

# **ARTICLES OF INCORPORATION OF NORTH LOGAN SPRINKLING COMPANY**

**THE UNDERSIGNED CORPORATION**, in conformance with Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated, 1953, as amended (the "Act"), hereby adopts the following Articles of Incorporation (the "Articles"), as follows:

## **ARTICLE I Corporate Name**

The name of the corporation is NORTH LOGAN SPRINKLING COMPANY (hereinafter the "Company"). The Company shall be a private, nonprofit corporation incorporated under and subject to the provisions of the Act.

## **ARTICLE II Duration**

The period of duration of the Company shall be perpetual, unless sooner dissolved as provided under the Act.

## **ARTICLE III Purposes**

A. The purposes and powers of the Company and the business for which the Company is formed are:

1. To own, manage, operate, maintain, repair and replace, construct and reconstruct water diversion and distribution facilities, including, without limitation, wells, water storage reservoirs, diversion head gates and control structures, underground main water distribution pipelines and risers, pumps and pump stations, meters, valves and any and all other systems and related facilities and equipment necessary for the diversion, distribution, supply and use of water for irrigation purposes and any other beneficial use of water under Utah law (collectively, the "Company Water Distribution System").

2. To own and acquire, by purchase, condemnation, lien, lease, or otherwise, any and all real property, including easements, licenses and other property interests therein, and personal property of every kind and nature, as necessary for the ownership, operation, repair and replacement of the Company's Water Distribution System in the fulfillment of the purposes for which this Company is formed, and to sell, lease and otherwise dispose of the same in conformance with the requirements of these Articles and the duly enacted bylaws and rules and regulations of the Company (the "Bylaws and Rules and Regulations").

3. To manage, supervise, regulate, control, divide and distribute to the several shareholders of the Company the irrigation water and water supply which each shareholder is entitled to receive pursuant to said shareholder's shares of stock in Cache Highline Water Association.

4. To issue any form of indebtedness and to otherwise make and perform contracts of any kind and description, including contracts with the United States, the State of Utah acting through any of its departments, divisions, boards and agencies, as well as other institutions, associations, local

government, local and special districts, and other entities, pursuant to which the Company shall be authorized to sell, lease, exchange, mortgage, pledge, or otherwise dispose of all or substantially all of the assets of the Company, as and for security for indebtedness, or otherwise, for the acquisition of real and personal property, including, without limitation, the acquisition, use, joint development of and/or improvements to the Company Water Distribution System, and in carrying on its business, or for the purpose of attaining or furthering any of its objectives herein stated and as authorized under Utah law.

5. To do and engage in any and all acts and things, and to have and exercise all rights and powers from time-to-time granted to a non-profit corporation by law, including, without limitation, those powers described in the Act, as amended from time to time.

B. The Company is organized as a private, non-profit pipeline and water distribution company engaged in distributing to each shareholder in the Company, and only to the shareholders in the Company, the water supply which each shareholder is entitled to receive pursuant to said shareholder's shares of stock in Cache Highline Water Association. Accordingly, the Company is not a public utility as defined in Title 52, Utah Code Annotated; and is, therefore, not regulated by the Public Service Commission of Utah pursuant to said statute.

C. None of the objects of the Company shall be for the pecuniary profit of its members, directors or officers, and no part of the income of the Company shall inure to the benefit of or otherwise be distributed to any shareholder or individual. No loan shall be made by the Company to any of its directors or officers.

D. The purposes and powers enumerated herein shall not be construed as limiting or restricting in any manner the purposes and powers of the Company as authorized under the Act, and this Company shall always have such incidental powers as may be connected with or related to any specific purpose or power enumerated herein.

E. No substantial part of the activities of the Company shall be for the carrying on of propaganda, or otherwise attempting to influence legislation, and the Company shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office except as authorized under the Internal Revenue Code, as amended and supplemented (the "Code"). Notwithstanding any other provision of these Articles, the Company shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under the Code, as amended or supplemented, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code. The Company shall not carry on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under the Code.

#### **ARTICLE IV**

##### **Incorporator**

The name and address of the incorporator of the Company is:

Bruce Lee  
1302 East 2440 North  
North Logan, Utah 84341

**ARTICLE V**  
**Membership; Issuance of Stock; Voting Rights**

A. Membership; Qualifications. The shareholders in the Company shall be its members, and may be referred to as either shareholders or members. Each shareholder in the Company must be a shareholder in good standing in the Cache Highline Water Association and be entitled to receive water under the shareholder's shares in said association.

B. Issuance of Stock. The aggregate number of shares which the Company shall be authorized to issue is 1,000 shares of common stock, having no par value, issued as a single class (the "Company Stock"). Each share of Company Stock shall represent and secure to the owner thereof said owner's proportionate beneficial interest in and right to the use of the Company Water Distribution System for distribution of that quantity of water which each shareholder is entitled to receive as a shareholder in Cache Highline Water Association ("Cache Highline"), subject to and in conformance with the Bylaws and Rules and Regulations.

C. Voting Rights. Each shareholder shall have equal voting rights with each other and each share shall be entitled to one (1) vote or a corresponding fractional vote in the case of a fractional share, registered in the shareholder's name on the books of the Association. If a stock certificate stands of record in the name of two or more persons, only one person may vote the share and that share shall still be titled to only one vote or the fraction thereof in the case of fractional shares. All members holding shares of Company Stock shall constitute a single voting group. There shall be no cumulative voting.

**ARTICLE VI**  
**Assessments**

A. Stock Assessments. All shares of Company Stock shall be fully assessable in conformance with the terms and provisions of the Bylaws and Rules and Regulations:

B. Fees and Charges. The Board, from time-to-time, may impose such fees and charges, other than and in addition to assessments, as it may deem necessary for the administration of the Company and otherwise in carrying out its purposes.

**ARTICLE VII**  
**Board of Directors**

A. Number of Directors; Qualifications. The powers and business affairs of the Company shall be exercised and managed by a governing Board of Directors (the "Board"), consisting of not less than three (3) and not more than eleven (11) directors, with the initial Board to consist of seven (7) directors to be elected by the shareholders of the Company at each annual shareholder's meeting in conformance with the following and as provided in the Bylaws and Rules and Regulations:

Two (2) directors shall be elected by only those shareholders whose water is distributed through the Headgate 82 Distribution System, as defined in the Bylaws and Rules and Regulations;

Two (2) directors shall be elected by only those shareholders whose water is distributed through the Headgated 82-1 Distribution System, as defined in the Bylaws and Rules and Regulations;  
and

Three (3) directors shall be elected by all of the Company's shareholders at large.

Each director must be a natural person of 18 years of age or older and be a shareholder in the Company. The names and addresses of the initial members of the Board are as follows:

Bruce Lee  
1302 East 2440 North  
North Logan, Utah 84341

Joseph Astle  
1297 East 2440 North  
North Logan, Utah 84341

Robert Heal  
1794 East 2500 North  
North Logan, Utah 84341

Duane Chadwick  
2515 North 1600 East  
North Logan, Utah 84341

Jack Evans  
2445 North 1600 East  
North Logan, Utah 84341

John Malechek  
2717 North 1250 East  
North Logan, Utah 84341

James Allen  
1286 East 2440 North  
North Logan, Utah 84341

B. Powers. The Board shall have and may exercise all powers and do all such lawful acts and things as are now or hereafter authorized pursuant to the Act and the Bylaws and Rules and Regulations

C. Voting. Each director shall have equal voting rights with each other and each director shall be entitled to one (1) vote on all matters brought before the Board.

## **ARTICLE VIII**

### **Officers**

A. Officers, Term of Office. The officers of the Company shall consist of a president, vice-president, and a secretary-treasurer. The persons who hold the offices of president and vice-president shall be elected from among the membership of the Board. The person who holds the office of secretary-treasurer may, but need not be, elected from among the membership of the Board, but may be appointed by the Board from outside its membership as the Board deems prudent. The offices of president and secretary-treasurer shall always be held by different persons.

B. Powers. The authority, powers and responsibilities of the officers of the Company are set forth in the Bylaws and Rules and Regulations.

**ARTICLE IX**  
**Limitation on Liability of Members, Indemnification**

The private property of the shareholders of the Company and its directors and officers shall not be liable for the obligations of the Company. The Company shall indemnify, defend, advance expenses to, and reimburse the directors, officers, employees and agents of the Company to the maximum extent authorized under the Act and as provided in the Bylaws and Rules and Regulations of the Company.

**ARTICLE X**  
**Bylaws and Rules and Regulations**

The Board shall have the power, from time to time, to promulgate, alter, amend and repeal the Bylaws and Rules and Regulations for the administration and management of the internal affairs of the Company and the operation, regulation and control of the Company's Company Water Distribution System as the Board shall deem necessary, subject to the provisions of these Articles and relevant provisions of the Act.

**ARTICLE XI**  
**Amendments**

These Articles may be amended as provided in the Act; provided, however, that these Articles shall, in no event be amended in any manner so as to change this Company from a nonprofit corporation to a corporation organized or operated for pecuniary profit.

**ARTICLE XII**  
**Principal Place of Business and Registered Office; Registered Agent**

A. Principal Place of Business and Registered Office. The principal place of business and registered office of the Company, which may be changed at any time and from time-to-time by the Board without amendment to these Articles, shall be:

1302 East 2440 North  
North Logan, Utah 84341

B. Registered Agent. The Company's initial registered agent at the registered office shall be Bruce Lee, who hereby represents, affirms and acknowledges that:

I hereby accept my appointment as the Company's registered agent:

\_\_\_\_\_  
BRUCE LEE

**ARTICLE XIII**  
**Distributions**

No part of the net earnings of the Company shall inure to the benefit of, or be distributable to, its directors, officers, shareholders or other private persons; except that the Company shall be authorized and empowered to pay reasonable compensation for services rendered to the Company and to make payments and distributions in furtherance of the purposes set forth herein.

**ARTICLE XIV**  
**Dissolution**

In the event of dissolution of the Company, each shareholder shall receive their proportionate share of the Company's property and assets based upon patronage insofar as is practicable, as their legal interests may appear, after paying, or providing for payment, of all the lawful debts and obligations of the Company. The involuntary dissolution or lapsing of Company will not automatically transfer title to the Company's Water Distribution System or other assets of the Company to its members; rather, title shall remain with the Company pending the winding up of its affairs or reinstatement of the Company. As a part of winding up its affairs, the involuntarily dissolved Company may distribute its assets to another nonprofit corporation organized to receive the assets of and function in the place of the involuntarily dissolved or lapsed Company.

**IN WITNESS WHEREOF**, I, Bruce Lee have executed these Articles of Incorporation this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Bruce Lee

STATE OF UTAH       )  
                              : ss.  
County of Cache     )

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
NOTARY PUBLIC