume and agree to pay their pro-rata share of construction costs and of the annual operation and maintenance expenses necessary for the operation of the complete system and agree to be bound by the Articles, By-Laws, rules and regulations of this Corporation.

Section 4. The shares of capital stock of this corporation and the water represented thereby shall not be transferable except when said transfer is approved by the Board of Directors under such criteria as are prescribed in the By-Laws and such rules and regulations as might be adopted by the Board of Directors.

Section 5. Each shareholder of this corporation shall be entitled to one vote for every share of stock held by said shareholder, regardless of the class of stock.

Section 6. This corporation is organized on a non-profit basis for the mutual benefit of its shareholders and consequently will not have profits from which to pay dividends on its capital stock. Each year after all expenses of the corporation have been paid and reasonable reserves have been set aside to meet anticipated costs as determined by the Board of Directors, any additional monies of the corporation may be accumulated in a fund for the purpose of replacing, enlarging, extending and repairing

the system and property of the corporation, and for such other purposes as the Board of Directors may determine to be for the best interest of the corporation. No distribution of any surplus funds shall be made to the shareholders of this corporation except on final dissolution of the corporation, which final distribution shall be in proportion to stock ownership, provided, however, that any final distribution shall comply with all applicable law.

#### **ARTICLE VII.**

##### **BENEFIT OF SHAREHOLDERS**

The corporation shall operate and maintain all portions of the delivery system primarily for the benefit of the lands to which said water rights are appurtenant. The water system includes but is not limited to the easements and rights provided in Grays Creek Meadows-Planned Unit Development originally recorded in Adams County, Idaho, on the 25<sup>th</sup> day of September, 1998, as Instrument No. 94775, supplemented by amendment and affidavit recorded on October 26<sup>th</sup>, 1998, and recorded respectively as Instrument Nos. 94955 and 94957.

#### **ARTICLE VIII.**

##### **RIGHT TO LIEN**

The corporation shall be entitled to a first and prior lien upon the lands to which the rights represented by the stock in this corporation are appurtenant, for all amounts owing pursuant to the assessments levied pursuant to these Articles, said lien to be perfected, maintained and foreclosed in the manner as set out in Idaho Code Sections 42-2202 - 42-2209; and the corporation shall be

permitted all other remedies at law or in equity, including but not limited to those set forth in Idaho Code Title 30.

#### ARTICLE IX.

##### AMENDMENT OF ARTICLES

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

#### ARTICLE X.

##### INITIAL BOARD OF DIRECTORS

<u>Name</u>	<u>Address</u>
W. Eugene Fisher	Post Office Box 39 Jordon Valley, Oregon 97910
Leslie Davis	Post Office Box 1181 Cascade, Idaho 83611
Kathleen A. Davis	Post Office Box 1181 Cascade, Idaho 83611

#### ARTICLE XI.

**Section 1. Director Liability.** To the extent permitted by law, no director of this corporation shall be personally liable to the corporation or its stockholders for money damages for any action taken, or any failure to take any action, as a director, except liability for:

(a) The amount of a financial benefit received by a director to which he is not entitled;

(b) Intentional infliction of harm on the corporation or the shareholders;



- (c) A violation of Section 30-1-833, Idaho Code;
- (d) Any intentional violation of criminal law;
- (e) for an act or omission occurring prior to the date when the provisions of this Section 1 of Article XI become effective.

It is the intention of the members of this cooperative to eliminate or limit the personal liability of the directors of this corporation to the greatest extent permitted under applicable law. After this Section 1 of Article XI becomes effective, if amendments to applicable statutes are passed which authorize cooperative associations to act to further eliminate or limit the personal liability of directors, then the liability of the directors of this corporation shall be eliminated or limited to the greatest extent permitted by the applicable statutes, as so amended or added.

Any repeal or modification of this Section 1 of Article XI by the members of this association shall not adversely affect any right of or any protection available to a director of this cooperative which is in existence at the time of such repeal or modification.

**Section 2. Indemnification of officers, directors, employees and agents.** The corporation shall 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 (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as

a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the extent permitted by Section 30-1-202(e), Idaho Code, or other applicable law, except that the association reserves the right, at its sole discretion, to determine whether and how much, if any, insurance it may purchase on behalf of directors, officers, employees or agents.

Any repeal or modification of this Section 2 of Article XI by the members of this association shall not adversely affect any right of or any protection available to a director, officer, employee or agent of this cooperative by reason of any threatened, pending or completed action, suit or proceeding in existence at the time of such repeal or modification.

#### ARTICLE XII.

##### INCORPORATOR

The incorporator is W. EUGENE FISHER FAMILY TRUST, whose address is Post Office Box 39, Jordon Valley, Oregon 97910, and W. Eugene Fisher is its current Trustee.

IN WITNESS WHEREOF, the undersigned incorporator has set its hand and seal this <sup>21st</sup><sub>9th</sub> day of <sup>December</sup>~~November~~, 1998.

W. EUGENE FISHER FAMILY TRUST

By


  
W. Eugene Fisher, Trustee

STATE OF IDAHO           )  
                                  )§:  
County of Canyon        )

On this <sup>21</sup> day of ~~November~~ *December*, 1998, before me, the undersigned, a Notary Public in and for said State, personally appeared **W. EUGENE FISHER**, who represented himself to be the Trustee of **THE W. EUGENE FISHER FAMILY TRUST**, known or identified to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL)

  
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Notary Public for Idaho  
Residing at Caldwell, Idaho  
My commission expires: 12 / 6 / 99