

FILED EFFECTIVE**STATEMENT OF MERGER****2017 MAY 10 AM 11:17**

Between

**SECRETARY OF STATE
STATE OF IDAHO**

North Fremont Canal Systems, Inc.
An Idaho Corporation
(Sometimes referred to as the Surviving Corporation)

and

Marysville Irrigation Company, Inc., an Idaho Corporation; **Farmer's Own Ditch Company, Limited**, an Idaho Corporation, and the **Yellowstone Power and Irrigation Company, LTD.** an Idaho Corporation, (collectively referred to as the Merging Corporations).

FIRST**RECITALS**

A. **North Fremont Canal Systems, Inc.**, the Surviving Corporation, is validly organized, existing and in good standing under the laws of the State of Idaho. All of the Merging Corporations are validly organized, existing and in good standing under the laws of the State of Idaho.

B. **North Fremont Canal Systems, Inc.**, the Surviving Corporation, has an authorized capital of 7 shares of Common Stock with a par value of \$100.00 each, of which on the 31st day of January, 2017, 7 shares were issued and outstanding. However, after the proposed merger, the said shares shall be converted into three different classes and amounts of shares based upon the conversion of Merging Corporations shares into the Surviving Corporation and which will all be assigned to shareholders as a part of the allocation of stock in the Surviving Corporation, as hereinafter set forth.

Statement of Merger - Page 1

C:\Users\Jerry\Documents\sb\northfremont1.pom.wpd

IDAHO SECRETARY OF STATE

05/10/2017 05:00

CK:PREPAID CT:84469 BH:1583379

1@ 30.00 = 30.00 STMT MERGE #4

1@ 20.00 = 20.00 EXPEDITE C #5

C13448

C. **Marysville Irrigation Company, Inc.**, has an authorized capital of 26,400 shares of Common Stock with a par value of \$20.00 each, of which on the 31st day of January, 2017, 16,408.00 shares of capital stock were issued and outstanding.

D. **Farmers Own Ditch Company, Limited** has an authorized capital of 7,500 shares of Common Stock with a par value of \$5.00 each, of which on the 31st day of January, 2017, 7,013.99 shares of capital stock and 240 shares of "easement stock" were issued and outstanding.

E. **Yellowstone Power and Irrigation Company, Ltd.**, has an authorized capital of 10,000 shares of Common Stock with a par value of \$10.00 each, of which on the 31st day of January, 2017, 2,435.4 shares were issued and outstanding.

F. The Boards of Directors of the Surviving Corporation and the Merging Corporations will consider the proposed plan and if they determine that it is in the best interests of their respective corporations and stockholders that the Merging Corporations merge with and into North Fremont Canal Systems, Inc., in accordance with the provisions of applicable statutes of the State of Idaho, they will submit it to the stockholders of the respective Surviving Corporation and Merging Corporations.

SECOND

PLAN OF MERGER

The plan is to have the Surviving Corporation and the Merging Corporations agree, each with the other, to merge into a single corporation which shall be **North Fremont Canal Systems, Inc.**, the Surviving Corporation, (which name shall not be changed and which Articles of Incorporation shall be restated as provided herein) pursuant to the laws of the State of

Idaho, and shall agree upon and prescribe the terms and conditions of the statutory merger, the mode of carrying it into effect and the manner and basis of converting the shares of the Merging Corporations into shares of the Surviving Corporation, as herein set forth:

On the effective date of the merger, the Merging Corporations shall be merged with and into the Surviving Corporation, an Idaho Corporation, and the separate existence of the Merging Corporations shall cease; the Merging Corporations shall become a single corporation named "**North Fremont Canal Systems, Inc.**", an Idaho corporation, which shall be the Surviving Corporation.

THIRD

ARTICLES OF INCORPORATION OF SURVIVING CORPORATION

The Articles of Incorporation of North Fremont Canal Systems, Inc., the Surviving Corporation, which are set forth in Exhibit "A" to this Plan, shall be amended as set forth in the Restated Articles of Incorporation of North Fremont Canal Systems, Inc. (attached hereto), and shall continue to be the Articles of Incorporation of the Surviving Corporation until further amended in accordance with the corporation laws of the State of Idaho.

Such original Articles of Incorporation of the Surviving Corporation were certified by the Secretary of State of the State of Idaho on August 31, 1987, as amended on July 5, 1988, and as further amended on March 1, 2001.

The Restated Articles of Incorporation of the Surviving Corporation shall grant an authorized capital of 70,000 shares of Common Stock with no par value, divided into 40,000 shares of Class M stock to be issued to the current shareholders of **Marysville Irrigation Company, Inc.**, 20,000 shares of Class F stock to be issued to the current shareholders of

Farmers Own Ditch Company, Limited, and 10,000 shares of Class Y stock to be issued to the current shareholders of **Yellowstone Power and Irrigation Company, LTD.**

Due to the varying and unique costs and expenses of each of the three Classes of stock, the shareholders of each Class of stock shall, in addition to that general assessment made by this Surviving Corporation, be surcharged an assessment which shall equal the costs and expenses associated with each Class's obligations which are associated with its reach or branch of the Corporation's irrigation system and obligations which each Class's irrigation company owed at the time of the merger. Therefore, in order to accomplish said unique costs and expenses, and notwithstanding the foregoing, without the express consent of the majority vote of each Class of stock (M, F & Y) to be issued pursuant to the Articles and this Statement of Merger, no amendments to these Articles or Bylaws of this Surviving Corporation shall modify these initial rights granted to each Class, including the right of the shareholders of each Class of stockholders from meeting independently of this Corporation's other Class of shareholders and organizing themselves as they chose, including adopting their own by-laws (herein referred to as "Class By-laws"), electing their respective board members to serve on the board of directors of the Corporation as authorized herein, and surcharging their particular Class of stock assessments for monies required to pay the debts and obligations required of their particular Class and segment of the Corporation's irrigation system.

Additionally, the rights reserved by each class shall include, but are not limited to, the following:

Class M:

- (1) All real property presently owned by Marysville Canal Company.
- (2) All interest in what is known as the Fall River Hydro Contract.
- (3) The 3/4 of a miners inch calculation for water consumption (ditch loss).

Class F:

From:

- (1) Preservation to Class F members of the earliest water rights (06/01/1892).
 - (2) The 5/8 of a miners inch calculation for water consumption (ditch loss).
- Class Y:
- (1) One for One calculation for water consumption (no ditch loss).

The foregoing is providing said Class actions do NOT violate any laws of the Idaho Business Corporation Act and further providing the adoption of "Class By-laws" do NOT contradict those terms and conditions of the Articles or By-Laws duly adopted by the Corporation.

FOURTH

BY-LAWS OF SURVIVING CORPORATION

The Amended By-Laws of **North Fremont Canal Systems, Inc.**, shall continue to be the By-Laws of the Surviving Corporation, until altered or repealed in the manner provided by law, the Articles of Incorporation and By-Laws.

FIFTH

DIRECTORS AND OFFICERS OF SURVIVING CORPORATION

The Directors and Officers of **North Fremont Canal Systems, Inc.**, immediately prior to the effective date of the merger shall continue to be the Directors of the Surviving Corporation, to hold office until their respective successors are duly elected and qualified.

The Board of Directors shall consist of seven (7) members, which shall be nominated and appointed by the various class of stock as follows:

- Class M shall nominated and appoint 4 directors.
- Class F shall nominated and appoint 2 directors.
- Class Y shall nominate and appoint 1 director.

From:

SIXTHMANNER AND BASIS OF CONVERSION OF SHARES

A. The treatment of the shares of the Merging Corporations into shares of the common stock of the Surviving Corporation are as follows:

		SHARES IN North Fremont Canal Systems, Inc., TO BE AUTHORIZED TO BE ISSUED TO THE SHAREHOLDERS OF THE MERGING CORPORATIONS				
Name of Corp.	Its Shares	Class M	Class F	Class Y		Total of All Classes
Marysville Irrigation	Authorized: 26,400 Issued: 16,408.00	40,000				40,000
Farmers Own	Authorized: 7,500 Issued: 7,013.99 Easement Shares: 240		20,000			20,000
Yellowstone	Authorized: 10,000 Issued: 2,435.4			10,000		10,000
Totals		40,000	20,000	10,000		70,000

B. Only Seven (7) shares of the capital stock of the Surviving Corporation have been issued to date. The incorporators are all representatives of the Merging Corporations, shall assign their present respective capital stock of the Surviving Corporation and their present authorized and outstanding shares of their individual Merging Corporation, which shall be merged in with the shares of the Surviving Corporation to be issued to the Merging Corporations'

From:

shareholders in exchange for their shares in the Merging Corporations, so that all of the authorized stock to be issued by the Surviving Corporation, at the time of this merger, shall be issued to the shareholders of the Merging Corporations in accordance with the above.

C. Each share of the Merging Corporation's Common Stock which is issued and outstanding immediately prior to the effective date of the merger, shall by virtue of the merger be converted into and become, without action on the part of the holder of such Common Stock, fully paid and assessable shares of a Class of the Common Stock of the Surviving Corporation in accordance with the table above; provided, however, fractional shares may be issued. Each outstanding certificate for Common Stock of the Merging Corporations shall thereupon be deemed for all purposes to evidence ownership of the number of shares of Common Stock of the Surviving Corporation into which the same shall have been converted at the rate set forth above.

D. As soon as practicable after the effective date of the merger, each holder of outstanding certificates for Common Stock theretofore issued by the Merging Corporations shall be entitled, upon surrender of the same by such holder for cancellation, as directed by the Surviving Corporation, to receive new certificates for the number of shares of Common Stock of the Surviving Corporation to which he/she is entitled under his/her particular Class. Entitlement shall be based upon each holder's number of shares held in each Merging Corporation as pro-rated to the total number of shares issued and outstanding in each Merging Corporation, the intent being to keep each certificate holder percentage held in his/her particular Class of the Surviving Corporation the same as it was prior to the merger.

From:

SEVENTH
EFFECT OF MERGER

A. On the effective date of the merger, the Surviving Corporation shall possess all the rights, privileges, powers, and franchises of a public as well as a private nature of each of the Merging Corporations, and shall become subject to all the restrictions, disabilities and duties of each of the Merging Corporations and all of the singular rights, privileges, powers and franchises of each of the Merging Corporations. All water rights, canals, diversionary works, cash, bank, checking and savings accounts, and all other property, real, personal and mixed, and debts due to each of the Merging Corporations on whatever account, as well as all other things in action or belonging to each of the Merging Corporations shall be vested in the Surviving Corporation; and all property, assets, rights, privileges, powers, franchises and immunities, and all and every other interest shall be thereafter as effectually the property of the Surviving Corporation as they were of the respective Merging Corporations; and the title to any real estate vested by deed or otherwise, in either of the Merging Corporations, shall not revert or be in any way impaired by reason of the merger; provided, however, that all of the creditors and liens upon any property of either of the Merging Corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective Merging Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities, obligations and duties had been incurred or contracted by it.

B. If at any time after the merger becomes effective it shall appear to the Surviving Corporation that any further assignments or assurances are necessary or desirable to evidence the vesting in the Surviving Corporation of the title to any of the property or rights of the Merging Corporations, those persons who were proper officers and directors of the Merging

From:

Corporations as of the effective date of the merger shall execute, acknowledge and deliver such assignments or other instruments and do such acts as may be necessary or appropriate to evidence the vesting of title to such property or rights in the Surviving Corporation. For such purposes the capacity and authority of the Merging Corporations and their officers shall be deemed to be continuing.

C. The Surviving Corporation shall agree that it may be served with process in the State of Idaho and shall irrevocably appoint the Secretary of State of Idaho as its agent to accept service of process, in any proceeding for the enforcement of any obligation of the Merging Corporations arising in the State of Idaho prior to the effective date of the merger, and in any proceedings for the enforcement of the rights of a dissenting shareholder of the Merging Corporations against the Surviving Corporation.

Notwithstanding anything above, it is understood and agreed that except for the powers and authority specifically granted or required to be assumed by the Surviving Corporation, the shareholders of each class of stock shall retain the right to conduct their own affairs, including adopting their own "Class By-laws" in order to set forth their rights among themselves and including the nomination and election of their representative members to serve as directors on the Surviving Corporation's Board of Directors.

EIGHTH

ACCOUNTING AND STATE CAPITAL

When the merger becomes effective, subject to such changes, adjustments or eliminations as may be made in accordance with generally accepted accounting principles, the assets and liabilities of the Merging Corporations shall be recorded in the accounting records of

From:

the Surviving Corporation at the amounts at which they shall be carried at that time in the accounting records of the Merging Corporations.

NINTH

ABANDONMENT

This Plan and Agreement of Merger may be abandoned by action of the Board of Directors of either North Fremont Canal Systems, Inc., or the Merging Corporations at any time prior to the effective date of the merger, whether before or after submission to their respective stockholders, upon the happening of any one of the following events:

1. If the merger fails to obtain the requisite vote of stockholders of **North Fremont Canal Systems, Inc.**, or of Stockholders of the Merging Corporations not later than December 31, 2017; or
2. If, in the judgment of the Board of Directors of **North Fremont Canal Systems, Inc.**, or of the Merging Corporations, the merger would be impracticable because of the number of stockholders of either thereof who assert their right to have their stock appraised and to receive payment therefore as provided in the Corporation Laws of the State of Idaho.

TENTH

REPRESENTATIONS AND WARRANTIES

North Fremont Canal Systems, Inc., and the Merging Corporations shall each represent and warrant to the other that between the date hereof and the time when the merger becomes effective they will not enter into any employment contracts, grant any stock options or issue any stock or securities, or declare or pay any dividends in stock or cash or make any other distribution on or with respect to their outstanding stock.

From:

ELEVENTHEFFECTIVE DATE

FIRST: The effective date of the merger provided for by this Agreement shall be the date on which the last act prior to recording required to complete the merger under the respective laws of the State of Idaho is performed.

SECOND: As to each of the undersigned corporations, the number of shares outstanding, and the designation and number of outstanding shares of each class entitled to a vote as a class on such Plan, are as follows:

<u>Name of Corporation</u>	<u>Number of Entitled to Vote as a Class</u>		
	<u>Shares Outstanding</u>	<u>Designation of Class:</u>	<u>Number of Shares</u>
Marysville Irrigation Company	16,408.00	Common	16,408.00
Farmers Own Ditch Company*	7,013.99	Common	7,013.99
Yellowstone Power & Irrigation	2,425.4	Common	2,425.4
North Fremont Canal Systems, Inc.	7	Common	7
	(subscribed)		(subscribed)

*Easement shares of 240 have no power to vote.

THIRD: As to each of the undersigned corporations, the total number of shares voted for and against such Plan, respectively, and, as to each class entitled to vote thereon as a class, the number of shares of such class voted for and against such Plan, respectively, are as follows:

<u>Name of Corp.</u>	<u>Number of Shares</u>				
	<u>Total Voted For</u>	<u>Total Voted Against</u>	<u>Class</u>	<u>Entitled to Vote as a Class</u>	
				<u>Voted For</u>	<u>Voted Against</u>
Marysville Irrigation Company	All	-0-	Common	All	-0-
Farmers Own Ditch Company	All	-0-	Common	All	-0-
Yellowstone Power & Irrigation Company	All	-0-	Common	All	-0-
North Fremont Canal Systems, Inc.	All	-0-	Common	All	-0-

DATED: February 28 2017

North Fremont Canal Systems, Inc.
an Idaho corporation
(the "Surviving Corporation")

By: Dennis Warnke
Dennis Warnke, President

ATTEST:

Jason Howell
Jason Howell, Secretary

Marysville Irrigation Company, Inc.,
an Idaho corporation
(a "Merging Corporation")

By: Dennis Warnke
Dennis Warnke, President

ATTEST:

Lonnie S. Atchley
Lonnie S. Atchley, Secretary

Farmer's Own Ditch Company,
Limited, an Idaho corporation
(a "Merging Corporation")

By: Sean Maupin
Sean Maupin, President

ATTEST:


Lonnie S. Atchley
Lonnie S. Atchley, Secretary

Yellowstone Power and Irrigation Company,
Inc., an Idaho corporation
(a "Merging Corporation")

By: Jason Howell
Jason Howell, President

Cathy Stegelmeyer, Secretary

The undersigned, a notary public, does hereby certify that on this 28 day of February, 2017, personally appeared before me Dennis Warnke and Jason Howell, who, being first duly sworn, declared that they are the President and Secretary, respectively, of NORTH FREMONT CANAL SYSTEMS COMPANY, an Idaho corporation, that they signed the foregoing document as said President and Secretary of the corporation, and that the statements therein contained are true.



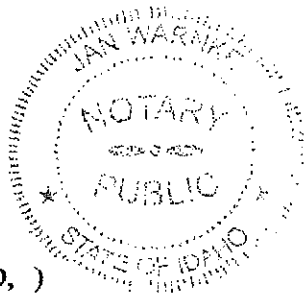
Jan W. Darnell
Notary Public for Idaho
Residing at: Rexburg, Idaho
My Commission Expires: 11-09-17 4-26-19

NOTARY PUBLIC
STATE OF MICHIGAN

Jan Warmke
Notary Public for Idaho
Residing at: Rexburg, Ashton
My Commission Expires: 11-09-17 4-26-19

STATE OF IDAHO,)
 Fremont ss.
 County of ~~Madison~~)

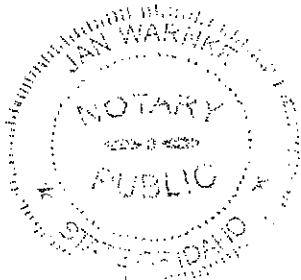
The undersigned, a notary public, does hereby certify that on this 25 day of February, 2017, personally appeared before me Sean Maupin and Lonnie S. Atchley, who, being first duly sworn, declared that they are the President and Secretary, respectively, of FARMER'S OWN DITCH COMPANY, LIMITED, an Idaho corporation, that they signed the foregoing document as said President and Secretary of the corporation, and that the statements therein contained are true.



Jan Warnke
 Notary Public for Idaho
 Residing at: Rexburg Ashton
 My Commission Expires: 11-09-17 4-26-19

STATE OF IDAHO,)
 Fremont ss.
 County of ~~Madison~~)

The undersigned, a notary public, do hereby certify that on this 28 day of February, 2017, personally appeared before me Jason Howell and Cathy Stegelmeier, who, being first duly sworn, declared that they are the President and Secretary, respectively, of YELLOWSTONE POWER AND IRRIGATION COMPANY, LTD., an Idaho corporation, that they signed the foregoing document as said President and Secretary of the corporation, and that the statements therein contained are true.



Jan Warnke
 Notary Public for Idaho
 Residing at: Rexburg Ashton
 My Commission Expires: 11-09-17 4-26-19