

Department of Commerce
Corporation Division

Certificate of Incorporation

OF

SPRAGUE RIVER WATER ASSOCIATION

The undersigned, as Corporation Commissioner of the State of Oregon, hereby certifies that duplicate originals of Articles of Incorporation, duly signed and verified pursuant to the provisions of the Oregon Cooperative Corporation Act, have been received in this office and are found to conform to law.

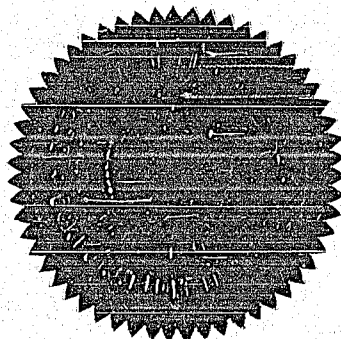
Accordingly, the undersigned, as such Corporation Commissioner, and by virtue of the authority vested in him by law, hereby issues this Certificate of Incorporation and attaches hereto a duplicate original of the Articles of Incorporation.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this

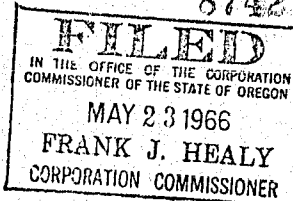
23rd day of May, 1966.

Frank J. Healy
Corporation Commissioner

By Helen Kruger
Chief Clerk



ARTICLES OF INCORPORATION
OF
SPRAGUE RIVER WATER ASSOCIATION



We, the undersigned, all of whom are residents of Klamath County, State of Oregon, do hereby voluntarily associate ourselves together for the purpose of forming a non-stock cooperative association under the provisions of Oregon Cooperative Corporation Act, Title 7, Chapter 62, O.R.S. as amended.

ARTICLE I

The name of this association shall be SPRAGUE RIVER WATER ASSOCIATION, a cooperative.

ARTICLE II

The nature of the business of the association and the objects and purposes for which or for any of which this association is formed are:

(a) To associate its members together for their mutual benefit and to further the rehabilitation of said members, and to that end to construct, maintain and operate a private water system for the supplying of water for domestic, livestock, garden, commercial and industrial purposes to its members, and for the sale of any surplus water remaining after the needs of its members have been satisfied, and to engage in any activity related thereto, including, but not limited to, the acquisition of water by appropriation, drilling, pumping and/or purchase, and the purchase, laying, installation, operation, maintenance and repair of wells and springs, pumping equipment, water mains, pipe lines, valves, meters and all other equipment necessary to the construction, maintenance and operation of a water system.

(b) To borrow from any source, money, goods or services without limitation as to amount of corporate indebtedness or liability; and to pledge or mortgage any of its property as security therefor in any manner permitted by law.

(c) To acquire, and to hold, own and exercise all rights of ownership in, and to sell, transfer or pledge shares of capital stock or bonds, or become a member or a stockholder of any corporation or association engaged in any related activities.

(d) To buy, lease, hold and exercise all privileges of ownership in and to such real or personal property as may be necessary or convenient for the conduct and operation of the business of the association or incidental thereto.

(e) To establish reserves and to invest the funds thereof in stocks, bonds and other property as the board of directors may deem satisfactory.

(f) To have and exercise all powers, privileges and rights

8743

1 conferred on corporations by the laws of the State of Oregon
2 and all powers and rights incidental in carrying out the pur-
3 poses for which this association is formed, except such as
4 are inconsistent with the express provisions of the act under
5 which this association is incorporated.

6 (g) The foregoing shall be construed both as objects and
7 powers, and the enumeration thereof shall not be held to
8 limit or restrict in any manner the general powers conferred
9 on this association by the laws of the State of Oregon, all
10 of which are hereby expressly claimed.

11 ARTICLE III

12 The place where the principal business of the association is
13 to be transacted is the Town of Sprague River, County of Klamath,
14 State of Oregon, but the association may maintain offices and
15 places of business at such other places within the State of Oregon
16 as the board of directors may determine. The address of its
17 registered office is Post Office Box 373, Sprague River, Oregon,
18 and the name of the registered agent at such address is CLAUDETTE
19 BARKLEY.

20 ARTICLE IV

21 The period of existence of this association shall be perpetual.

22 ARTICLE V

23 The private property of the members shall not be subject to
24 payment of association debts to any extent whatsoever.

25 ARTICLE VI

26 Section 1. This association shall not have capital stock,
27 but its capital shall be represented by membership certificates.

28 Section 2. Under the terms and conditions prescribed by its
29 By-Laws, this association shall admit as members such persons as
30 are bona fide owners or occupants of farmsteads or dwellings, bona
31 fide owners or operators of industrial installations or commercial
32 establishments, and bona fide public or non-profit institutions
33 having reasonable accessibility to the source of, and who are in
34 need of having water supplied for domestic, livestock, garden,
35 commercial and industrial purposes from the water system constructed,
36 maintained and operated by the association, but the association
37 shall not be required to admit members if the capacity of its water
38 system is exhausted by the needs of its existing members and all
39 such other person to whom it has been supplying water.

40 Section 3. The membership fee in this association shall be
41 Eight and No/100, (\$8.00), Dollars. The voting paid and who is
42 in good standing shall be equal, and each member shall be entitled
43 to one vote only. There shall be no voting by proxy. New members
44 upon their admission in this association shall be entitled to one
45 vote and to share in the property of the association equally with
46 the old members. When a member has paid his membership fee in
47 full, he shall receive a certificate of membership.

48 Section 4. This association is organized on a non-profit
49 basis for the mutual benefit and rehabilitation of its members, and
50 consequently will not have profits from which to pay dividends
51 on its capital. After all expenses of the association have been
52

8744

1 paid and reasonable reserves, as determined by the board of
2 directors, set aside, the net earnings of the association shall be
3 accumulated in a surplus fund for the purpose of replacing, en-
4 larging, extending, and repairing the system and property of the
5 association and for such other purposes as the board of directors
6 may determine to be for the best interests of the association.
7 The said surplus fund or any portion thereof may from time to time,
8 at the discretion of the board of directors, be distributed to the
9 members as provided in the By-Laws, on the basis of the charges
10 made and levied against and paid by such members during the year.

11 S. Section 5. Any member who desires to dispose of his member-
12 ship certificate must first offer the same to the association at
13 its fair book value. If the association shall fail, after thirty
14 days notice in writing, to purchase the membership certificate,
15 the certificate may be transferred upon the books of the associa-
16 tion upon the surrender of the certificate by the holder thereof
17 or by his legal representatives, but only with the approval of the
18 board of directors, only to a person eligible to become a member
19 and only when the transferring member is free from indebtedness
20 to the association. All transfers of membership certificates must
21 be made upon the books of the association.

22 ARTICLE VII

23 The five directors who are to serve until the First Annual
24 Meeting of Members or until their successors are elected and take
25 office are:

26 JOSE HERRERA, Post Office Box 334, Sprague River, Oregon
27 MARLIN WILSON, Post Office Box 311, Sprague River, Oregon
28 CLAUDETTE BARKLEY, Post Office Box 373, Sprague River, Oregon
29 NED HURTADO, Post Office Box 36, Sprague River, Oregon
30 HAROLD PARRISH, P.O. Box 321, Sprague River, Oregon

31 ARTICLE VIII

32 The incorporators are:

33 NED HURTADO, Post Office Box 36, Sprague River, Oregon
34 MARLIN WILSON, Post Office Box 311, Sprague River, Oregon
35 JOSE HERRERA, Post Office Box 334, Sprague River, Oregon

36 ARTICLE IX

37 The members of any duly called meeting of the members may
38 adopt a resolution of the board of directors for the voluntary
39 dissolution or liquidation of the cooperative. The notice of such
40 a meeting must state that the dissolution or liquidation is up for
41 consideration. If a resolution to dissolve or liquidate is adopted,
42 the resolution shall include the basis of distribution of assets,
43 and this basis may, provide that the balance of the assets after
44 the payments of all debts of the cooperative have been paid in
45 full shall be reduced to cash and equally divided among the members,
46 provided that any sum due the cooperative by a member shall be de-
47 ducted from the member's share and the total deductions shall then
48 be divided among the members. In the event that at the time the
49 meeting is called to propose the dissolution or liquidation of the
50 cooperative, if all or a part of the assets of the cooperative are
51 mortgaged or otherwise hypothecated to the United States of America
52 acting through the Farmers Home Administration or its successors,
53 actual notice of the proposed meeting and its purpose must be
54 delivered in person to the agent of the United States to whom pay-

CKETT
LAW
FIRM
INC.
ORE.

8745

ments on the mortgage indebtedness are or should be paid and, thereafter, the United States of America acting through the Farmers Home Administration or its successors shall have the option at any time within ninety days of receipt of notice, to elect to purchase the assets of the cooperative at their value subject to the mortgage or to arrange for a sale and transfer to some other person, group or entity at their value subject to the mortgage.

IN WITNESS WHEREOF, we, the incorporators, have hereunto set our hands and seals this 20 day of May, 1966.

Ned Hurtado P.O. Box 36, Sprague River, Oregon
Ned Hurtado
Marlin Wilson P.O. Box 311, Sprague River, Oregon
Marlin Wilson
Jose Herrera P.O. Box 334, Sprague River, Oregon
Jose Herrera

STATE OF OREGON)
COUNTY OF KLAMATH) ss.

BE IT REMEMBERED that on this 20 day of May, 1966, before me, a Notary Public in and for said County and State, personally appeared NED HURTADO, MARLIN WILSON and JOSE HERRERA, to me known to be the parties to the foregoing articles of incorporation and severally acknowledged the said articles of incorporation to be the act and deed of the signers respectively and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.

Dorothy Rogers
Notary Public for Oregon
My Commission expires: 9/23/69

STATE OF OREGON; COUNTY OF KLAMATH; ss:

Filed for record at request of Prentiss K. Puckett
this 30 day of August A.D. 19 66 at 4:40 o'clock P.M., and
 duly recorded in Vol. M-66, of Miscel on Page 8741
Fee \$7.50

DOROTHY ROGERS, County Clerk
By Jane Hunt