

**ARTICLES OF INCORPORATION**

**OF**

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**INTERMOUNTAIN SEPTIC SOLUTIONS, INC.**

SECRETARY OF STATE  
STATE OF IDAHO

The undersigned natural person(s) acting as incorporator(s) of **INTERMOUNTAIN SEPTIC SOLUTIONS, INC.**, hereinafter referred to as "CORPORATION" under the provisions of Title 30, Chapter 3, Idaho Code, know as the Idaho Non-profit Corporation Act, (this Code as amended from time to time is referred to herein as the "CODE"), adopts the following ARTICLES OF INCORPORATION:

**ARTICLE I.**

*The name of the corporation is* **INTERMOUNTAIN SEPTIC SOLUTIONS, INC.**

**ARTICLE II.**

The corporation is a nonprofit corporation.

**ARTICLE III.**

The duration of the corporation is perpetual.

**ARTICLE IV.**

1. **PURPOSES.** The purposes for which this Corporation is organized are as follows:

A. To inspect and maintain wastewater treatment systems manufactured by **CONSOLIDATED TREATMENT SYSTEMS, INC.**, and installed in the State of Idaho and owned by members of the Corporation.

B. To do all lawful things necessary for the continued inspection and maintenance of wastewater treatment systems manufactured by **CONSOLIDATED TREATMENT SYSTEMS INC.**, and installed in the State of Idaho and owned by members of the Corporation.

C. To do all things necessary to be permitted to be done by a nonprofit organization under the laws of the State of Idaho, so long as the purpose is to carry out the necessary functions of the Corporation which includes the ability to enter into contracts and agreements for the inspection and maintenance of the treatment systems, to bring and defend actions, to collect assessments for the continued maintenance and operation of the Corporation and the wastewater treatment systems manufactured by **CONSOLIDATED**

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TREATMENT SYSTEMS, INC., and installed in the State of Idaho and owned by members of the Corporation, and to impose liens and suspend services for nonpayment of assessments.

D. This Corporation does not contemplate pecuniary gain or profit to the members thereof and the same is prohibited; the purpose for which this corporation is formed is not for profit. The exclusive purpose of this Corporation is to foster, promote, enhance, maintain and operate community sewage disposal systems. This Corporation will operate in the manner and shall have the power, responsibilities and be subject to the limitations provided by the laws of the State of Idaho and the laws of the United States government.

E. AUXILIARY PURPOSES. To do everything necessary, proper, advisable, or convenient, for the accomplishment of the foregoing purposes, and to do all other things incidental to them or connected with them that are not forbidden by the Code, by other law, or by these ARTICLES OF INCORPORATION.

2. POWERS. The Corporation, subject to any specific written limitations or restrictions imposed by the Code or by these ARTICLES OF INCORPORATION, shall have and exercise the following powers:

A. STATUTORY POWERS. To have and exercise all the powers specified in the Code.

B. NON-PROFIT PRECLUSIONS. No part of the net earning of the Corporation shall inure to the benefit of or be distributed either to its members, directors, officers of the 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 for herein. No part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate of public office. Nothing contained herein, however, shall forbid the Corporation from publicly stating its position on any issue or question of legitimate concern to or relevant to the purpose for which the Corporation has been organized. Notwithstanding any provision to the contrary in the Articles, the Corporation shall to carry on any activities not permitted to be carried on (a) by the Corporation exempt from Federal tax under Section 501 of the Internal Revenue Code of 1986 as amended, or any corresponding provisions of any future United States Internal Revenue law; or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 as amended or the corresponding provision of any future United States Internal Revenue law.

C. TERMINATION OR LIQUIDATION. Dissolution, termination, liquidation or abandonment of the Corporation may only take place under the following circumstances:

(1) Should a member of the Corporation connect his/her waste water treatment system to a municipal waste water facility or similar qualified waste water treatment facility operated by a public or private entity, the Board of Directors shall, after making payment of all the lawful liabilities of the Corporation as required by I.C. §30-301 et. seq. disposal of all remaining assets of the corporation to such organization or

(2) Should the Corporation merge with another approved nonprofit corporation having similar waste water treatment management capabilities as required under the technical guidance manual for individual and subsurface sewage disposal systems in the State of Idaho.

**D. CONSTRUCTION OF POWERS.** Each of the foregoing clauses of this section shall be construed as independent powers and the matters expressed in each clause shall not unless otherwise expressly provided, be limited by reference to, or inference from, the terms of any other clause. The enumeration of specific powers shall not be construed as limited or restricting in any manner either the meaning of general terms used in any of these clauses, or the scope of the general powers of the Corporation created by them; nor shall the expression of one thing in any of these clauses be deemed to exclude another not expressed, although it be of like nature.

**3. CARRYING OUT OF PURPOSES AND EXERCISE OF POWERS IN ANY JURISDICTION.** The Corporation may carry out its purposes and exercise its powers in any state, territory, district or possession of the United States, or in any foreign country, to the extent that these purposes and powers are not forbidden by the law of the State, territory, district, or possession of the United States, or by the foreign country and it may limit the purpose or purposes that it proposes to carry out or the powers it proposes to exercise in any application to do business in any State, territory, district, or possession of the United States, or foreign country.

**4. DIRECTION OF PURPOSES AND EXERCISE OF POWERS BY DIRECTORS.** The Board of Directors, subject to any specific limitations or restrictions imposed by the Code or by these ARTICLE OF INCORPORATION, shall direct the carrying out of the purposes and exercise the powers of the Corporation without previous authorization or subsequent approval by the members of the Corporation.

**5. LIMITING PROVISION.** Nothing contained in this Article shall be construed to authorize the Corporation to engage in the business of banking or insurance.

## **ARTICLE V.**

The Corporation shall have Members. There shall be no stock issued and no dividends or pecuniary profits or income shall be declared or distributed to the Members. Each Member shall be issued Certificates of membership in the form of a Member Agreement that is required to be signed by each member.

Membership shall be restricted to and must be granted to only those individuals, sole proprietorships, corporations, general or limited partnerships, family partnerships, limited liability companies, or other entities or associations which:

- A. Own improved real estate in the State of Idaho on which exists an operational wastewater treatment system manufactured by CONSOLIDATED TREATMENT SYSTEMS, INC., and,
- B. Who signs and records a Member Agreement substantially in the form as adopted by the Directors.

Each member shall have one vote and be entitled to only one membership and only one Certificate of membership in the Corporation for each wastewater treatment system the Member owns that was manufactured by CONSOLIDATED TREATMENT SYSTEMS, INC., notwithstanding that one or more individuals may comprise the ownership of the property on which the treatment system is installed. The phrase "treatment system" when used throughout these Articles of Incorporation, Bylaws and Agreements shall mean only those wastewater treatment systems manufactured by CONSOLIDATED TREATMENT SYSTEMS, INC., and which are installed in the State of Idaho and owned by Members of the Corporation. A treatment system will be considered to be on singular treatment system for each permit that is required for the particular location in which it is installed notwithstanding the number of modules in the system. The Corporation shall have the power to assess a management service and maintenance fee (hereinafter collectively referred to as "assessment") and the payment of all current and past due assessments shall be a prerequisite to voting at any meetings of the Members. No expulsion of Members or cancellation of voting rights is permitted, except in the event the treatment system is disconnected or is removed from the Member's property. Membership and voting rights in this Corporation shall be appurtenant to the property described in each member Agreement, and no membership or Certificates of Membership shall be separated or severed from the land to which it is appurtenant or sold or transferred separate and apart from said land, and the ownership of land shall be determinative of the right to exercise the powers of membership in this Corporation, and such membership and voting right shall pass and inure to the benefit of any person who shall become the owner of any property and system described in the Member Agreement. Members shall notify the Corporation of the name of any new owner upon the transfer of the Members thereof, as may be provided in the Bylaws; and such Members shall be personally liable for the assessments of fees, as may be provided by the Bylaws of the Corporation. New members shall be admitted and shall be entitled to vote and share in the property of the association with the old Members in accordance with the general rules of membership. Unpaid fees shall be deemed to be a lien against the individual or property for which assessments have not been paid.

**MEMBERSHIP ROLE.** The Corporation shall have, within the Corporate books and records, a Membership Role wherein members of the corporation shall be maintained by the Secretary of said Corporation. Whenever any member shall consist of one or more

persons, said member shall be entitle to one (1) vote per membership unless otherwise provided by the Bylaws. A Member may be a person, both natural or at law, a corporation, partnership, joint venture or limited liability company.

**MEMBERSHIP FEES.** A membership in the Corporation and a fee therefore shall be provided by the Bylaws, or resolution authorized by said Bylaws, duly adopted by the Board of Directors. Such membership fee may include annual dues or other assessments.

**LIMITATION ON CONTROL.** The control and operation of the Corporation shall be vested in the Directors, provided, however, the Members may vote on the amendments of the Article Of Incorporation and the Bylaws. Members may further vote on the election of a Director, however, Members shall not have the right to operate the Corporation.

## **ARTICLE VI.**

Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provision for all of the liabilities of the Corporation, dispose of all the assets of the Corporation by transferring the same to such organization or organizations organized and operated as nonprofit organizations for purposes similar to the purposes of InterMountain Septic Solutions, Inc. Any such assets not so disposed of shall be disposed of by the District Court of the county in which the principal office of the corporation is then located, exclusively for such purposes. Dissolution shall be limited to connection to a municipal waste water treatment facility or merger with another approved, nonprofit corporation having management capability. Members shall not be authorized to vote the corporation out of existence without the approval of the Idaho Department of Health and Welfare, or Division of Environmental quality as the case may be.

## **ARTICLE VII.**

The address of its initial registered office in the State of Idaho is, 4233 E. Cub River Road, Preston, Idaho 83263, and the name of its initial register agent as such address is Kelton Larsen.

## **ARTICLE VIII.**

### **DIRECTORS**

**NUMBER.** The number of directors constituting the Board of Directors of the Corporation consists of three (3) . The names and addresses of the persons who are Directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
KELTON LARSEN	4233 E. Cub River Rd. Preston, ID 83263	1
LISA LARSEN	4233 E. Cub River Rd. Preston, ID 83263	2
CLINTON STREADBECK	2387 East 800 South Preston, ID 83263	3

## **ARTICLE IX.**

### **AMENDMENTS**

The Bylaws and Articles of Incorporation may be altered, amended, restated or repealed and new Bylaws or Articles may be adopted at any Annual Meeting of the Board of Directors or Members or at any Special Meeting of the Board of Directors or Members called for the purpose, provided, however, that any material changes that effect any of the twenty-five requirements set forth in the Technical Guidance manual of the Idaho Department of Health and Welfare, Division of Environmental Quality, shall be subject to approval by the appropriate governmental entity in order to ensure that the proposed changes are not contradictory to the overall goal of providing perpetual operation and maintenance for the treatment systems owned by the Members of the Corporation.

The Corporation will indemnify any director, officer, employee or agent of the Corporation in accordance with Idaho Statue 30-3-88, as currently enacted.

## **ARTICLE X.**

### **ELECTION OF DIRECTORS**

**MANNER OF ELECTION.** The manner in which the Directors are to be elected by the Members shall be set forth in the Bylaws.

## **ARTICLE XI.**

### **CORPORATE OFFICERS AND THEIR FUNCTIONS**

**GENERAL OFFICERS.** The general officers of the Corporation shall be the President, Vice President(s), Secretary and Treasurer. The Directors may appoint various Vice Presidents to serve distinct and defined functions.

**DUTIES OF THE PRESIDENT.** The principal duties of the President shall be to

preside at all meetings of the members and Board of Directors and to have general supervision of the affairs of the Corporation.

**DUTIES OF THE VICE PRESIDENT.** The principal duties of the Vice President shall be to discharge the duties of the President in the event of absence or disability for any cause whatsoever of the President. Various Vice Presidents may be appointed for specific functions other than as the first Vice President.

**DUTIES OF THE SECRETARY.** The principal duties of the Secretary shall be to countersign all deeds, leases and conveyances executed by the Corporation, affix the seal of the Corporation thereto, and to such other papers as shall be required and directed to be sealed, to keep a record of the proceedings of the Board of Directors and the Members, and to safely and systematically keep all books, papers, records and documents belonging to the corporation, or in any way pertaining to the business thereof, except the books and records incidental to the duties of the Treasurer.

**DUTIES OF THE TREASURER.** The principal duties of the Treasurer shall be to keep an account of all monies, credits and property of any and every nature of the Corporation which shall come into his/her hands and to keep an accurate account of all monies received and disbursed and of money and property on hand and generally of all matters pertaining to his/her office, as shall be required by the Board of Directors.

**APPOINTMENT OF ADDITIONAL OFFICERS.** The Board of Directors may provide for the appointment of such additional officers as they deem in the best interest of the Corporation.

Whenever the Board of Directors may so order any two officers, the duties of which do not conflict, may be held by one person, except the office of President and Secretary.

The officers shall perform such additional or different duties as shall, from time to time, be imposed or required by the Board of Directors or as may be prescribed, from time to time, by the Bylaws.

## **ARTICLE XII.**

### **APPOINTMENT OF OFFICERS**

**APPOINTMENT.** The officers shall be appointed by the Directors, and shall serve at the leisure of the Directors, until they are removed, resign, or replaced by the Directors. The Directors shall first be elected by the Members of the Corporation. There will be no term limits on the terms of the officers except and to the extent an officer either resigns or is replaced by action of the Board of Directors.

## ARTICLE XIII.

### PROVISION FOR REGULATION OF THE INTERNAL AFFAIRES OF THE CORPORATION

**BYLAWS.** The initial Bylaws shall be adopted by the Board of Directors. The power to alter, amend, or repeal the Bylaws or to adopt new Bylaws shall be vested in the Board of Directors and the Members. The Bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the Code or these ARTICLES OF INCORPORATION.

**TRANSACTIONS IN WHICH DIRECTORS HAVE AN INTEREST.** Any contract or other transaction between the Corporation and any firm of which one or more of its directors are members or employees, or in which they are interested, or between the Corporation and any Corporation or association of which one or more of its directors are shareholder, members, directors, officers or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of the director or directors at the meeting of the Board of Directors of the Corporation that acts upon, or in reference to, the contract or transaction, and notwithstanding his or their participation in this action, if the fact of such interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless, authorize or ratify the contract or transaction, the interested director or directors to be counted in determining whether a quorum is present and to be entitled to vote on such authorization or ratification. This section shall not be construed to invalidate any contract or other transaction that would otherwise be valid under the common and statutory law applicable to it.

### **INDEMNIFICATION AND RELATED MATTERS.**

**CLAUSE (a). POWER TO INDEMNIFY-THIRD PARTY ACTIONS.** The Corporation shall have power to 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 another Corporation, partnership, joint venture, trust or other enterprise, against expenses, (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of no contest or its equivalent, shall not of itself create a presumption that the person did not act in good faith, and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, or had reasonable cause to believe that his conduct was unlawful.

**CLAUSE (b). POWER TO INDEMNIFY-ACTION BROUGHT IN THE RIGHT OF THE CORPORATION.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor 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 against expenses, (including attorneys fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court shall deem proper.

**CLAUSE (c). RIGHT OF INDEMNIFICATION.** To the extent that a director, officer or employee or agent of the Corporation has been successful on the merit or otherwise in defense of any action, suit, or proceeding referred to in Clauses (a) and (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys fees) actually and reasonably incurred by him in connection therewith.

**CLAUSE (d). DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION.** Any indemnification under Clauses (a) and (b) (unless ordered by a Court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in clauses (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the members.

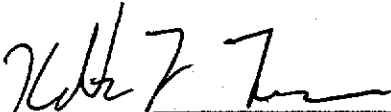
**CLAUSE (e). ADVANCEMENT OF EXPENSES.** Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Clause (d) upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this section.

**CLAUSE (f). SAVING CLAUSE.** The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, Agreement, vote of the members or disinterested directors or otherwise,

both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

CLAUSE (g). INSURANCE. The Corporation shall have power to purchase and maintain insurance on behalf of any person who 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 against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this section.

IN WITNESS WHEREOF, these Article of Incorporation have been signed this 17<sup>th</sup> day of July, 2009.

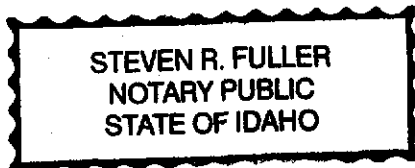
  
KELTON LARSEN, Incorporator

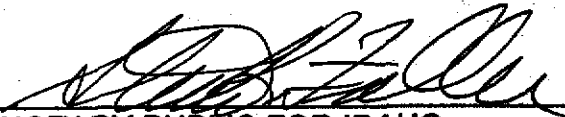
  
CLINTON STREADBECK, Incorporator

STATE OF IDAHO                     )  
  ) ss.  
County of Franklin                )

On this 17<sup>th</sup> day of July, 2009, before me, the undersigned Notary Public in and for the said State, personally appeared KELTON LARSEN and CLINTON STREADBECK, known or identified to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, We have hereunto set our hands and seals on the day and year first above written.



  
NOTARY PUBLIC FOR IDAHO  
RESIDING AT: Prescott, ID  
EXPIRES: 1-21-11