

ARTICLES OF INCORPORATION

of

CASCADEL MUTUAL WATER CO.

ENDORSED
FILED
APR 23 1914
FRANK H. JORDAN, Secretary
By F. C. MOORE, Deputy

First: The name of this corporation is:

CASCADEL MUTUAL WATER CO.

Second:(a) The primary business for which this corporation is formed is:

To furnish, supply and distribute water at cost plus necessary expenses to and for its stockholders for domestic, commercial and all other useful purposes in proportion to the number of shares of such stock held by them, respectively, on real property more particularly described as Tract No. 119 and Tract No. 24 of Cascadel Woods Subdivision, Madera County, State of California.

(b) This corporation shall also have the following purposes:

1. To deliver water to the State or any agency, department thereof, or to any school district, or to any other Mutual Water Company at cost.

2. To acquire, purchase, or hold, sell, convey, lease, condemn, encumber by deed of trust, mortgage or otherwise, lands, water, water rights, water works; easements, and real and personal property of every kind and description and wherever situate, whether within or without the State of California.

3. To acquire, subscribe for, hold, own, pledge, and otherwise dispose of and vote shares of stock, bonds, and securities of any other corporation, domestic or foreign.

4. To construct, operate, and maintain buildings, artesian wells, pumping plants, conduits, tunnels, reservoirs, pipelines, water systems, ditches, electrical transmission lines and pole lines.

5. To borrow money and issue bonds, debentures, notes, and evidence of indebtedness, and to secure the payments ^{or} performance of its obligations by mortgage, deed of trust, pledge or otherwise.

6. To engage in, and to pay ~~or contribute to~~, in ^{whole or} ~~whole or~~ in part, the cost of conserving storm and other waters, whether acting alone or with others, and regardless of by whom or what agency the work shall be done, maintained or carried on; and to become a member of and or contribute to the expenses and maintenance of any unincorporated association, cooperative corporation, or public corporation or agency, organized and existing for the purpose of conserving water.

7. To levy and collect from the stockholders water tolls and charges, and to make such tolls and charges a lien against the shares and to withhold transfer of any shares ^{while} ~~which~~ subject to the lien of any unpaid tolls or charges.

8. To join, merge, consolidate or contract with the water system of a public utility water company regulated by the Public Utilities Commission, or any other mutual water company or water system of a municipality or other political subdivision; provided that the provisions of the California Civil Code and Corporation Code and other laws relevant to possible liquidation, merger or consolidation of corporations be fully complied with.

9. To enter into any obligations or contracts or to do any acts incidental to the transaction of its business, or expedient for the attainment of the purposes of the corporation and to exercise any and all rights and powers which a mutual water corporation may now or hereafter exercise.

The foregoing statement of purposes shall be construed a statement of both purposes and powers, and the purposes and powers in each clause shall, except where otherwise ~~expressed~~, ^{expressed}.

by in no wise limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be regarded as independent purposes and powers.

All the forgoing purposes and powers are subject to the express limitation and condition that the corporation is not formed and does not exist with a view to pecuniary gain or profit to its stockholders, nor shall the corporation carry on the business of any public, nor accumulate funds for the purpose of pecuniary profit, and at all times the corporation shall conduct its business and operate its property for the exclusive use and benefit of its stockholders and without any profit accruing to them from the business of the corporation.

Third: The principal office for the transaction of the business of the corporation shall be located in the County of Madera, State of California.

Fourth: This corporation is authorized to issue shares of stock which shall be of one class only, to-wit, capital stock, and the total number of shares which may be issued is 150; the aggregate par value of all such shares shall be \$1,750.00; and the par value of each of said shares shall be \$25.00.

Fifth: The number of directors of this corporation shall be three and the names and addresses of the persons who are appointed to act until the first annual meeting of the stockholders, or until the election and qualification of their successors, are as follows:

John D. Lindsey - 25997-Mission Blvd., Hayward, California
 Ray C. Millett - P. O. Box 515, North Fork, California
 Basil Robinson - 6650 Farndale Avenue, No. Hollywood, Calif.

Sixth: Authority is expressly conferred upon the corporation to levy assessment upon and against all the shares issued by this corporation; and the Board of Directors shall have power, by

majority vote of its members, to levy assessments ^{upon} ~~upon~~ ^{the} ~~the~~ issued shares of the corporation at such time or times and from time to time and in such amounts as shall then appear ^{necessary} ~~reasonable~~ or expedient; (provided the assessment levied at any ^{particular} ~~particular~~ time shall be for the same amount against each share ^{issued} ~~issued~~ and outstanding); and each assessment shall be a lien on the shares assessed from the time of adoption of the resolution levying ^{such} ~~such~~ assessment until paid and each stockholder shall be personally liable to the corporation for the amount of ^{each} ~~each~~ assessment levied against the shares standing upon the books of the corporation in the name of such stockholder at the time of the adoption of the resolution levying such assessment which amount may be recovered from the stockholder by ^{suit} ~~suit~~ of personal action.

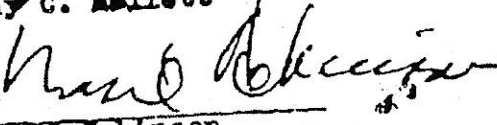
In the event of nonpayment of any assessment, the corporation may, at its option, ^{either} ~~either~~ (1) ^{sell} ~~sell~~ and or forfeit the shares against which the assessment was levied in the manner now or hereafter provided by the by-laws of the State of California; or (2) by majority vote of the Board of Directors collect the assessment by personal action and suit against the ^{stockholder} ~~stockholder~~ personally liable therefor; or the corporation may ^{elect} ~~elect~~ to pursue any combination of the above said ^{remedies} ~~remedies~~, or any ^{other} ~~other~~ remedy provided for by law.

In witness whereof, we the undersigned, being all of the incorporators, and the directors hereinabove ^{named} ~~named~~, have ^{here} ~~here~~ unto set our hands this 18th. day of April, 1963.

Incorporators:


John D. Lindsey


Ray C. Mellett


Basil Robinson

ARTICLES OF INCORPORATION

OF

CASCADEL MUTUAL WATER COMPANY

FIRST: The name of this corporation is:

CASCADEL MUTUAL WATER COMPANY

SECOND:(a) The primary purpose for which this corporation is formed is:

To furnish, supply and distribute water at cost plus necessary expenses to and for its stockholders for domestic, commercial and all other useful purposes in proportion to the number of shares of such stock held by them, respectively, on real property more particularly described as tract No. 119 and 24, Madera County, State of California.

(b) This corporation shall also have the following purposes:

1. To deliver water to the State or any agency or department thereof, or to any school district, or to any other mutual water company, at cost.
2. To acquire, purchase, or hold, sell, convey, lease, condemn, encumber by deed of trust, water rights, water works, easements, and real and personal property of every kind and description and wheresover situate, whether within or without the State of California.
3. To acquire, subscribe for, hold, own, pledge, and otherwise dispose of and vote shares of stock, bonds, and

wells, pumping
electrical transmission lines and pole lines.

5. To borrow money and issue bonds, debentures, notes, and evidence of indebtedness, and to secure the payment or performance of its obligations by mortgage, deed of trust, pledge or otherwise.

6. To engage in, and to pay or contribute to, in whole or in part, the cost of conserving storm and other waters, whether acting alone or with others, and regardless of by whom or what agency the work shall be done, maintained or carried on; and to become a member of and or contribute to the expenses and maintenance of any unincorporated association, cooperative corporation, or public corporation or agency, organized and existing for the purpose of conserving water.

7. To levy and collect from the stockholders water tolls and charges, a lien against the shares and to withhold transfer of any shares while subject to the lien of any unpaid tolls or charges.

8. To join, merge, consolidate or contract with the water system of a public utility water company regulated by the Public Utilities Commission, or any other Mutual Water Company or water system of a municipality or other political subdivision; provided that the provisions of the California Civil Code and Corporation Code and other laws relevant to possible liquidation, merger or consolidation of corporations be fully complied with.

9. To enter into any obligations or contracts or to do any acts incidental to the transaction of its business or expedient for the attainment of the purposes of the corporation and to exercise any and all rights and powers which a Mutual Water Corporation may now or hereafter exercise.

The foregoing statement of purposes shall be construed a statement of both purposes and powers, and the purposes and

expressed, but in no wise limited to or inference from the terms or provisions of any other clause, but shall be regarded as independent purposes and powers.

All the foregoing purposes and powers are subject to the express limitation and condition that the corporation is not formed and does not exist with a view to pecuniary gain or profit to its stockholders, nor shall the corporation carry on the business of any public, nor accumulate funds for the purpose of pecuniary profit, and at all times the corporation shall conduct its business and operate its property for the exclusive use and benefit of its stockholders and without any profit accruing to them from the business of the corporation.

THIRD: The principal office for the transaction of the business of the corporation shall be located in the County of Madera, State of California.

FOURTH: This corporation is authorized to issue shares of stock which shall be of one class only, to-wit, capital, and the total number of shares which may be issued is 150; the aggregate par value of all such shares shall be \$3,750.00, and the par value of each of said shares shall be \$25.00.

FIFTH: The number of directors of this corporation shall be three and the names and addresses of the persons who are appointed to act until the first annual meeting of stockholders, or until the election and qualification of their successors, are as follows:

B. Alonzo Cornwell - P.O. Box 515, North Fork, Ca
Ray C. Millett - P.O. Box 515, North Fork, Ca
Basil Robinson-6650 Farmdale Ave., North Hollywood,
California

SIXTH: Authority is expressly conferred upon the corporation to levy assessments upon and against all the shares issued by the corporation; and the Board of Directors

shall have power, by majority vote of its members, to levy assessments upon all the issued shares of the corporation at such times and from time to time and in such amounts as shall to them appear necessary or expedient; (provided the assessment levied at any particular time shall be for the same amount against each share then issued and outstanding); and each assessment shall be a lien on the shares assessed from the time of adoption of the resolution levying such assessment until paid, and each stockholder shall be personally liable to the corporation for the amount of each assessment levied against the shares, standing upon the books of the corporation in the name of such stockholder at the time of the adoption of the resolution levying such assessment which amount may be recovered from the stockholder by suit of personal action.

In the event of non-payment of any assessment, the corporation may, at its option, either (1) sell or forfeit the shares against which the assessment was levied in the manner now or hereafter provided by the by-laws of the State of California; or (2) by majority vote of the Board of Directors, collect the assessment by personal action and suit against the stockholder personally liable therefor; or the corporation may elect to pursue any combination of the above said remedies, or any other remedy provided for by law.

IN WITNESS WHEREOF, we, the undersigned, being all of the incorporators, and the directors hereinabove named, have hereunto set our hand this [15th] day of April, 1963.

Part II. Activities and Operational Information (continued)

3 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Robert McKee/President/60081 Cascadel Drive So. Northfork, CA 93643	-0-
Ned S. Knepper/Secretary and Director/33351 Vista Drive West Northfork, CA 93643	-0-
Roger Tucker/Treasurer/59827 Cascadel Drive Northfork, CA 93643	-0-
Ernest A. Baldwin/Director/59969 Cascadel Drive So. Northfork, CA 93643	-0-
W. Keith McClure/Vice-President/P.O. Box 803 Northfork, CA 93643	-0-

4 If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected.

N/A

5 If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).

N/A

6 If the organization has capital stock issued and outstanding, state: (1) class or classes of the stock; (2) number and par value of the shares; (3) consideration for which they were issued; and (4) whether any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.

Cascadel has issued shares of one class only - capital; the total number of shares is 150 of which only 133 have been issued; par value of each share is \$25.00; the aggregate par value of all such shares is \$3,750.00; consideration for issue is \$25.00. No dividend payments have been authorized; no dividend payments are authorized on capital stock as per Articles of Incorporation.

7 State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued.

Purchase of a share in the corporation by a property owner entitles that Shareholder to supply one single family dwelling with water for domestic purposes. There is only one class, and that is capital stock. There are 133 shareholders. Only persons in whose names shares entitled to vote stand on the stock records of the corporation on the day of any meeting of shareholders shall be entitled to vote; one vote for each share; cumulative voting is allowed.

8 Explain how your organization's assets will be distributed on dissolution.

Cascadel Mutual Water Company's assets will be distributed on dissolution according to California Corporations Code Sections 6715, 6716, and 6717. Basically, all assets held upon condition will be returned, transferred, or conveyed in accordance with such conditions. In addition, assets may be distributed in the form of money or property or securities.

Part II. Activities and Operational Information (continued)

- 9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? Yes No
If "Yes," state the full details, including: (1) amounts or value; (2) source of funds or property distributed or to be distributed; and (3) basis of, and authority for, distribution or planned distribution.
- 10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? Yes No
If "Yes," state in detail the amount received and the character of the services performed or to be performed.
- 11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? Yes No
If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.
- 12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? Yes No
If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.
- 13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? Yes No
If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.
- 14 Does the organization now lease or does it plan to lease any property? Yes No
If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement.
- 15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any Federal, state, or local public office or to an office in a political organization? Yes No
If "Yes," explain in detail and list the amounts spent or to be spent in each case.
- 16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? Yes No
If "Yes," attach a recent copy of each. See attached copy.

Part III. Financial Data (Must be completed by all applicants other than those applying under section 501(c)(20) or 120.)

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

Revenue	(a) Current Tax Year	3 Prior Tax Years or Proposed Budget for Next 2 Years			(e) Total
	From 5/93 To 4/94	5/1 (b) 19 93	5/1 (c) 19 92	5/1 (d) 19 91	
1 Gross dues and assessments of members	45,642	37,983	49,839	43,061	175,925
2 Gross contributions, gifts, etc.					
3 Gross amounts derived from activities related to the organization's exempt purpose (attach schedule)					
4 Gross amounts from unrelated business activities (attach schedule)					
5 Gain from sale of assets, excluding inventory items (attach schedule)					
6 Investment income (see instructions)	536	665	1,071	1,386	3,658
7 Other revenue (attach schedule)					
8 Total revenue (add lines 1 through 7)	45,578	38,648	50,910	44,447	179,583
Expenses					
9 Expenses attributable to activities related to the organization's exempt purposes					
10 Expenses attributable to unrelated business activities					
11 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
12 Disbursements to or for the benefit of members (attach schedule)					
13 Compensation of officers, directors, and trustees (attach schedule)					
14 Other salaries and wages	15,201	12,668	8,420	10,133	46,422
15 Interest					
16 Occupancy	4,290	3,335	3,081	2,525	13,231
17 Depreciation and depletion	24,940	24,039	42,806	26,287	118,072
18 Other expenses (attach schedule)	44,431	40,042	54,307	38,945	177,725
19 Total expenses (add lines 9 through 18)					
20 Excess of revenue over expenses (line 8 minus line 19)	1,147	<1,394>	<3,397>	5,502	

B. Balance Sheet (at the end of the period shown)

		Current Tax Year as of	
Assets			
1	Cash	1	38,647
2	Accounts receivable, net	2	
3	Inventories	3	
4	Bonds and notes receivable (attach schedule)	4	
5	Corporate stocks	5	
6	Mortgage loans (attach schedule)	6	
7	Other investments (attach schedule)	7	
8	Depreciable and depletable assets (attach schedule)	8	20,655
9	Land	9	3,000
10	Other assets (attach schedule)	10	1,422 Deposit
11	Total assets	11	63,724
Liabilities			
12	Accounts payable	12	
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	
15	Other liabilities (attach schedule)	15	
16	Total liabilities	16	
Fund Balances or Net Assets			
17	Total fund balances or net assets	17	63,724
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	63,724

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation.

Part IV. Notice Requirements (Sections 501(c)(9) and 501(c)(17) Organizations Only)
See Change To Note on page 1 of the Instructions

1 Section 501(c)(9) and 501(c)(17) organizations:

Are you filing Form 1024 within 15 months from the end of the month in which the organization was created or formed as required by section 505(c)? Yes No

If "Yes," skip the rest of this Part. N/A

If "No," answer question 2.

2 If you answer "No" to question 1, are you filing Form 1024 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under section 4.01 of Rev. Proc. 92-85, 1992-42, I.R.B. 32, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 3 through 5. N/A

If "No," answer question 3.

3 If you answer "No" to question 2, has the organization been contacted by the IRS regarding its failure to file Form 1024 within 27 months, from the end of the month in which the organization was created or formed? Yes No

If "No," your organization qualifies for an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 4 and 5. N/A

If "Yes," answer question 4.

4 If you answer "Yes" to question 3, does the organization wish to request relief from the 15-month filing requirement? Yes No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Part IV, Line 4, before completing this item. Do not answer question 5.

If "No," answer question 5. N/A

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(9) or 501(c)(17) organization can be recognized only from the date this application is filed with the key District Director. Therefore, does the organization want us to consider its application as a request for recognition of exemption as a section 501(c)(9) or 501(c)(17) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No N/A

Schedule G Organizations described in section 501(c)(12) (Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations)

- 1 Attach a schedule in column **B** form for each tax year for which the organization is claiming exempt status. On each schedule:
 - a Show the total gross income received from members or shareholders.
 - b List, by source, the total amounts of gross income received from other sources.

2 If the organization is claiming exemption as a local benevolent insurance association, state:

- a The counties from which members are accepted or will be accepted.

N/A

- b Whether stipulated premiums are or will be charged in advance, or whether losses are or will be paid solely through assessments.

N/A

3 If the organization is claiming exemption as a "like organization," explain how it is similar to a mutual ditch or irrigation company, or a mutual or cooperative telephone company.

Cascade1 Mutual Water Company is "like" a mutual ditch or irrigation company in that its purpose is to control a water source for the mutual benefit of a group of persons, in this case homeowners in a subdivision. In addition, more than 85% (percent) of Cascade1 Mutual Water Company's income consists of dues and assessments from members for the sole purpose of meeting losses and expenses.

4 Are the rights and interests of members in the organization's annual savings determined in proportion to their business with it? Yes No

If "Yes," does the organization keep the records necessary to determine at any time each member's rights and interests in such savings, including assets acquired with the savings? Yes No

5 If the organization is a mutual or cooperative telephone company and have contracts with other systems for long-distance telephone services, attach copies of the contracts.

Instructions

Mutual or cooperative electric or telephone companies should show income received from qualified pole rentals separately. Mutual or cooperative telephone companies should also show separately: the gross amount of income received from nonmember telephone companies for performing services that

involve their members and the gross amount of income received from the sale of display advertising in a directory furnished to their members.

Do not net amounts due or paid to other sources, against amounts due or received from, those sources.

Schedule F Organizations described in section 501(c)(9) (Voluntary employees' beneficiary associations)

1 Describe the benefits available to members. Include copies of any plan documents that describe such benefits and the terms and conditions of eligibility for each benefit.

2 Are any employees or classes of employees entitled to benefits to which other employees or classes of employees are not entitled? Yes No
If "Yes," explain.

3 Give the following information for each plan as of the last day of the most recent plan year and enter that date here. If there is more than one plan, attach a separate schedule

	/ /
	(mo.) (day) (yr.)
a Total number of persons covered by the plan who are highly compensated individuals (See instructions below.)	_____
b Number of other employees covered by the plan	_____
c Number of employees not covered by the plan	_____
d Total number employed*	_____

* Should equal the total of a, b, and c—if not, explain any difference. Describe the eligibility requirements that prevent those employees not covered by the plan from participating.

4 State the number of persons, if any, other than employees and their dependents (e.g., the proprietor of a business whose employees are members of the association) who are entitled to receive benefits

Instructions

Line 3a.—The definition of "highly compensated individual" varies depending on the tax year.

For tax years beginning in 1993, "highly compensated individuals" are employees who at any time during the year (or the preceding year):

- a. Owned a 5% or larger interest in the employer;
- b. Had compensation from the employer in excess of \$96,368;*

c. Were in the top 20% of employees in compensation and had compensation in excess of \$64,245;* or

d. Were officers of the employer and received compensation in excess of \$57,820.50.*

* Under section 414(q), these amounts are adjusted annually based on cost of living increases. The new amounts are announced by the Internal Revenue Service each January.

IRS FORM 1024 EXEMPTION APPLICATION: ADDENDUM TO SCHEDULE G

This statement will serve to clarify the attached worksheet that lists in columnar form the annual assessments, number of members, and total membership fees received, by Cascadel Mutual Water Company from 1964 until 1994. For purposes of convenience and uniformity the same number of shareholders (132) was used as a multiplier from the year 1964 through 1994.

As listed on the schedule, column 3 shows the total gross income received from members. With regard to total amounts of gross income received from other sources, such information is unavailable, with the exception being that small amounts of investment income are listed in Part III under the Statement of Revenue and Expenses.

Cascadel Mutual Water Company
 E.I.N. 94-2448048
 Part IV Financial Data

EXPENSES

	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
Line 18 Other Expenses				
Repairs & Maintenance	601	0	19,909	1,730
Taxes & Licenses	5,213	2,656	1,766	1,704
Legal & Accounting	0	1,558	7,599	6,820
Bank Charges	4	4	0	12
Dues & Subscriptions	3,136	31	31	28
Insurance	7,163	7,197	5,948	6,236
Licenses & Permits	0	501	0	0
Office Expense	720	1,912	270	1,123
Outside Services	0	338	4,650	90
Postage	212	211	0	197
Telephone	919	326	314	107
Tools	578	0	547	59
Travel	156	519	0	39
Utilities	1,995	2,937	1,772	2,493
Water System Maintenance & Supplies	4,249	5,849	0	5,649
Total Other Expenses	<u>24,940</u>	<u>24,039</u>	<u>42,806</u>	<u>26,287</u>