

FILED EFFECTIVE

ARTICLES OF AMENDMENT
OF
COUGAR BAY WATER ASSOCIATION, INC.

2008 FEB 11 AM 11:41

SECRETARY OF STATE
STATE OF IDAHO

Cougar Bay Water Association, Inc., the undersigned Idaho nonprofit corporation, hereby amends its Articles of Incorporation as follows:

ARTICLE V is hereby deleted in its entirety and replaced by the following new ARTICLE V:

ARTICLE V
PURPOSES

This Corporation is not organized for profit. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation, and general control of a water system to provide water to a portion of Kootenai County, Idaho. In addition to the primary purposes, this Corporation shall have power to:

5.1. Perform all of the duties and obligations of the Corporation in the service of water to the Corporation's members;

5.2. Fix, levy, collect and enforce assessment fees and fines in a fair and equitable fashion and secure the payment of assessments through liens upon real property, as allowed by Idaho law;

5.3. Pay all expenses and obligations incurred by the Corporation in the conduct of its business, including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Corporation's property;

5.4. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

5.5. Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

5.6. Dedicate, sell, transfer or grant easements over all or part of any of the Corporation's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

5.7. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional service to the management of the Corporation;

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5.8. Convey all or substantially all, corporate assets to a public entity which would serve water to the members of this Corporation;

5.9. Litigate, mediate, and arbitrate any and/or all corporate rights and obligations. This Corporation in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, conditions and effect of expulsion or withdrawal from the restoration of membership, admission fees, charges and assessments, and for reimbursement for services rendered to the expenses incurred on behalf of the Corporation by any member or officer of the Corporation, and such other rules and regulations as are not repugnant to the laws of the State of Idaho; and

5.9. To exercise all powers granted by law necessary and proper to carry out the forgoing purposes, including, but not limited to, the power to accept donations of money, property, whether real or personal, or any other things of value. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to do any act that a corporation formed under the Act, or any amendment thereto or substitute therefore, may not at that time lawfully carry on or do.

ARTICLE VI is hereby deleted in its entirety and replaced by the following new ARTICLE VI:

ARTICLE VI LIMITATIONS

The Corporation shall solely use its income to cover losses and expenses, with any excess being returned to the members or retained for future losses and expenses. The Corporation must collect at least eighty-five percent (85%) of its gross income from the members for the sole purpose of meeting its losses and expenses. Any excess income shall be distributed to the members on a pro rata basis based on their patronage or business done with the Corporation

ARTICLE IX is hereby deleted in its entirety and replaced by the following new ARTICLE IX:

ARTICLE IX DISTRIBUTION ON DISSOLUTION

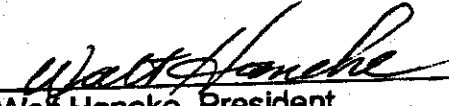
Upon dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all liabilities of the Corporation pursuant to Idaho Code Sections 30-3-114 and 30-3-115, distribute all remaining assets of the Corporation

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to the members on a pro rata basis based on their patronage or business done with the Corporation.

This amendment consists of matters other than those described in Idaho Code Section 30-3-90, and was therefore adopted by the members on the 11th day of January, 2008. The number of members entitled to vote on this Amendment was Ninety-six. Each member had one (1) vote. Seventy-nine members voted in favor of the Amendment, via written consent, representing at least eighty percent (80%) of a quorum of the total voting power of the Corporation, which according to Idaho Code Section 30-3-49 is sufficient for approval of such Amendment by the members.

DATED this 11th day of February, 2008.


Walt Haneke, President
Cougar Bay Water Association, Inc.