

SECRETARY OF STATE
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STATE OF COLORADO
DEPARTMENT OF STATE

ARTICLES OF INCORPORATION
OF
SAGE WATER USERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS that the undersigned, being natural persons of the age of twenty-one (21) years or more, wishing to avail themselves and others of the benefits and responsibilities of the Colorado Nonprofit Corporation Act, C.R.S., 1973, §7-20-101 et seq., for the purpose of forming a Water Users Association as set forth in C.R.S. 1973 §7-44-101 et seq., and mutual ditch company as set forth in C.R.S., 1973 §7-42-101 et seq., hereby make these Articles of Incorporation, to wit:

ARTICLE I

Name

The name of the corporation shall be Sage Water Users Association, hereinafter referred to as the Association.

ARTICLE II

Duration

The period of duration of the Association shall be perpetual.

ARTICLE III

Purposes

The purposes for which the Association is organized are:

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A. To acquire, construct, operate, maintain, repair and replace one or more ditches, reservoirs, pipelines, wells or any part thereof, for the purposes of conveying water from any natural or artificial stream, channel, pipeline or source whatever, to any lands, or storing the same;

B. To deal with, contract with, or to cooperate with the United States under the provisions of the Act of Congress of June 17, 1902, and acts amendatory thereof or supplementary thereto for the securing of a water supply or irrigation works or both;

C. To deal with, contract with, or otherwise represent the best interests of the association and its members in regard to any other person or entity including the State of Colorado, its departments and boards;

D. To provide for maintenance, preservation and control of any portion of the water distribution system lying within that certain tract of property described in Exhibit "A" attached hereto and made a part hereof, sometimes called Sage Creek North and Sage Creek South and such other property as Developer may add and to promote the health, safety and welfare of the residents within the above described property;

E. To provide for the enforcement of that certain Declaration of Protective Covenants recorded in the office of the Clerk and Recorder of El Paso County, Colorado, 24th day of May, 1985 in Book 5006 and Page 284, under Reception No. 01247303, for Sage Creek North, and recorded 28th day of March, 1986 in Book 5146

and Page 765 for Sage Creek South Filing No. 1, said Declaration being incorporated herein as if set forth at length, and to provide for the enforcement of any and all further Declarations of Protective Covenants which may hereafter be filed under proper authority in the office of the Clerk and Recorder of El Paso County, Colorado, and declared to be applicable to property within the tract legally described in Exhibit "A", hereto and such property as shall be added by amendment.

F. To fix, levy, collect and enforce payment by any lawful means, (including termination of water service), all charges or assessments pursuant to law, or the rules, regulations and By-Laws of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

G. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

H. To borrow money, to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and

I. To have and to exercise any and all powers, rights and privileges which a corporation organized under the Colorado Nonprofit Corporation Act and the Water Users' Association Act, C.R.S. §7-44-101, 1973, et seq., by law may now or hereafter have or exercise.

ARTICLE IV

Office

The initial registered office of the Association shall be at 1265 Lake Plaza Drive, Colorado Springs, El Paso County, Colorado 80906.

ARTICLE V

Agent

The initial registered agent at said office shall be WILLIAM POLESON, whose mailing address is 1265 Lake Plaza Drive, Colorado Springs, Colorado 80906.

ARTICLE VI

Directors

The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association. The number of directors may be changed by amendment to the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection and qualification of their successors, are:

<u>Name</u>	<u>Address</u>
William Poleson	1265 Lake Plaza Drive Colorado Springs, CO 80906
Connie R. Poleson	1265 Lake Plaza Drive Colorado Springs, CO 80906
Pansy Shorland	1265 Lake Plaza Drive Colorado Springs, CO 80906

At the first annual members meeting, the members shall elect one director for a term of one (1) year, one director for a term of two (2) years and one director for a term of three (3) years, and at each annual meeting thereafter, the members shall elect one (1) director for a term of three (3) years.

ARTICLE VII

Incorporators

The incorporators are as follows:

<u>Name</u>	<u>Address</u>
William Poleson	1265 Lake Plaza Drive Colorado Springs, CO 80906
Connie W. Poleson	1265 Lake Plaza Drive Colorado Springs, CO 80906
Pansy Shorland	1265 Lake Plaza Drive Colorado Springs, CO 80906

ARTICLE VIII

In compliance with §7-42-101, C.R.S., 1973, the incorporators make the following statements:

A. The stream, channel or source from which the water is to be taken initially is (pursuant to contract) Mid-Colorado

Investment Company, Inc., Arapahoe Well Permit No. 27745-F, Fox Hill Well Permit No. 27746-F.

B. The line of the Association's initial pipelines shall run as shown on the water distribution pipeline map which is Exhibit "B" hereto;

C. The uses to which the water is intended to be applied are: domestic, fire protection and sanitation.

ARTICLE IX

Membership

Section 1 - Membership: Every person or entity who is the owner of record of any Lot or Parcel of land within the tract described in Exhibit "A", hereto, and other subdivisions included by Developer by amendment hereto that has been deeded by Saddleback Associates, Ltd. (a Colorado corporation) subsequent to May 24, 1985, or which may in the future be deeded by said Seller, its successor or assigns, in Sage Creek North, Sage Creek South and other subdivisions included by Developer by amendment hereto shall be a member of the Association, including, but not limited to, owners of record of Lots within Sage Creek North, as described in Plat recorded the 24th day of May, 1985, in Plat Book Y3 at Page 69 under Reception Number 1254253 of the records of El Paso County, Colorado, Sage Creek Filing No. 1 described in Plat recorded the 25th day of March, 1986 in Plat Book A4 at Page 49 in the records of El Paso County, Colorado, Sage Creek South and such other subdivisions added by Developer by amendment

hereto. Membership shall not extend to any parcel or Lot of land which may in the future be created by the subdivision of any parcel or Lot by subsequent owner or owners following an original Deed from said Saddleback Associates, Ltd., its successors or assigns. When more than one person is the owner of record of any Lot or parcel of land, all such persons shall be members. Membership shall be appurtenant to and may not be separated from ownership of any parcel or Lot. The ownership of record of such Lot or parcel shall be the sole qualification for membership.

Section 2 - Classes of Membership: There shall be only one class of membership.

Section 3 - Membership Rights: Membership rights shall be as set forth in the By-Laws of the Association.

ARTICLE X

Voting

Section 1 - Members: Those members holding an interest in any one parcel or Lot shall be collectively entitled to one vote for said parcel or Lot. The vote for each parcel or Lot shall be exercised by the Owners thereof as they among themselves determine, but in no event shall more than one vote be cast with respect to any one parcel or Lot. Fractional votes shall be permitted.

Section 2 - Amendment of Voting Rights; Cumulative Voting Prohibited: Voting rights may be amended by the By-Laws of the Association. Cumulative voting shall be prohibited. Voting

rights for additional members shall be as provided in the By-Laws of the Association.

ARTICLE XI

Stock

The Association shall have and shall issue shares of stock representing membership, in fractional certificates if need be, provided that a membership, or fractional part thereof, in the Association shall be personal property deemed appurtenant to the real property described above, and sale of the real property shall be deemed sale of the membership.

ARTICLE XII

Limitation on Power; Powers

★The Association shall not furnish water to any premises not owned by a member or by the Association. Except as provided in the preceding sentence, the Association shall have all the powers and rights of a nonprofit water users association and mutual ditch company as provided by Colorado law, including but not limited to all powers and rights set forth in C.R.S. 1973, §7-20, 42 and 44, as amended from time to time.

ARTICLE XIII

Assessment

The By-Laws of the Association shall provide for assessments of members and liens upon stocks as provided by C.R.S. 1973, §7-42-101, as amended.

ARTICLE XIV

Authority to Mortgage

Any mortgage by the Association of real or personal property, or both, shall have the assent of two-thirds of the membership.

ARTICLE XV

Authority to Dedicate, Sell or Transfer

The Association shall have power to dedicate, sell or transfer all or any part of its property (subject to restrictions of record), real, personal or both, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to cast two-thirds of the votes of the entire membership agreeing to such dedication, sale or transfer.

ARTICLE XVI

Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds of the votes of the entire membership. Upon dissolution of the Association, the assets, both real and personal of the Association, may be dedicated to an appropriate public agency to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

ARTICLE XVII

Meetings for Actions Governed by
Articles XIII through XVI

In order to take action under Articles XIII through XVI there must be a duly held meeting of the members of the Association. Written notice setting forth the purpose of the meeting shall be given to all members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting. The presence of members, or of proxies, entitled to cast two-thirds of the votes of the entire membership shall constitute a quorum for such a meeting.

ARTICLE XVIII

Amendment of Articles

These Articles may be amended, altered or replaced, from time to time, to the extent and in the manner prescribed by the laws of the State of Colorado. The Developer, Saddleback, Ltd., may add such portions of Blue Sage subdivision, El Paso County, Colorado to the land included herein and may modify these Articles and associated By-Laws to reflect same. All rights, liabilities, duties and benefits herein conferred are subject to such amendment.

ARTICLE XIX

Developer as referenced herein is Saddleback, Ltd., its successors or assigns.

EXHIBIT "A"

SAGECREEK NORTH

The south half of the northeast quarter of Section 11 in Township 13 South, Range 64 West, of the 6th P.M.; and west half of the southwest quarter, the west one-third of the east half of the southwest quarter, the southwest quarter of the northwest quarter and the west one-third of the southeast quarter of the northwest quarter of Section 12 in Township 13 south, Range 64 West of the 6th P.M., El Paso County, Colorado, excepting the five (5) acre tract upon which is located a modular home, which tract shall be described as Lot 36 in SageCreek North, El Paso County, Colorado.

SAGECREEK SOUTH - Filings No. 1 and No. 2

All of Section 13 and the north half of the north half of Section 24, Township 13 South, Range 64 West of the 6th P.M., El Paso County, Colorado, excepting the 40 acre tract upon which all improvements are located, which said tract is more particularly described as follows; Beginning at the northwest corner of Section 13, Township 13 South, Range 64 West of the 6th P.M., El Paso County Colorado, thence South $00^{\circ} 31' 50''$ west along the west section line a distance of 60.01 feet to the true point of beginning, thence north $89^{\circ} 21' 32''$ east on a line parallel to the north section line a distance of 1779.95 feet, thence south $00^{\circ} 38' 28''$ east a distance of 992.00 feet, thence north $89^{\circ} 28' 10''$ west a distance of 1779.86 feet, thence north $00^{\circ} 31' 50''$ east 955.39 feet to the true point of beginning, said parcel containing 40.01 acres more or less.



**DEPARTMENT OF STATE
Corporations Section**
1560 Broadway, Suite 200
Denver, Colorado 80202
(303) 866-2361

**Notice of Filing of Articles of Incorporation
or
Application for Certificate of Authority**

Your Articles of Incorporation or Application for Certificate of Authority has been accepted and filed. The enclosed Certificate is issued to you as evidence of your corporate existence and authority to transact business in this state.

As an authorized corporation, you are required to maintain continuously both a Registered Agent and a Registered Office in this state. Any change of Agent or Office requires the filing of a statement to that effect within thirty days of such change.

In addition, every corporation is required to file a Corporate Report no later than May 1st of each biennium (every other year). The first Corporate Report of a corporation is due in the **second** year following its date of incorporation or qualification in this state (e.g. if its date of incorporation or qualification in this state is in 1984 the first Report would be due in 1986

The Corporate Report will be mailed to your Registered Agent at the Registered Office as shown on our records and will not be forwarded by the post office, so please notify the Corporations Section of the changes discussed in the prior paragraph.

If you are in need of any further service, please contact us. Our office hours are from 8:30 a.m. to 5 p.m., Monday through Friday. Telephone Number: 866-2361.

Our best wishes for success in your new venture.

STATE OF COLORADO

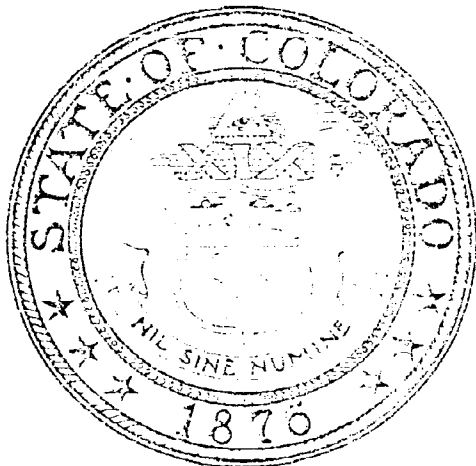


DEPARTMENT OF
STATE

CERTIFICATE

I, NATALIE MEYER, Secretary of State of the State of Colorado hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law and are found to conform to law.

Accordingly, the undersigned, by virtue of the authority vested in me by law, hereby issues A CERTIFICATE OF INCORPORATION
TO SAGE WATER USERS ASSOCIATION, A NONPROFIT CORPORATION.



Natalie Meyer

SECRETARY OF STATE

DATED: JULY 7, 1986