

AMENDED AND RESTATED

Restated Articles of Incorporation
of
Redlands Water and Power Company
(a Nonprofit Corporation)

NONPROFIT

ARTICLE I
NAME

DN 87123378

The name of the corporation is
REDLANDS WATER AND POWER COMPANY. AC65

ARTICLE II
STATE OF ORGANIZATION

The corporation is organized under the laws of the State of Colorado, and it has elected the provisions of the Colorado Nonprofit Corporation Act.

ARTICLE III
DURATION

The period of duration of the corporation shall be perpetual.

ARTICLE IV
PURPOSES AND POWERS

The objects, purposes and powers for which said company shall be created are: To purchase, acquire, own and possess the rights of way, canals, ditches, pipe lines, laterals, water rights, appropriations, priorities, decreed rights, power plants, substations, transmission lines and other property of The Redlands Water and Power Company; to maintain, operate, manage and control the same, to add to, extend and complete the system of works so acquired; to furnish and distribute to the stockholders water for irrigation and domestic purposes; to use power developed in its said system for the above purposes and to sell any surplus of power so developed from time to time; to borrow money; to mortgage, pledge or hypothecate any of the property of the corporation for company purposes; to bargain, sell, exchange, transfer, convey, warrant and covenant concerning, any of its property and rights or any interest in any thereof; to assume and perform any of the obligations of The Redlands Water and Power Company in favor of individual owners of any outstanding contracts for water right issued from said Redlands Water and Power Company; and to have and exercise any and every other powers and rights which may be incident or beneficial to the exercise and attainment of any of the above stated objects, purposes and powers.

This corporation shall not be or function as a common carrier of water or power, nor make any contracts on its own behalf to sell, rent or carry water or power for hire, or sell or rent or carry water or power for hire, except to sell and dispose of from time to time such surplus power as may be from time to time developed by its plant beyond its own need, - the same being purely the sale of dump power.

ARTICLE V
SOURCE AND PARTICULARS OF THE WATER

The stream from which the water for the canals or ditches of this corporation shall be taken is the Gunnison River.

The point or place on said stream near which the water is to be taken out is located on the left bank of the Gunnison River, in the Southeast quarter of the Northwest quarter (SE1/4 NW1/4) of Section thirty-five (35), Township one (1) South, Range one (1) West of the Ute Principal Meridian, in Mesa County, Colorado.

The canal flows in a northwesterly direction parallel to the Gunnison River to its junction with the Colorado, and then paralleling the Colorado River to a point about 3 1/2 miles below the point of diversion, where the water is taken through a hydroelectric and pumping plant, which is located in the northeast quarter of the southeast quarter (NE 1/4 SE 1/4) of Section sixteen (16), Township one (1) South, Range one (1) West of the Ute Principal Meridian. There are approximately 300 acres of land under irrigation under the power canal.

The water in the power canal is pumped to a height of 127 1/2 feet, through a pipe line approximately 1600 feet to the intake of First Lift and Stub Ditch. Approximately 33 acres are watered under the pipe line by direct use therefrom, herein classified as from a lift ditch.

The First Lift Ditch flows in a northwesterly direction from its said intake about 11 miles, and waters approximately 2250 acres of land.

The Stub Ditch also takes water out of the same discharge of the pipe line, and is a lift ditch. It runs for a distance of 2 miles, in a southeasterly direction, and waters approximately 160 acres of land.

At a point about 3.8 miles on the First Lift Canal, below its intake, is located a substation that lifts the water 78 feet and carries it through a canal about 6 miles long, in a northwesterly direction, watering approximately 1025 acres.

At the beginning of the Second Lift is another substation which lifts the water 50 feet and carries it a distance of 1 1/2 miles in a southwesterly direction, irrigating approximately 100 acres.

At a point on the Second Lift, approximately 3 miles below its intake, is located another Third Lift substation, which lifts the water 50 1/2 feet and carries the water through a canal approximately 3 miles, in a northwesterly direction, watering approximately 350 acres of land.

All of the above substations are operated by electric driven pumps, the current for which is generated from the hydroelectric plant located on the power canal.

It is intended that our said corporation shall be empowered to extend any of the said canals beyond their lower termini to serve any additional acreage of available land; also to construct any additional lift canals above the levels of said existing lift canals to be connected with power lift plants and pipe line thereby to serve any available additional land, all and each as may be found feasible and expedient.

The water from said ditches, canals and works is to be used for irrigation, domestic and power purposes.

ARTICLE VI CAPITAL STOCK

Section 1. Authorized Shares. The aggregate number of shares, which the Corporation shall have authority to issue is 6,000 shares, consisting of:

- a. 4,600 shares, which shall be either Class A or Class B, Lift Canal Stock, without par value; and
- b. 400 shares, which shall be either Class C or Class D, Power Canal Stock, without par value; and
- c. 1,000 shares, which shall be either Class E or Class F, Lift Canal Stock, without par value, the nature and character of which shall be as set forth in the corporate by-laws.

Section 2. Classes A and B.

- a. Every user of water under the Lift Canal System shall be required to own at least one share of Class A, Lift Canal Stock, as a prerequisite to obtaining water through the facilities of the Company. Any shares of Class A stock in excess of one share owned by any individual, individuals, or entity may be converted into Class B stock upon the request of such owner.

- b. Shareholders owning in excess of one (1) share of Lift Canal Stock are entitled to receive such excess in Class B stock. In the event of the transfer or sale of any share or shares of Class B stock, such transfer shall be deemed an election on the part of the transferor and transferee to convert such share, or the first share, if more than one share is being transferred, of such Class B stock so transferred, to Class A stock; Provided, however, that if such transferee owns any share or shares of Class A stock at the time of such transfer or sale, then in that event such transfer or sale shall not be deemed an election to convert such share, or the first share, as above described, to Class A. In the event any owner of both Class A and Class B stock attempts to convey, transfer or sell all of the Class A stock so owned, retaining only Class B stock, such conveyance, transfer or sale shall be deemed null and void and of no force or effect as to one share of such Class A stock concerned.
- c. Each share of Class A or Class B stock shall entitle the owner thereof to receive 1/3 statute inch of water, or a pro-rata share of the water in the Lift Canal System.
- d. Classes A and B, Lift Canal Stock shall be issued for the use of water under the Lift Canal System above described and under any extension thereof and additions thereto and shall not be transferred for use under the Power Canal System.

Section 3. Classes C and D.

- a. Every user of water under the Power Canal System shall be required to own at least one share of Class C, Power Canal Stock, as a prerequisite to obtaining water through the facilities of the Company. Any shares of Class C stock in excess of one share owned by any individual, individuals, or entity may be converted into Class D stock upon the request of such owner.
- b. Shareholders owning in excess of one (1) share of Power Canal Stock are entitled to receive such excess in Class D stock. In the event of the transfer or sale of any share or shares of Class D Stock, such transfer shall be deemed an election on the part of the transferor and transferee to convert such share, or the first share, if more than one share is being transferred, of such Class D stock; provided, however, that if such transferee owns any share or shares of Class C stock at the time of such transfer or sale, then in that event such transfer or sale shall not be deemed an election to convert such

share, or the first share, as above described, to Class C. In the event any owner of both Class C and Class D stock attempts to convey, transfer or sell all of the Class C stock so owned, retaining only Class D stock, such conveyance, transfer or sale shall be deemed null and void and of no force or effect as to one share of such Class C stock concerned.

- c. Each share of Class C or Class D stock shall entitle the owner thereof to receive 1/2 statute inch of water, or a pro-rata share of the water in the Power Canal System.
- d. Classes C and D, Power Canal Stock shall be issued for the use of water under the Power Canal System above described and under any extension thereof and additions thereto and shall not be transferred for use under the Lift Canal System.

Section 4. Assessment of Stock.

- a. The capital stock of the Company shall be assessed when necessary to raise funds to keep its ditches, canals, plants, reservoirs, and any and all other facilities in good repair, or when it is necessary to raise funds to pay any indebtedness theretofore contracted or the interest thereon. Such assessment shall be payable in money or labor or both, provided, however, that whether or not labor shall be accepted in lieu of money shall be at the sole discretion of the Board of Directors. No assessment shall be made unless the question of making such assessment shall first be submitted to the stockholders of such Corporation, at an annual meeting, or at a special meeting called for that purpose and a majority of a quorum of the stock entitled to vote, represented either by the owner in person or by proxy, voting thereon, shall be voted in favor of making such assessment; that a quorum for the purposes hereof shall be not less than one-third of the issued and outstanding capital stock of the Company; provided, however, that in the case said stockholders fail to hold any such meeting or fail to make or authorize any such assessment by the 1st day in April in any year, then the Directors of the Company shall have power to make any such assessment at any regular or special Directors' Meeting called therefor for such year.
- b. Manner of Assessing. - Assessments shall be levied pro-rata on the shares of each Class of stock as follows:

1. The assessment per share of Class B stock shall be set first. All Classes of stock shall be entitled to vote on such assessment.
 2. The assessment per share of Class D stock shall be 1/2 the assessment set for Class B stock.
 3. The assessment per share of Class A stock shall then be set. All classes of stock shall be entitled to vote on such assessment. The assessment per share shall be set at not less than double nor more than four times the amount of the assessment per share of Class B stock.
 4. The assessment per share of Class C stock shall be 1/2 the assessment set for Class A stock.
- c. Forfeiture. - The Directors of the Company by By-Laws may prescribe for a forfeiture or sale of stock on failure to pay such assessments as the same become due from time to time, but no forfeiture of stock shall be declared against any estate or against any stockholder before demand shall have been made for the amount due thereon, either in person or by written or printed matter, duly mailed, to the last known address of such stockholder, at least 30 days prior to the time when such forfeiture is to take effect; but the proceeds of any sale, over and above the amount due on such shares, shall be paid to the delinquent stockholder. The Company shall have a perpetual lien upon all shares of the Company stock and the water rights represented by the same, for any and all such assessments and all parts thereof until the same are fully paid. The Company shall not be required to deliver water to any stockholder until all assessments owed by such stockholder shall have first been paid.

ARTICLE VII
NO PRE-EMPTIVE RIGHTS

No holder of shares of capital stock shall have any pre-emptive or other rights as such holder to purchase, subscribe for, or otherwise acquire any part of any new or additional shares of stock of any class whatsoever, or of securities convertible into any class whatsoever, or of warrants, rights, or other instruments which carry the right to purchase shares of stock of any class whatsoever, whether now or hereafter authorized, or whether issued for cash, property or services.

ARTICLE VIII
VOTING - WHEN CUMMULATIVE VOTING ALLOWED

Section 1. General Matters.

The voting power shall vest solely in the holders of the capital stock. At every meeting of the stockholders every holder of capital stock, whether it be Class A, B, C or D shall be entitled to one vote for each share standing in his name on the books of the Corporation.

Section 2. Election of Directors.

Every holder of the capital stock shall have the right to vote in person or by proxy, the number of shares owned by him for as many persons as there are Directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such Directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates.

ARTICLE IX
BOARD OF DIRECTORS

The corporation shall have a Board of Directors consisting of seven persons.

ARTICLE X
PRINCIPAL OFFICE

The principal office of the corporation shall be at Grand Junction, Mesa County, Colorado, and the principal business of the company shall be carried on in the County of Mesa and State of Colorado.

ARTICLE XI
BY-LAWS

The Board of Directors shall have the power to make such prudent by-laws as they may deem proper for the management of the affairs of the company, not inconsistent with these Articles of Incorporation nor inconsistent with laws. The by-laws may provide that no person shall be eligible to or remain in office as a director who shall not be a resident of Mesa County, Colorado; and may provide further qualification severally for the office of one or more directors, so as to insure there being one or more directors from among owners of any kind of stock irrigating lands by waters thereon in any particular area or areas, respectively, as may be defined by the by-laws.

ARTICLE XII
RESTATED ARTICLES

These Restated Articles of Incorporation only restate and integrate and do not further amend the provisions of the corporation's Articles of Incorporation as previously amended or supplemented. There is no discrepancy between such Articles of Incorporation with such amendments or supplements and the provisions of the Restated Articles of Incorporation. The Restated Articles of Incorporation supercede the original Articles of Incorporation and all amendments and supplements thereto. Omitted from the Restated Articles of Incorporation are the provisions of the original Articles of Incorporation which named the incorporators and the initial board of directors of the corporation.

The above and foregoing Restated Articles of Incorporation were duly adopted on January 14, 1992, at an annual meeting of the shareholders of the Corporation entitled to vote thereon with a quorum present, upon the affirmative vote of the majority of such shareholders entitled to vote thereon who were present at such meeting or represented by proxy.

Dated this 12th day of February, 1992.

Redlands Water and Power Company

By _____
President

Attest:

ORIGINAL SIGNATURES ON FILE

Secretary _____

VERIFICATION

STATE OF COLORADO,)
) ss.
COUNTY OF M E S A.)

Robert L. Sutton, being first duly sworn upon his oath,
deposes and says:

He is president of Redlands Water and Power Company. He has read the foregoing Restated Articles of Incorporation, knows the contents thereof, and they accurately reflect the Articles of Incorporation as originally adopted and later amended.

Further your affiant sayeth not.

Redlands Water and Power Company

President

Subscribed and sworn to before me this 12th day of February, 1992, by Robert L. Sutton, as President of Redlands Water and Power Company.

Witness my hand and official seal.

My commission expires: *May 22, 1993* ()

Notary Public