

Arizona Corporation Commission - PENDING: 10/8/2019

**ARTICLES OF INCORPORATION  
OF  
INSCRIPTION CANYON WATER COMPANY  
(A Nonprofit Corporation)**

**ARTICLE I**

**NAME OF THE CORPORATION**

The name of the corporation is INSCRIPTION CANYON WATER COMPANY (the "Company").

**ARTICLE II**

**NONPROFIT CORPORATION**

The Company is organized as a nonprofit corporation pursuant to Title 10, Chapters 24-40, of the Arizona Revised Statutes, as the same may be amended or any successor statutes. The Company is to be operated on a nonprofit cooperative basis for the mutual benefit of its members pursuant to Internal Revenue Code Section 501(c)(12). The Company has no stock, but has membership shares which have no pecuniary value but which attach to and run with tracts of land as designated by the bylaws of the Company. The Company does 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 does not prohibit fair and reasonable compensation to members for services actually rendered; nor does it prohibit the Company from charging a fee for services rendered; nor does it prohibit the Company 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 Company. No dividends or pecuniary profits shall be declared or paid to its members, directors or officers. All income and earnings of the Company shall be used to further the purposes and objectives of the Company.

The Company must not retain more funds than it needs to meet current losses and expenses based on its cost of operation. 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 Company. 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 is to maintain records sufficient to reflect the equity of each member in the assets acquired with the funds.

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

### ARTICLE III

#### PRINCIPAL PLACE OF BUSINESS

The Company's principal place of business is located at 302 West Willis Street, Suite 105, Prescott, Arizona 86301, but it may establish other places of business and other offices at such other places as the Board of Directors may from time to time determine.

### ARTICLE IV

#### PURPOSE, POWERS AND DUTIES

The purposes of this Company 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 (the "Property") and for the residents of any such immediately adjacent property as may be designated by the bylaws of this Company; and to perform all lawful acts and things incidental to or in any way connected with its purposes, including the acquisition and disposition of, and dealing with, real and personal property.

### ARTICLE V

#### MEMBERSHIP AND VOTING RIGHTS

The Company will have members ("Members"). The membership in the Company consists exclusively of owners of separately owned lots within the Property. Owners become members of the Company upon signing up for water service from the Company, and continue as members only for so long as they continue to receive water service from the Company, except as may be otherwise provided in the bylaws. The voting and other rights and privileges of members, and their liability for assessments and other charges, shall be as set forth in the bylaws.

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

The Company may not forfeit a member's rights and interest in the Company upon termination of membership. If a membership is terminated, the member retains his or her rights and interests in his or her proportionate share of the Company's gross income in excess of losses and expenses for the period of time that the member was a member.

## ARTICLE VI

### BOARD OF DIRECTORS

The control and management of the affairs of the Company is vested in a board of directors. Each director must be a member of the Company or the spouse of a member (or if a member is a corporation, partnership, limited liability company or trust, a director may be an officer, partner, member, trustee or beneficiary of such member). The names and addresses of the initial directors are as follows:

<u>Name</u>	<u>Address</u>
Blake Hewitt	15775 North Double Adobe, Prescott, Arizona 86305
Robert Hilb	6600 West Box Canyon Place, Prescott, Arizona 86305
Randy Joly	15495 North Angels Gate, Prescott, Arizona 86305
Robert Elsroad	5689 West Johnny Mullins Drive, Prescott, Arizona 86305
Chris Peck	6235 West Almosta Ranch Road, Prescott, Arizona 86305

The bylaws of the Company are to prescribe the terms of office and manner of election of directors, and the number of directors.

## ARTICLE VII

### OFFICERS

The affairs of the Company are administered by officers elected annually by the board of directors at the first meeting of the board of directors following each annual meeting of the members of the Company, or at other meetings called for such purpose. The officers are a President, Vice-President, Secretary, Treasurer and other officers as required, each of whom serves at the pleasure of the board of directors.

## ARTICLE VIII

### LIMITATION ON LIABILITY OF DIRECTORS

A director of the Company is and will not be personally liable to the Company or its members, if any, for monetary damages for any action taken or any failure to take any action as a director, except for liability for any of the following: (i) the amount of a financial benefit received by a director to which the director is not entitled, (ii) an intentional infliction of harm on the Company or the members, (iii) a violation of Arizona Revised Statutes §10-3833, as may be amended or any successor statute, or (iv) an intentional violation of criminal law. If the Arizona Revised Statutes are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company will be eliminated or limited to the fullest



extent permitted by the Arizona Revised Statutes, as so amended. Any repeal or modification of this Article will not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

## ARTICLE IX

### INDEMNIFICATION

The Company must indemnify any past or present director, officer, committee member, employee or agent of the Company against expenses, including without limitation, attorneys' fees, judgments, fines and amounts reasonably incurred while acting within the scope of his or her authority as a director, officer, committee member, employee or agent of the Company; provided that the board of directors must determine that such indemnification is in compliance with Arizona Revised Statutes §10-3851 through §10-3858, as same may be amended, or any successor statutes.

## ARTICLE X

### DISSOLUTION

No person shall possess any property right in or to the property or assets of the Company. The Company may be dissolved with the consent given in writing signed by members representing at least 67 percent of the total votes of members of the Company.

## ARTICLE XI

### AMENDMENTS

These Articles of Incorporation may be amended as provided in Arizona Revised Statutes §10-11001 through §10-11009, as the same may be amended or any successor statutes. Where approval of the members is required by statute, any amendment shall require the consent of members representing at least 51 percent of the total votes of members the Company.

## ARTICLE XII

### STATUTORY AGENT

The Company hereby appoints Cynthia Wallace, 302 West Willis Street, Suite 105, Prescott, Arizona 86301, as statutory agent for the Company. All notices and processes, including service of summons, may be served upon the statutory agent and, when so served, shall be lawful, personal service upon this Company. The board of directors may, at any time, appoint another agent for such purpose, and filing of such other appointment shall revoke this or any other previous appointment of such agent.

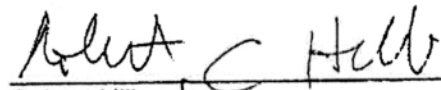
## ARTICLE XIII

INCORPORATION

The names and addresses of the incorporators are: Robert Hilb, 6600 West Box Canyon Place, Prescott, Arizona 86305; and Randy Joly, 15495 North Angels Gate, Prescott, Arizona 86305. All powers, duties and responsibilities of the incorporators will cease at the time of filing of these Articles of Incorporation with the Arizona Corporation Commission.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on this 7 day of October 2019.

## INCORPORATORS:

  
\_\_\_\_\_  
Robert Hilb

  
\_\_\_\_\_  
Randy Joly

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

**CERTIFICATE OF DISCLOSURE***Read the Instructions C003!***1. ENTITY NAME** - give the exact name of the corporation in Arizona:

Inscription Canyon Water Company

**2. FELONY/JUDGMENT QUESTIONS :**

Has any person (a) who is currently an officer, director, trustee, or incorporator, or (b) who controls or holds over ten per cent of the issued and outstanding common shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation been:

<b>2.1</b>	Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the signing of this certificate?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>2.2</b>	Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the signing of this certificate?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>2.3</b>	Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the signing of this certificate, involving any of the following: a. The violation of fraud or registration provisions of the securities laws of that jurisdiction; b. The violation of the consumer fraud laws of that jurisdiction; c. The violation of the antitrust or restraint of trade laws of that jurisdiction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>2.4</b>	If any of the answers to numbers 2.1, 2.2, or 2.3 are <b>YES</b> , you <b>MUST</b> complete and attach a Certificate of Disclosure Felony/Judgment Attachment form C004.		

**3. BANKRUPTCY QUESTION:**

<b>3.1</b>	Has any person (a) who is currently an officer, director, trustee, incorporator, or (b) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a twenty per cent interest in <b>any other corporation</b> (not the one filing this Certificate) on the bankruptcy or receivership of the <b>other corporation</b> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>3.2</b>	If the answer to number 3.1 is <b>YES</b> , you <b>MUST</b> complete and attach a Certificate of Disclosure Bankruptcy Attachment form C005.		



**IMPORTANT:** If within 60 days of the delivery of this Certificate to the A.C.C. any person not included in this Certificate becomes an officer, director, trustee or person controlling or holding over ten per cent of the issued and outstanding shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation, the corporation must submit a SUPPLEMENTAL Certificate providing information about that person, signed by all incorporators or by a duly elected and authorized officer.

SIGNATURE REQUIREMENTS:	
Initial Certificate of Disclosure:	This Certificate must be signed by all incorporators. If more space is needed, complete and attach an Incorporator Attachment form C084.
Foreign corporations:	This Certificate may be signed by a duly authorized officer or by the Chairman of the Board of Directors.
Credit Unions and Loan Companies:	This Certificate must be signed by any 2 officers or directors.

**Robert Hilb**  
 Name  
 6600 West Box Canyon Place  
 Address 1  
 Address 2  
 Prescott AZ 86305  
 City State Zip  
 UNITED STATES  
 Country

**Randy Joly**  
 Name  
 15495 North Angels Gate  
 Address 1  
 Address 2  
 Prescott AZ 86305  
 City State Zip  
 Country

**SIGNATURE - see Instructions C003i:**

By typing or entering my name and checking the box marked "I accept" below, I acknowledge *under penalty of law* that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

*Robert Hilb*  
 Signature

Robert Hilb 10/22/19  
 Printed Name Date

**REQUIRED - check only one:**

- Incorporator** - I am an incorporator of the corporation submitting this Certificate.
- Officer** - I am an officer of the corporation submitting this Certificate
- Chairman of the Board of Directors** - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- Director** - I am a Director of the credit union or loan company submitting this Certificate.

**SIGNATURE - see Instructions C003i:**

By typing or entering my name and checking the box marked "I accept" below, I acknowledge *under penalty of law* that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

*Randy Joly*  
 Signature

Randy Joly 10/22/19  
 Printed Name Date

**REQUIRED - check only one:**

- Incorporator** - I am an incorporator of the corporation submitting this Certificate.
- Officer** - I am an officer of the corporation submitting this Certificate
- Chairman of the Board of Directors** - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- Director** - I am a Director of the credit union or loan company submitting this Certificate.

Filing Fee: None  
 All fees are nonrefundable - see Instructions.  
 Mail: Arizona Corporation Commission - Corporate Filings Section  
 1300 W. Washington St., Phoenix, Arizona 85007  
 Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.  
 All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.  
 If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

**STATUTORY AGENT ACCEPTANCE***Please read Instructions M002!*

1. **ENTITY NAME** - give the **exact** name in Arizona of the corporation or LLC that has appointed the Statutory Agent (this must match exactly the name as listed on the document appointing the statutory agent, e.g., Articles of Organization or Articles of Incorporation):

Inscription Canyon Water Company


2. **STATUTORY AGENT NAME** - give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be *either* an individual or an entity). **NOTE** - the name must match **exactly** the statutory agent name as listed in the document that appoints the statutory agent (e.g. Articles of Incorporation or Articles of Organization), including any middle initial or suffix:

Cynthia Wallace

**3. STATUTORY AGENT SIGNATURE:**

By the signature appearing below, the individual or entity named in number 2 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the appointing entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

The person signing below declares and certifies *under penalty of perjury* that the information contained within this document together with any attachments is true and correct, and is submitted in compliance with Arizona law.

  
Signature

Cynthia Wallace  
Printed Name

10/2/2019  
Date

**REQUIRED** - check only one:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> <b>Individual as statutory agent:</b> I am signing on behalf of myself as the individual (natural person) named as statutory agent. | <input type="checkbox"/> <b>Entity as statutory agent:</b> I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity. |
|---|---|

Filing Fee: none (regular processing)  
Expedited processing - not applicable.  
All fees are nonrefundable - see Instructions.

Mail: Arizona Corporation Commission - Examination Section  
1300 W. Washington St., Phoenix, Arizona 85007  
Fax: 602-542-4100

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