

ARTICLES OF INCORPORATION OF  
JOHNSON TAPS CORPORATION,  
an Idaho Corporation

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SECRETARY OF STATE  
STATE OF IDAHO

The undersigned natural person(s) acting as incorporator(s) of a Corporation, hereinafter referred to as "CORPORATION" under the provisions of Title 30, Idaho Code, known as the Idaho Business Corporation Act, (this Code as amended from time to time is referred to herein as the "CODE"), adopts the following ARTICLES OF INCORPORATION:

ARTICLE 1

NAME

The name of the Corporation is JOHNSON TAPS CORPORATION.

ARTICLE 2

PERIOD OF DURATION

The period of duration of the Corporation is perpetual.

ARTICLE 3

PURPOSES AND POWERS

Section 3.01. PURPOSES. The purposes for which this Corporation is organized are as follows:

CLAUSE (a). To engage in the business of manufacturing and distributing machine tools.

CLAUSE (b). In furtherance of and not in limitation of the general powers conferred by the Laws of the State of Idaho, it is expressly provided that this Corporation shall also have the following powers:

1. To manufacture, fabricate, assemble, to take, purchase, ~~hold, use, sell, assign, transfer, exchange, lease, and otherwise dispose of, and to invest, trade, deal in, and deal with, goods, wares, and merchandise and supplies and all other personal property of every class and description.~~ own, hold, use, sell, assign, transfer, exchange, lease, and otherwise dispose of, and to invest, trade, deal in, and deal with, goods, wares, and merchandise and supplies and all other personal property of every class and description.
2. To acquire by purchase or otherwise and to own, hold, cancel, reissue, sell, pledge and otherwise deal in the stock of this Corporation, provided that money or property of the Corporation shall not be used for the purchase of shares of its own stock when

such use would cause any impairment of the capital of the Corporation. The Corporation shall not be entitled to vote, either directly or indirectly on any share of its own stock which it may hold.

3. To subscribe or cause to be subscribed for, and to take, purchase, and otherwise acquire, own, hold, use, sell, assign, transfer, exchange, distribute, and otherwise dispose of, the whole or any part of the shares of the capital stock, bonds, coupons, mortgages, deeds of trust, debentures, securities, obligations, evidences or indebtedness, notes, goodwill, rights, assets, and property of any and every kind, or any part thereof, of any other corporation(s), association(s), firm(s), person(s), together with shares, rights, units of interest in, or in respect of, any trust estate, now or hereafter existing, and whether created by the laws of the State of Idaho or any other state, territory, or country; and to operate, manage, and control such properties, or any of them, either in the name of such other corporation(s) or in the name of this corporation, and while the owner of any of said shares of capital stock, to exercise all the rights, powers, and privileges of ownership of every kind and description, including the right to vote thereon, with power to designate some person or persons for that purpose from time to time and to the same extent as natural persons might or could do.
4. To purchase, acquire, own, hold, use, lease (either as lessor or lessee), grant, sell exchange, subdivide, mortgage, convey in trust, manage, improve, construct, operate, and generally deal in any and all real estate, improved or unimproved, stores, office buildings, dwelling houses, apartment houses, hotels, manufacturing plants, and other buildings, and any and all other property of every kind or description, real, personal, and mixed, and wheresoever situate, including this State, other states of the United States, the District of Columbia, territories and colonies of the United States, and foreign countries.
5. To acquire, by purchase or otherwise, the goodwill, business, property, rights, franchises, and assets of every kind, with or without undertaking, either wholly or in part, the liabilities of any person, firm, association, or corporation; and to acquire any property or business as a going concern or otherwise (i) by purchase of the assets thereof wholly or in part, (ii) by acquisition of the shares or any part thereof, (iii) in any other manner, and to pay for the same in cash or in shares or bonds or other evidences of indebtedness of this corporation, or otherwise; to hold, maintain, and operate, or in any manner dispose of, the whole or any part of the goodwill, business, rights, and property so acquired; and to exercise all the powers necessary or convenient in and about the management of such business.
6. To take, purchase, and otherwise acquire, own, hold, use, sell, assign, transfer, exchange, lease, mortgage, convey in trust, pledge, hypothecate, grant licenses in respect of, and otherwise dispose of letters of patent of the United States or any

foreign county, patent rights, licenses, and privileges, inventions, improvements and processes, copyrights, trademarks, and trade names, governmental, state, territorial, county, and municipal grants and concessions of every character which this corporation may deem advantageous in the prosecution of its business or in the maintenance, operation, development, or extension of its properties.

7. To enter into, make, perform and carry out contracts of every kind for any lawful purpose without limitation as to account, with any person, firm, association, corporation, or any government, state, territory, municipality, county, or public authority, domestic or foreign.
8. To become a partner (either general or limited) and to enter into agreements of partnership, with one or more persons or corporations, for the purpose of carrying on any business whatsoever which this corporation may deem proper or convenient in connection with any of the purposes herein set forth or otherwise, or which may be calculated, directly or indirectly, to promote the interests of this corporation or to enhance the value of its property or business.
9. From time to time to apply for, purchase, acquire by assignment, transfer or otherwise, exercise, carry out, and enjoy any benefit, right, privilege, prerogative, or power conferred by, acquired under, or granted by any statute, ordinance, order, license, power, authority, franchise, commission, right, or privilege which any government or authority or governmental agency or corporation or other public body may be empowered to enact, make, or grant; to pay for, aid in, and contribute toward carrying the same into effect, and to appropriate any of this Corporation's shares, bonds and/or assets, to defray the costs, charges, and expenses thereof.
10. To promote or to aid in any manner, financially or otherwise, any person, firm, corporation, or association of which any shares of stock, bonds, notes, debenture, or other security or evidences of indebtedness are held directly or indirectly by this corporation; and for this purpose to guarantee the contracts, dividends, shares, bonds, debentures, notes, and other obligations of such other persons, firms, corporations, or associations, and to do any other acts or things designed to protect, preserve, improve, or enhance the value of such shares, bonds, notes, debentures, or other securities or evidences of indebtedness.
11. To borrow money and give security therefor, and to issue bonds, notes, debentures, or other obligations of this corporation from time to time for any of the objects or purposes of this corporation, and to secure the same by mortgage, deed of trust, pledge, or otherwise, or to issue the same unsecured; to purchase or otherwise acquire its own bonds, debentures, or other evidences of indebtedness or obligations; to purchase, holder, sell, and transfer the shares of its own capital stock to the extent and in the manner provided by the laws of the State of Idaho; provided, however, that

money or property of the Corporation shall not be used for the purchase of shares of its own stock when such use would cause any impairment of the capital of the Corporation. Nothing herein shall be construed as authorizing the business of banking, or as including the business purposes of a commercial bank, savings bank, or trust company.

12. To purchase, acquire, take, hold, own, use, and enjoy, and to sell, lease, transfer, pledge, mortgage, convey, grant, assign, or otherwise dispose of, and generally to invest, trade, deal in, and with, oil royalties, mineral rights of all kinds, mineral bearing lands, and hydrocarbon products of all kinds, oil, gas, mineral leases, and all rights and interests therein, and in general products of the earth and deposits, both subsoil and surface, of every nature and description.
13. To carry on any business whatsoever, either as principal or as agent or both, or as a partnership, which this corporation may deem proper or convenient in connection with any of the foregoing purposes or otherwise, or which may be calculated directly or indirectly to promote the interests of this corporation or to enhance the value of its property or business; and to conduct its business in this state, in other states, in the District of Columbia, in territories, and in foreign countries.
14. To have to and to exercise all the powers conferred by the laws of the State of Idaho to do everything necessary, proper, convenient or incidental to the accomplishment of the purposes and objects of this Corporation, or which is calculated directly or indirectly to promote the welfare of interests of the Corporation or enhance the value or render profitable any of its properties or rights.
15. To do any and all things in this article set forth to the same extent a natural person might or could do and in any part of the world as principals, agents, contractors, trustees or otherwise, either alone or in the company with others.

CLAUSE (c). 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.

SECTION 3.02. 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:

CLAUSE (a). STATUTORY POWERS. To have and exercise all the powers specified in the Code.

CLAUSE (b). ENTRY INTO PROFIT SHARING ARRANGEMENTS AND

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**PARTNERSHIPS.** To enter into any lawful arrangement for sharing profits, union of interest, reciprocal association, or cooperative association with any domestic Corporation or foreign Corporation, associations, partnerships, individuals, or other entities, and to enter into general or limited partnerships.

**CLAUSE (c). GUARANTIES.** To make any guaranty respecting stock, dividends, securities, indebtedness, interest, contracts, or other obligations created by any domestic or foreign Corporations, associations, partnerships, individuals, or other entities.

**CLAUSE (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 limiting 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.

**SECTION 3.03. 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.

**SECTION 3.04. DIRECTION OF PURPOSES AND EXERCISE OF POWERS BY DIRECTORS.** The Board of Directors, subject to any specific written limitations or restrictions imposed by the Code or by these ARTICLES 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 Shareholders of the Corporation.

**SECTION 3.05. LIMITING PROVISION.** Nothing contained in this Article shall be construed to authorize the Corporation to engage in the business of banking or insurance.

## **ARTICLE 4**

### **AUTHORIZED SHARES**

**SECTION 4.01. NUMBER.** The aggregate number of shares that the Corporation shall have authority to issue is TWO HUNDRED THOUSAND (200,000) shares of common capital stock with a par value of ONE DOLLAR (\$1.00) per share, the same to be of one (1) class.

**SECTION 4.02. DIVIDENDS.**

## **5-ARTICLES OF INCORPORATION**

CLAUSE (a). SOURCE AND MEDIUM. The holders of the Capital Stock shall be entitled to receive, when and as declared by the Board of Directors, solely out of unreserved and unrestricted earned surplus, dividends payable either in cash, in property, or in shares of the Capital Stock.

CLAUSE (b). LIMITATIONS UPON DIVIDENDS. No dividends shall be paid upon the Capital Stock in any medium under any of the following circumstances:

1. UNREALIZED APPRECIATION. If the source out of which it is proposed to pay the dividend is due to or arises from unrealized appreciation in value or from a revaluation of assets; or,
2. INSOLVENCY. If the Corporation is, or is thereby rendered incapable of paying its debts as they become due in the usual course of its business.

SECTION 4.03. STOCK NONASSESSABLE. The private property of the shareholders of the Corporation shall not be subject to the payment of the corporate debts to any extent whatsoever, and shares of the Corporation shall not be subject to assessment for the purpose of paying expenses, conducting business, or paying debts of the Corporation.

SECTION 4.04. CUMULATIVE VOTING. At each election for directors, every holder of the Capital Stock shall have the right to vote, in person or by proxy, the number of shares registered in his name for as many persons as there are directors to be elected and for whose election he has the right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates.

## ARTICLE 5

### SHARES TO BE OF ONE CLASS

The shares of the Corporation shall be of a single class of Common Capital Stock.

## ARTICLE 6

### NO SHARES ISSUED IN SERIES

The Corporation is not authorized to issue shares in series.

## ARTICLE 7

### RECEIPT OF MINIMUM CAPITAL

The Corporation will not commence business until consideration of the value of at least FIVE

HUNDRED DOLLARS, (\$500.00), has been received.

## ARTICLE 8

### PREEMPTIVE RIGHT

SECTION 8.01. RIGHTS OF HOLDERS OF CAPITAL STOCK. The registered holders of the shares of Capital Stock shall have only a preemptive right as set forth in this article to purchase such respective shares upon equitable prices, terms, and conditions as shall be fixed by the Board of Directors, such of the shares of Capital Stock of the Corporation or securities convertible into or carrying options or warrants to purchase such shares of Capital Stock as may be issued for money from time to time, after the issue of the first ONE HUNDRED (100) shares of Capital Stock that have never previously been issued. Such preemptive right shall apply to all shares issued after the first ONE HUNDRED (100) shares, whether the additional shares constitute a part of the shares presently or subsequently authorized or constitute shares held in the treasury of the Corporation. No shares shall be issued for money to directors, officers, or employees of the Corporation, or to directors, officers, or employees of any subsidiary Corporation, as such, unless first offered to the holders of the Capital Stock in accordance with their preemptive right.

SECTION 8.02. DENIAL OF RIGHTS OF HOLDERS OF CONVERTIBLES. The holders of securities convertible into or carrying options or warrants to purchase shares of Capital Stock shall have no preemptive right, as such holders, to acquire any shares or securities of any class that may at any time be issued by the Corporation.

## ARTICLE 9

### PROVISIONS FOR REGULATION OF THE INTERNAL AFFAIRS OF THE CORPORATION

SECTION 9.01 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. 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.

SECTION 9.02. 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 shareholders, 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 the 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.

#### SECTION 9.03. 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 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), 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 nolo contendere 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 merits 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 shareholders.

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). SAVINGS 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 shareholders 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.

SECTION 9.04. REMOVAL OF DIRECTORS. At a special meeting of the shareholders called expressly for that purpose, directors may be removed in the manner provided in this section. The entire Board of Directors may be removed, with or without cause, by a vote of the holders of a 2/3 majority of the shares then entitled to vote at an election of directors. No one of the directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election to receive notice of or a hearing with respect to his removal.

SECTION 9.05. AMENDMENT OF ARTICLES OF INCORPORATION. The Corporation reserves the right to amend the ARTICLES OF INCORPORATION in any manner now or hereafter permitted by the Code, except no amendment shall be made to Section 4.03, 9.04 and 11.03 of these ARTICLES OF INCORPORATION without the written consent or affirmative vote of the holders of SIXTY SEVEN PERCENT (67%) of the issued and outstanding shares of Capital Stock.

#### ARTICLE 10

##### ADDRESS OF INITIAL REGISTERED OFFICE AND NAME OF INITIAL REGISTERED AGENT

SECTION 10.01. REGISTERED OFFICE. The address of the initial registered office of the Corporation is:

802 CLEARWATER LOOP, POST FALLS, ID 83854

SECTION 10.02. REGISTERED AGENT. The name of the initial registered agent of the Corporation, and individual in Idaho whose business office is at such address is:

ALLAN S. JOHNSON

#### ARTICLE 11

##### DATA RESPECTING DIRECTORS

Section 11.01. INITIAL BOARD OF DIRECTORS. The initial Board of Directors shall consist of three members who need not be residents of the State of Idaho, or shareholders of the Corporation.

Section 11.02. NAMES AND ADDRESSES. The names and addresses of the persons who are to serve as Directors until the first annual meeting of shareholders and until their successors shall have been elected and qualified, are as follows:

NAME	ADDRESS
Allan S. Johnson	802 Clearwater Loop, Post Falls, Idaho 83854
Mark F. Johnson	802 Clearwater Loop, Post Falls, Idaho 83854
Valerie L. Johnson	802 Clearwater Loop, Post Falls, Idaho 83854

Section 11.03. INCREASE OR DECREASE OF DIRECTORS. The number of directors

may be increased or decreased from time to time by amendment of the Code or Bylaws; but no decrease shall have the effect of reducing such number below the actual number of shareholders of record or of shortening the term of any incumbent director. In the absence of a provision in the Bylaws fixing the number of directors, the number shall be three.

## ARTICLE 12

### DATA RESPECTING INCORPORATORS

The names and addresses of the incorporators of the Corporation, natural persons, citizens of the United States is as follows:

NAME

ADDRESS

Allan S. Johnson

802 Clearwater Loop, Post Falls, Idaho 83854

EXECUTED this 22<sup>nd</sup> day of August, 1997.

  
ALLAN S. JOHNSON

STATE OF IDAHO     )  
                              ) ss.  
County of Kootenai    )

I, the undersigned, a Notary Public, duly commissioned to take acknowledgment in the State of Idaho, do hereby certify that on this day, personally appeared before me, ALLAN S. JOHNSON, who, being by me first duly sworn, declare that he is the incorporator referred to in Article 12 of the foregoing Articles of Incorporation, and that he signed these Articles as such and that the statements contained therein are true.

WITNESS MY HAND AND NOTARIAL SEAL THIS 22<sup>nd</sup> DAY OF August, 1997.

  
NOTARY PUBLIC FOR IDAHO  
RESIDING AT: Post Falls  
MY COMMISSION EXPIRES: 2/20/98