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DEC 13 1977

ARTICLES OF INCORPORATION

ARIZONA CORP. COMMISSION
INCORPORATING DIVISION

OF

VALLE VERDE DEL NORTE WATER COOPERATIVE, INC.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, residents of the State of Arizona, do hereby associate together for the purposes herein-after set out, with no pecuniary profit as an object, for the purpose of forming a non-profit corporation, under the laws of the State of Arizona and adopt the following as ARTICLES OF INCORPORATION:

ARTICLE I

The name of the corporation shall be Valle Verde Del Norte Water Cooperative, Inc.

ARTICLE II

The principal place of business of the corporation shall be the office of its initial statutory Agent, 5151 East Broadway, Suite 1610, Tucson, Arizona 85711.

ARTICLE III

This corporation is one which does not contemplate pecuniary gain or profit to the members thereof. The object for which it is formed is the operation, for purposes other than profit, of a cooperative water company for the joint and mutual benefit of the property owners within Valle Verde Del Norte, a subdivision in Pima County, Arizona, the map or plat of which is of record in the office of the County Recorder of said County, in Book 24 of Maps and Plats at Page 21, and the approximate five (5) acres immediately adjacent to said subdivision described as:

All that portion of Valle Verde Del Norte as recorded in Book 24 at Page 21 of Maps and Plats, Pima County, Arizona more accurately described as follows:

Beginning at the northeast corner of lot 41, said point being the true point of beginning;

Thence South 89 degrees 37' 29" East a distance of 1,118.20 feet to a point, said point being on the west right-of-way of Avenida De Augusto;

Thence South 01 degrees 33' 07" East a distance of 174.93 feet to a point of curvature.

Thence southwesterly along a curve concave to the northwest with a radius of 25.00 feet and an interior angle of 91 degrees 55' 38" a distance of 40.11 feet to a point of tangency, said point being on the north right-of-way of Calle De Marzo;

Thence north 89 degrees 37' 29" West a distance of 1,099.09 feet to a point;

Thence North 00 degrees 22' 31" East a distance of 200.67 feet to the True point of Beginning,

(both the subdivision and approximate Five (5) acre parcel are hereinafter sometimes referred to collectively as the "co-op area"), and the earnings and gains therefrom shall be held and used solely for the development, promotion and improvement of the said cooperative water company. In furtherance of its objective, the powers and general nature of the business to be transacted by the corporation are as follows:

To build or acquire, and operate, develop and maintain a cooperative water company; to buy and sell, appropriate, and in any manner acquire and dispose of and deal in and with water, water rights, and water companies and all equipment, machinery, facilities, licenses, permits, privileges, franchises, and property thereunto appertaining, but only with, for and among the members of the corporation; to contract for the purchase of, and to purchase, own, lease, exchange, or in any manner lawfully acquire and control, survey, subdivide, plat, improve, develop, and deal in and with lands and real property reasonably necessary for the objects of the corporation and within the physical boundaries of the co-op area; to purchase, own, lease, exchange, or in any lawful manner acquire and control personal property of every kind, and rights, easements, license, permits,

privileges and franchises; to contract for the sale of and to sell, convey, lease, assign, transfer, pledge, mortgage, or otherwise encumber and in every way utilize any and all of the property of the corporation; to act as contractor and builder for the designing, constructing, remodeling, enlarging, extending, repairing, completing, removing, or otherwise engaging in any work upon the water system, including all kinds of earth, iron, steel, wood, masonry, mechanical and electrical construction and installation, and all kinds of grading and excavation work; to enter into, make and perform contracts with any person, firm, association, or corporation, and any governmental authority; to incur debt and borrow money in any lawful manner; to execute and deliver or accept all legal documents, including notes, bonds, mortgages, deeds, leases, and commercial paper of all kinds; and to do any or all of the things herein set forth and exercise any and every power conferred on the corporation by law to the same extent as a natural person might or could do, whether as principal, agent, trustee, contractor, subcontractor, alone or in the company with others, without restriction as to time, place or amount.

The foregoing shall be construed both as objects and powers and the enumeration thereof shall not limit or restrict in any manner the general powers conferred on this corporation by law.

ARTICLE IV

The contracting, securing, paying and limiting the amount of indebtedness of this corporation shall be as provided by its By-Laws. Within the limits so fixed this corporation shall have the power to borrow money and to secure the payment thereof by mortgaging or pledging or in any manner encumbering its real and/or personal property.

ARTICLE V

At any meeting called for that purpose, the corporation may impose special assessments against each member for any

of the purposes of the corporation. All assessments shall be imposed in proportion to the land or property benefited thereby. No special assessment shall be levied or imposed unless approved by majority of the members present at a meeting called for that purpose at which a quorum is present.

ARTICLE VI

This corporation shall neither have nor issue any capital stock and shall be composed of members rather than shareholders.

Every owner of land in said co-op area shall be a member of this corporation by reason of such ownership and the membership shall run with the land, but provided however, that the rights and privileges of membership shall be exercised and may be suspended as provided in the By-laws of the corporation.

A membership shall not be transferable or assignable except when coupled with the transfer of the ownership or a possessory interest in a lot or parcel within the co-op area.

The fees of admission, dues and assessments to be paid into the treasury by members, the voting and other rights and privileges of members, the suspension of members for misconduct or nonpayment of dues and assessments, the restoration of rights and privileges of suspended members, and other regulations consistent with the objects of the corporation, shall all be as set forth in the By-laws of the corporation and the Declaration of Restrictions and any amendments thereto for Valle Verde Del Norte subdivision.

ARTICLE VII

The names, residences and post office addresses of the incorporators duly authorized to execute these Articles on behalf of said Association, are as follows:

Joseph R. Cesare
5305 East Peppertree Circle
Tucson, Arizona 85711

Post Office Box 12863
Tucson, Arizona 85732

Julius D. Cesare
4801 East Broadway
Tucson, Arizona 85711

Post Office Box 12863
Tucson, Arizona 85732

ARTICLE VIII

The present members of the Board of Directors were duly elected at a meeting held in Tucson, Pima County, Arizona, on the 13 day of December, 1977, and are as follows:

Julius D. Cesare
Joseph R. Cesare
Ann G. Yingling

The present officers, as elected on the 13 day of December, 1977, are as follows:

President, Julius D. Cesare;
Vice-President, Joseph R. Cesare;
Secretary, Joseph R. Cesare;
Treasurer, Julius D. Cesare.

The aforesaid directors and officers of the corporation shall be and constitute the Board of Directors and Officers of the corporation until their successors shall have been duly elected and qualified as hereinafter provided in Article IX.

ARTICLE IX

The affairs of the corporation shall be conducted by a board of not less than two (2) nor more than ten (10) directors, who need not be members of the corporation, and by the officers hereinafter designated.

Directors shall be elected annually by the members of the corporation at a meeting held on the third Monday in November of each year beginning with the year 1978, and shall hold office for the term of one year and until their successors are elected and qualified, unless sooner removed by vote of the majority of the members of the corporation entitled to vote in person or by proxy at any special meeting called for that purpose. Vacancies in the Board of Directors shall be filled as provided in the By-laws of this corporation.

The officers of the corporation shall be a President, Vice-President, Secretary and Treasurer, who shall be elected by the members of the corporation from among the directors at the time said directors are elected, to serve for the term of one year and until their successors are elected and qualified, unless sooner removed as provided in the By-laws, and such other and subordinate officers as the Board of Directors may elect and appoint. Any office may be combined with any other office except the office of President and Secretary. A vacancy in any office shall be filled as provided in the By-laws.

ARTICLE X

The private property of the members, directors and officers of this corporation shall be forever exempt from all liability for its debts and obligations.

ARTICLE XI

The By-laws of the corporation shall be adopted by a majority vote of all members present at a meeting called for that purpose and at which a quorum is present and by a like vote may be amended or revised at any meeting called for that purpose.

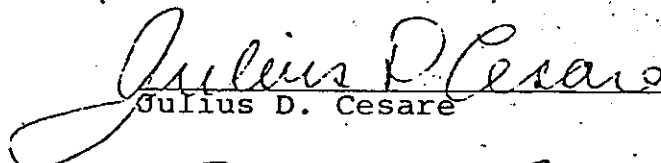
ARTICLE XII

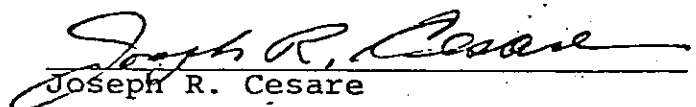
At any meeting called for that purpose, these Articles of Incorporation may be amended by the affirmative vote of a majority of the members present at a meeting called for that purpose and at which a quorum is present.

ARTICLE XIII

Joseph R. Cesare, 5151 East Broadway, Suite 1610, Tucson, Arizona 85711, is hereby appointed the initial statutory agent of this corporation.

IN WITNESS WHEREOF, said incorporators have hereunto set their hands the 13 day of December, 1977.


Julius D. Cesare


Joseph R. Cesare

A. C. C. - INCORPORATING DIV.

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DOCUMENTS ARE SUBJECT
TO REVIEW BEFORE FILING.

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At 9:15 A.M. at request of

Hugh M. Caldwell Jr.

Address Tucson, Arizona

By: Reuben M. Payne

EVD J. DeCONCINI, ASSISTANT EXECUTIVE SECRETARY

Esq.

5151 E. Broadw
16th Floor
Great Western Bank
Building

R/54178