

ICR WATER USERS ASSOCIATION
First Amendment and Restatement of Articles of Incorporation
September 12, 2007

In accordance with Article IX of the Articles of Incorporation for the ICR Water Users Association, the Board of Directors held a meeting on November 13, 2007 and approved the following amendments and restatement of its Articles of Incorporation by a majority vote of the Directors present:

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, do hereby associate ourselves together as a non-profit cooperative for the benefit of its members pursuant to Internal Revenue Code 501(c)(12) for the purpose of forming an association under the laws of the State of Arizona, and hereby adopt the following restated Articles of Incorporation and amendments thereto:

ARTICLE I.

The name of the association shall be ICR Water Users Association, Inc..

ARTICLE II.

The principal place of business and the address for the association shall initially be 246 N. Hwy 89, Chino Valley, Arizona, 86323, but the Board of Directors may change the principal place of business from time to time and other offices may be maintained within the State of Arizona at such places as the Board of Directors may designate.

ARTICLE III.

This association shall be organized and operated on a non-profit cooperative basis for the mutual benefit of its members pursuant to Internal Revenue Code 501(c)(12). The association shall have no capital stock, but shall have membership shares which shall have no pecuniary value but which shall attach to and run with tracts of land as designated by the Bylaws of this association. The association shall not possess the power of engaging in activities for the purpose of or resulting in the pecuniary remuneration to its members as such. This provision shall not prohibit fair and reasonable compensation to members for services actually rendered; nor shall it prohibit the association from charging a fee for services rendered; nor shall it prohibit the association from charging a fee for admission to any presentation it may make or other undertakings so long as any funds so raised are used solely for paying the losses and expenses of the association.

The association must not retain more funds than it needs to meet current losses and expenses based on the operation at cost principal. Any excess income not retained in reasonable reserves for future losses and expenses belongs to members in proportion to their patronage or business done with the organization. If such patronage refunds are retained in reasonable amounts for purposes of expanding facilities, retiring capital

indebtedness, acquiring other assets, or other similar purposes, the organization shall maintain records sufficient to reflect the equity of each member in the assets acquired with the funds.

In any given year, at least eighty-five percent (85%) of the association's gross income must be collected from members, for the sole purposes of meeting losses and expenses, in accordance with Section 501(c)(12) of the Internal Revenue Code of 1986.

ARTICLE IV.

The purposes of this association are to establish and maintain a water supply and distribution system for the benefit of the participating property owners within its franchise boundaries in Yavapai County, Arizona and for the residents of any such immediately adjacent property as may be designated by the Bylaws of this association; to perform all lawful acts and things incidental to or in any way connected with said purposes, including the acquisition and disposition of, and otherwise dealing with, real and personal property.

ARTICLE V.

The time of commencement of this association pursuant to these amended and restated Articles of Incorporation shall be the date these Articles are filed in accordance with the law. The duration of the association shall be perpetual.

ARTICLE VI.

The affairs of the association shall be conducted by a Board of Directors consisting of not less than three (3) nor more than seven (7) directors, and by such officers as the Board of Directors may from time to time elect or appoint. The Board of Directors shall be elected or appointed in a manner and for the terms provided in the Bylaws. The directors shall hold office until successors are elected and qualified. The names and addresses of the original Incorporators and the persons who served as the Directors until the next election of Directors or until their successors were elected and qualified were:

William A. Gary, P.O. Box 1301, Prescott, AZ 86302
Swayze E. McCraine, HC 30, Box 738, Prescott, AZ 86301
Katherine McCraine, HC 30, Box 738, Prescott, AZ 86301

The current members of the Board of Directors are:

Earl Cummings, President, 13700 N. Warpaint, Prescott, AZ 86305
Hal Lobaugh, Vice President, 516 Lotus Ct., Prescott, AZ 86301
Bill Meyer, Sec/Treas, 13709 N. Forked Trail, Prescott, AZ 86305
Robert J. Howard, Director, 13642 S. Iron Hawk, Prescott, AZ 86305
Shirley Lilien, Director, 15090 N. Four Mile Creek Lane, Prescott, AZ 86305

The Board of Directors shall elect and have a President, Vice President, and a Secretary-Treasurer, and such other officers and agents as the Directors may deem expedient, said officers to be elected by the Board of Directors at the annual meeting. Any and all vacancies in the Board of Directors or in any office may be filled by the remaining directors, and the person so chosen to fill a vacancy shall serve during the unexpired term of his/her predecessors and until his/her successor is elected and qualified.

ARTICLE VII.

The current Bylaws, as amended, shall remain in full force and effect. The Board of Directors shall have the power to adopt additional Bylaws and to change or amend the Bylaws as it may deem expedient. The Bylaws shall prescribe, among other things, the liability of the members for dues and assessments, the terms and conditions upon which a membership may be transferred, and other such rules and regulations as may be required, provided the same are not contrary to law or inconsistent with the objectives or purposes of the association.

ARTICLE VIII.

The annual meeting and special meetings of the Board of Directors and/or membership shall be held at such time and place and in such a manner as may be prescribed in the Bylaws of the association.

ARTICLE IX.

These Articles of Incorporation may be amended by the affirmative vote of a majority of the members present at a meeting called for this purpose.

ARTICLE X.

The highest amount of indebtedness or liability, direct or contingent, to which this association may be subject at any one time shall be the highest amount allowed by law.

ARTICLE XI.

The members, officers and directors shall not be individually or personally liable for the association's debts or other liabilities, and the private property of such individuals shall be forever exempt from any association debts or liabilities. The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the Bylaws.

ARTICLE XII.

The name and address of the Statutory Agent for the association is Bruce Eldredge, 246 N. Hy. 89, Chino Valley, AZ 86323. The Board of Directors shall have the authority to change the Statutory Agent from time to time.

ARTICLE XIII.

The association shall keep adequate records of each member's rights and interest in the assets of the organization. Upon dissolution, if the association has gains from the sale of an appreciated asset, these gains shall be distributed to all persons who were members during the period which the asset was owned by the organization in proportion to the amount of business done by such members during that period, insofar as is practicable.


ARTICLE XIV.

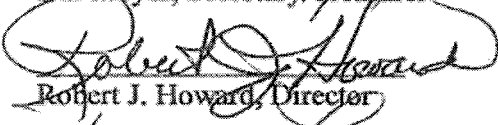
The association shall not forfeit a member's rights and interest in the association upon termination of membership. If a membership is terminated, the member shall retain his or her rights and interests in his or her proportionate share of the association's gross income in excess of losses and expenses.

ADOPTED this 12 day of Sept, 2007 by:


Earl Cummings, President


Hal Lobaugh, Vice-President

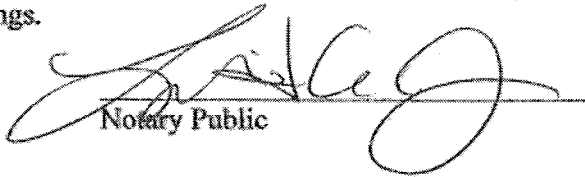

Bill Meyer, Secretary/Treasurer


Robert J. Howard, Director


Shirley Lilien, Director

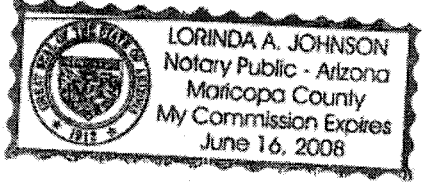
STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this 12 day of Sept., 2007, by Earl Cummings.



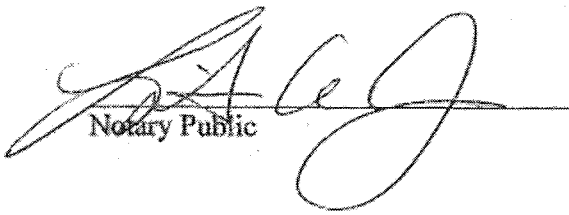
Notary Public

My Commission Expires:



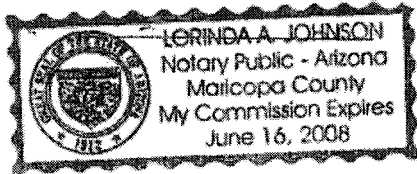
STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this 12 day of Sept., 2007, by Hal Lobaugh



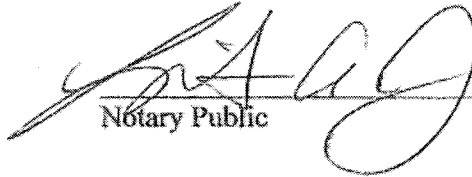
Notary Public

My Commission Expires:



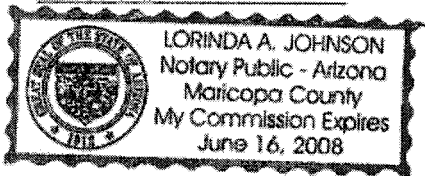
STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this 12 day of Sept., 2007, by Bill Meyer.



Notary Public

My Commission Expires:



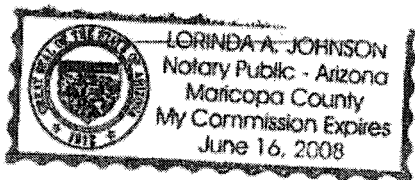
STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this 12 day of Sept., 2007, by Robert J. Howard.



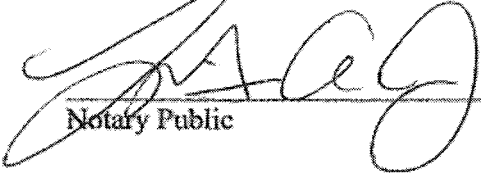
Notary Public

My Commission Expires:



STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this 12 day of Sept; 2007, by Shirley Lilien.



Notary Public

My Commission Expires:

