

NEW APPLICATION



0000025345

RECEIVED ATTACHMENT "A"

2000 OCT -5 P 12:01

AZ CORP COMMISSION
DOCUMENT CONTROL

ORIGINAL

Francesca Water Company Inc.
11200 S. Sierrita Mtn. Rd. PMB #106
Tucson, AZ 85736

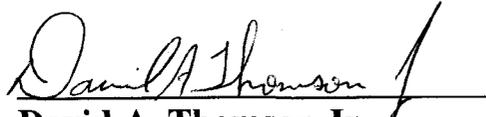
October 2, 2000

DOCKET NO. W-03945A-00-0788

DOCKET NO. W-02838A-00-0788

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

Attached is an application by Francesca Water Company Inc. for the sale of assets and the transfer of its Certificate of Convenience and Necessity. The purpose of this application is to sell assets and transfer Certificate of Convenience and Necessity, from Francesca Water Company, (a dissolved Arizona Corporation, due to delinquencies) to Francesca Water Company Inc., (newly formed Arizona Corporation as of November, 1998). Transfer and formation of the new Francesca Water Company Inc. had been recognized by Arizona Corporation Commission, however had not been recognized by the Utilities Division of the Arizona Corporation Commission. Therefore this application's purpose is to correct any errors and discrepancies in the formation of the new Francesca Water Company Inc.


David A. Thomson Jr.
President, Francesca Water Company Inc.

RECEIVED

ARIZONA CORPORATION COMMISSION

2000 OCT -5 P 10 01

APPLICATION FOR APPROVAL OF SALE OF ASSETS AND/OR FOR TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY

ARIZONA CORPORATION COMMISSION
WATER AND SEWER CONTROL

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

Francesca Water Co.
11200 S. Sierrita Mtn. Rd. PMB # 106
Tucson, AZ 85736

B. If doing business under a name other than the Transferor (Company) name, specify:

C. The Transferor is a: Dissolved Corporation in 1998

<input checked="" type="checkbox"/> Corporation:	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-profit	<input type="checkbox"/> Limited, <input type="checkbox"/> General
<input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

Jerry Laney 745-6464
Laney & Jaszewski
5055 E. Broadway, C-202 Tucson, AZ 85711

E. List the name, address and telephone number of management contact:

David Thomson (President) (520) 405-1559
11834 S. Brandywine Ln.
Tucson, AZ 85736

F. The name, address and telephone number of the Transferee (Company) is:

Francesca Water Co., Inc (520) 822 9704
11200 S. Sierrita Mtn. Rd., PMB #106
Tucson, AZ 85736

G. If doing business under a name other than the Transferee (Company) name, specify:

NA

H. List the name, address and telephone number of the attorney for the Transferee.

Jerry Laney 745-6464
Laney & Jaszewski
5055 E. Broadway, C-202 Tucson, AZ 85711

I. List the name, address and telephone number of management contact:

David Thomson (President) (520) 405-1559
11834 S. Brandywine Ln.
Tulson, AZ 85736

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

David Thomson (Certified Operator)
11834 S. Brandywine Ln.
Tulson, AZ 85736 (520) 405-1559

K. (Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

David Thomson (520) 405-1559
11834 S. Brandywine Ln.
Tulson, AZ 85736

L. The Transferee is a:

<input checked="" type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers	Directors
President) David A. Thomson Jr.	David A. Thomson Jr.
Secretary) Gradi L. De Young	
Treasurer) Jerry L. Laney	
Statutory Agent)	

2. Indicate the number of shares of stock authorized to issue:

One Million (1,000,000)

3. If stock has been issued, indicate the number of shares issued and the date of issue:

100 shares 11-20 1998

N. If Transferee is a partnership:

1. List the names of general partners:

NA

2. List name, address and telephone number of managing partner:

NA

- If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

NA

P. Have all customer security deposits been refunded? Yes __ No . If no, mark the block below which describes the proposed disposition of security deposits.

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes __ No . If Yes, mark the block below which describes the proposed disposition of the refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes ___ No X. If Yes, mark the block below that describes the proposed disposition of
refunds.

___ Transferor will continue to refund after the transfer.

___ Transferee will assume the refunding obligations.

___ A full refund will be made at closing by Transferor.

___ Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument which conveys the assets to the transferee ✓
2. Articles of Incorporation (if corporation) ✓
3. By-Laws (if corporation) ✓
4. Certificate of Good Standing (if corporation) ✓ 602 542 3026 Mark Denozis
5. Articles of Partnership (if partnership) NA 602 542 6935
6. Articles of Organization (if limited liability company) NA
7. Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. NA
2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

Oct 1st 2000.

1300 w.
Washington

Certificates 85007

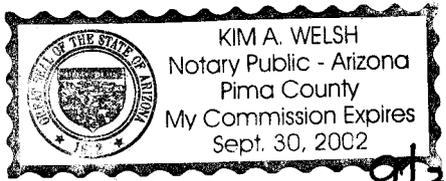
DATED the 20 day of September, 2000

[Signature]
(Signature of Authorized Representative of Transferor)

David A. Thomson Jr.
(Type Name Here)

President
(Title)

SUBSCRIBED AND SWORN to before me on this 20 day of September, 2000



[Signature]
NOTARY PUBLIC

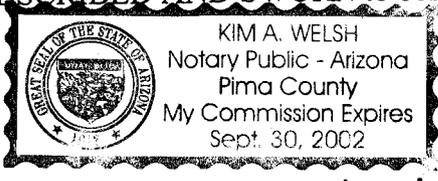
My Commission Expires 9/30/2002

[Signature]
(Signature of Authorized Representative of Transferee)

David A. Thomson Jr.
(Type Name Here)

President
(Title)

SUBSCRIBED AND SWORN to before me on this 20 day of September, 2000



[Signature]
NOTARY PUBLIC

My Commission Expires 9/30/2002

BILL of SALE

On this day, September 1st, 2000, **Francesca Water Company** has sold its assets and transferred its Certificate of Convenience and Necessity, to **Francesca Water Company Inc.**; a recognized Arizona corporation since November 1998.


Transferor Representative


Transferee Representative

AZ. CORP. COMMISSION
FILED

NOV 20 1998

APPR.
TERM
DATE

Carla Lewinsky

12-1-98
085 7993-6

ARTICLES OF INCORPORATION
OF
FRANCESCA WATER COMPANY, INC.

ARTICLE I

NAME: The name of the corporation shall be FRANCESCA WATER COMPANY, INC.

ARTICLE II

CORPORATE ADDRESS: The corporate street address for the corporation is 11834 S. Brandywine Lane, Tucson, AZ 85736.

ARTICLE III

PURPOSE: The purpose for which this corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time.

ARTICLE IV

INITIAL BUSINESS: The corporation initially intends to engage in the business of providing services as a community water company.

ARTICLE V

AUTHORIZED CAPITAL: The corporation shall have authority to issue One Million (1,000,000) shares of common stock at a par value of One Dollar (\$1.00) per share.

ARTICLE VI

STATUTORY AGENT: The name and address of the initial Statutory Agent, a bona fide resident of Arizona for three years, is JERRY L. LANEY, 5055 East Broadway, Suite C-202, Tucson, Arizona 85711.

ARTICLE VII

BOARD OF DIRECTORS: The initial Board of Directors shall consist of one (1) director. The person who is to serve as Director until the first annual meeting of shareholders or until successors are elected and qualified is: David Allen Thomson, Jr., 11834 S. Brandywine Lane, Tucson, AZ 85736

The Director, David Allen Thomson, Jr., is also the incorporator.

DATED: Nov 19, 1998

David A. Thomson, Jr.

David Allen Thomson, Jr.

BY-LAWS

FRANCESCA WATER COMPANY, INC.

ARTICLE I

OFFICES AND CORPORATE SEAL

1. Principal Office: The known place of business of the corporation shall be:
11200 S. Sierrita Mtn Rd. #106 Tucson Arizona 85736
2. Other Offices: The corporation may also maintain offices at such other place or places, either within or without the state of Arizona, as may be designated from time to time by the Board of Directors, and the business of the corporation may be transacted at such other offices with the same effect as that conducted at the principal office.
3. Corporate Seal: The Board of Directors shall provide a corporation seal which shall be circular in form and shall have inscribed thereon the name of the corporation and state of incorporation and the state of incorporation and the words "Corporate Seal".

ARTICLE II

SHAREHOLDERS

1. Shareholders' Meetings: All meetings of shareholders shall be held at such place as may be fixed from time to time by the Board of Directors, or in the absence of direction by the Board of Directors, by the President or Secretary of the corporation, either within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.
2. Annual Meetings: Annual meetings of shareholders shall be held on the Third Friday in May if not a legal holiday, and if a legal holiday, then on the next secular day following, or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. At the annual meeting, shareholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.
3. Notice of Annual Meeting: Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each shareholder of record entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of the meeting. Shareholders entitled to vote at the meeting shall be determined as of four (4:00) o'clock in the afternoon on the day before notice of the meeting is sent.

4. List of Shareholders: The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address and the number of shares registered in the name of each shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder present.

5. Order of Business at Shareholders' Meetings: The Order of Business at all meetings of shareholders, shall be as follows:

- (a) Calling the Roll;
- (b) Secretary's Proof of Due Notice of Meeting;
- (c) Reading and Disposal of any Unapproved Minutes;
- (d) Reports of Officers, Annual and Otherwise;
- (e) Election of Directors;
- (f) Unfinished Business;
- (g) New Business;
- (h) Adjournment.

6. Special Meetings of Shareholders: Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of shareholders owning a majority in amount of the entire capital stock of the corporation issued, outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

7. Notice of Special Meeting: Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten (10) days nor more than fifty (50) days before the date of the meeting to each shareholder of record entitled to vote at such meeting. Business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice. Shareholders entitled to vote at the meeting shall be determined as of four (4:00) o'clock in the afternoon on the day before notice of the meeting is sent.

8. Quorum and Adjournment: The holders of a majority of the shares issued, outstanding, and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders

entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting to another time or place, without notice other than announcement at the meeting at which adjournment is taken, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

9. Majority Required: When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present, whether in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

10. Voting: At every meeting of the shareholders, each shareholder shall be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such shareholder, but no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period.

11. Action Without Meeting: Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice, and without a vote, shall be signed by the holders of all of the outstanding shares entitled to vote with respect to the subject matter of the action.

12. Waiver of Notice: Attendance of shareholder at a meeting shall constitute waiver of notice of such meeting, except when such attendance at the meeting is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any shareholder may waive notice of any annual or special meeting of shareholders by executing a written notice of waiver either before or after the time of the meeting.

ARTICLE III

DIRECTORS

1. Number: The number of directors which shall constitute the whole Board shall be not fewer than one (1) nor more than nine (9). The directors shall be elected at the annual meeting of the shareholders, except as provided in section two (2) of this Article, and each director elected shall hold office until his or her successor is elected and qualified. Directors need not be shareholders.

2. Vacancies: Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors then in office, though not less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by the statute.

3. Powers: The business and affairs of the corporation shall be managed by its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts as are not by statute, the Articles of Incorporation, or these by-laws directed or required to be exercised or done by the shareholders.

4. Place of Meetings: The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Arizona.

5. Order of Business at Directors' Meetings: The order of business at any regular or special meeting of the Board of Directors shall be as follows:

- (a) Calling the Roll;
- (b) Secretary's Proof of Due Notice of Meeting;
- (c) Reading and Disposal of any Unapproved Minutes;
- (d) Reports of Officers, Annual and Otherwise;
- (e) Election of Directors;
- (f) Unfinished Business;
- (g) New Business;
- (h) Adjournment.

6. Annual Meetings: The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of shareholders and in the same place as the annual meeting of shareholders, and no notice to the newly elected directors of such meeting, providing a quorum shall be present. In the event such meeting is not held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver by all of the directors.

7. Regular Meetings: Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

8. Special Meetings: Special meetings of the Board may be called by the President or the Secretary on two (2) days' notice to each director, either personally, by mail, by telegram, or by telephone; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors.

9. Quorum: A majority of the membership of the Board of Directors shall constitute a quorum and the concurrence of a majority of those present shall be sufficient to conduct the business of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors then present may adjourn the meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present.

10. Action Without Meeting: Unless otherwise restricted by the Articles of Incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

11. Compensation: The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings. The amount or rate of such compensation of members of the Board of Directors or of committees shall be established by the Board of Directors and shall be set forth in the minutes of the board.

12. Waiver of Notice: Attendance of a director at a meeting shall constitute waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened or called. Any director may waive notice of any annual, regular or special meeting of directors by executing a written notice of waiver either before or after the time of the meeting.

ARTICLE IV

OFFICERS

1. Designation of Titles: The officers of the corporation shall be chosen by the Board of Directors and shall be a president, a secretary and treasurer. The Board of Directors may also choose a chairman of the board, and one or more assistant secretaries and assistant treasurers. Any number of offices, except the offices of president and secretary, may be held by the same person, unless the Articles of Incorporation or these by-laws otherwise provide.

2. Appointment of Officers: The Board of Directors at its first meeting after each annual meeting of shareholders shall choose a president, a secretary, and a treasurer, and may choose a chairman of the board, each of whom shall serve at the pleasure of the Board of Directors. The Board of Directors at any time may appoint such other officers and agents as it shall deem necessary to hold offices at the pleasure of the Board of Directors and to exercise such powers and perform such duties as shall be determined from time to time by the board.

3. Salaries: The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation. The salaries of the officers or the rate by which salaries are fixed shall be set forth in the minutes of the meetings of the Board of Directors.

4. Vacancies: A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors at any time.

5. Chairman of the Board: The Chairman of the board, if one shall have been appointed and be serving, shall preside at all meetings of the Board of Directors and shall perform such other duties as from time to time may be assigned to him or her.

6. President: The President shall preside at all meetings of shareholders, and if a chairman of the board shall not have been appointed or, having been appointed, shall not be serving or be absent, the president shall preside at all meetings of the Board of Directors. He or she shall sign all deeds and conveyances, all contracts and agreements, and all other instruments requiring execution on behalf of the corporation, and shall act as operating and directing head of the corporation, subject to policies established by the Board of Directors.

7. Vice President: There shall be as many vice presidents as shall be determined by the Board of Directors from time to time, and they shall perform such duties as from time to time may be assigned to them. Should a vice president be determined, as authorized by the Board, the vice president shall then have all the powers and perform all the duties of the president in case of the temporary absence of the president or in case of his or her temporary inability to act. In case of the permanent absence or inability of the president to act, the office shall be declared vacant by the Board of Directors and a successor chosen by the board.

8. Secretary: The secretary shall see that the minutes of all meetings of shareholders, of the Board of Directors, and of any standing committees are kept. He or she shall be the custodian of the corporate seal and shall affix it to all proper instruments when deemed advisable by him or her. He or she shall give or cause to be given required notices of all meetings of the shareholders

and of the Board of Directors. He or she shall have charge of all the books and records of the corporation except the books of account, and in general shall perform all the duties incident to the office of secretary of a corporation and such other duties as may be assigned to him or her.

9. Treasurer: The treasurer shall have general custody of all the funds and securities of the corporation except such as may be required by law to be deposited with any state official. He or she shall see to the deposit of the funds of the corporation in such bank or banks as the Board of Directors may designate. Regular books of account shall be kept under his or her direction and supervision, and he or she shall render financial statements to the president, directors, and shareholders at proper times. The treasurer shall have charge of the preparation and filing of such reports, financial statements, and returns as may be required by law. He or she shall give to the corporation such fidelity bond as may be required, and the premium therefor shall be paid by the corporation as an operating expense.

10. Assistant Secretaries: There may be such number of assistant secretaries as from time to time the Board of Directors may fix, and such persons shall perform such functions as from time to time may be assigned to them. No assistant secretary shall have power or authority to collect, account for, or pay over any tax imposed by any federal, state, or city government.

11. Assistant Treasurers: There may be such number of assistant treasurers as from time to time the Board of Directors may fix, and such persons shall perform such functions as from time to time may be assigned to them. No assistant treasurer shall have the power or authority to collect, account for, or pay over any tax imposed by any federal, state or city government.

ARTICLE V

INDEMNITY

The Corporation shall indemnify its directors, officers, and employees as follows:

(a) Every director, officer, or employee of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him(her) in connection with any proceeding to which he(she) may be made a party, or in which he(she) may become involved, by reason of his(her) being or having been a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer employee or agent of the corporation, partnership, joint venture, trust or enterprise, or any settlement thereof, whether or not he is a director, officer, employee or agent at the time such expenses are incurred, except in such cases wherein the director, officer, or

employee is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Corporation.

(b) The Corporation shall provide to any person who is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, the indemnity against expenses of suit, litigation or other proceedings which is specifically permissible under applicable law.

(c) The Board of Directors may, in its discretion, direct the purchase of liability insurance by way of implementing the provisions of this Article V.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the Corporation shall be in such form as

shall be determined by the Board of Directors. Such certificates shall be signed by the President and by the Secretary or by such other officers authorized by law and by the Board of Directors so to do, and sealed with the corporate seal. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. Transfer of shares. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes. Provided, however, that upon any action undertaken by the shareholders to elect S Corporation status pursuant to Section 1362 of the Internal Revenue Code and upon any shareholders agreement thereto restricting the transfer of said shares so as to disqualify said S Corporation status, said restriction on transfer shall be made a part of the by-laws so long as said agreement is in force and effect.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the First day of January and end on the Thirty First day of December of each year.

ARTICLE IX

DIVIDENDS

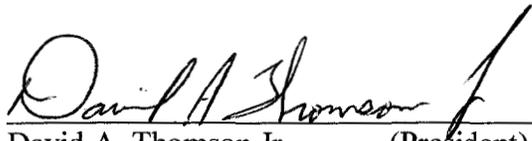
The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

Article X

REPEAL, ALTERATION OR AMENDMENT

These by-laws may be repealed, altered or amended, or substitute by-laws may be adopted at any time only by a majority of the Board of Directors.

The above By-Laws are certified to have been adopted by the Board of Directors of the corporation on the 19th day of November, 1998.



David A. Thomson Jr. (President)

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****FRANCESCA WATER COMPANY, INC.*****

a domestic corporation organized under the laws of the state of Arizona, did incorporate on November 20, 1998.

I further certify that this corporation has filed all affidavits and annual reports and paid all filing fees required to date and, therefore, is in good standing in this state.

**IN WITNESS WHEREOF, I have hereunto
set my hand and affixed the official seal
of the Arizona Corporation Commission.
Done at Phoenix, the Capitol, this
27th day of September, 2000, A. D.**



[Signature]
Executive Secretary

BY: *[Signature]*