

NEW APPLICATION

STREICH LANG



0000110810

A PROFESSIONAL ASSOCIATION
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AZ CORP COMMISSION
February 6, 1998
FEB 12 1 38 PM '98

Arizona Corporation Commission
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Arizona Corporation Commission
Docket Control
1300 West Washington
Phoenix, Arizona 85007

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W-03513A-98-0082
W-01576A-98-0082

RE: Application for Transfer of Assets and Certificate of Convenience and Necessity to Strawberry Water Co., Inc.

KEVIN D. QUIGLEY

(602) 229-5433

kquigley@slaw.com

Dear Sirs or Madams:

Enclosed please find E&R Water Co., Inc.'s application for approval of the transfer of certain portions of its assets and corresponding certificate of convenience and necessity to Strawberry Water Co., Inc. (the "Application"). This Application is being filed along with eleven (11) other applications to reorganize the water utility structure of Brooke Utilities, Inc. and Brooke Water, L.L.C. to correspond with geographical boundaries. Currently, the water systems are owned and operated by many different water companies. Under the reorganization, seven water companies, based on geographic boundaries, will operate the various systems which fall within their respective boundaries.

This Application is in substantially the form required by the Arizona Corporation Commission. However, certain items will be late filed. Those items include (when applicable): (1) Corporate Resolution; and (2) Transfer of County Franchise. These documents will be obtained during the next several weeks and the Application will be supplemented immediately to include those items. Also, it is anticipated that many of these applications will be consolidated.

If any further documentation or information is required to process this Application, please contact the undersigned. Any additional documentation or information that is required will be supplied as soon as possible. Thank you for your attention to this matter.

Sincerely,

Kevin D. Quigley

KDQ/cg

Enclosures

PHOENIX
TUCSON

NEW APPLICATION

1 JAMES M. IRVIN
Chairman
2
3 CARL J. KUNASEK
Commissioner
4 RENZ JENNINGS
Commissioner
5
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8
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RECEIVED
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Arizona Corporation Commission
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FEB 12 1998

DOCKETED BY *JH*

10 BEFORE THE ARIZONA CORPORATION COMMISSION

11 IN THE MATTER OF THE APPLICATION) DOCKET NO. *W-03513A-98-0082*
12 OF E&R WATER CO., INC. FOR) ~~W-01576A-98-0082~~
13 APPROVAL OF THE TRANSFER OF) **APPLICATION**
14 ASSETS AND CERTIFICATE OF) WATER
15 CONVENIENCE AND NECESSITY)
_____)

16 Transferor, E&R Water Co., Inc., hereby submits the
17 following in support of its Application for Arizona Corporation
18 Commission ("ACC") Approval of the Transfer of certain water utility
19 system assets and corresponding certificate of convenience and
20 necessity ("CCN") to Strawberry Water Co., Inc. ("Transferee"). The
21 domestic water systems being transferred are: (1) the Strawberry
22 Mobile Haven System; (2) the Strawberry Ranch 2 System; (3) the
23 Strawberry Ranch 5 System; (4) the Strawberry View 1 System; (5) the
24 Strawberry View 3 System; (6) the Rimwoods System; (7) the Homestead
25 System; and (8) the Walnut Glen System. This Application is being
26 filed along with numerous other applications to reorganize the water
27 utility structure of Brooke Utilities, Inc. ("Brooke") and Brooke
28

1 Water, L.L.C. ("Brooke Water") to correspond with geographical
2 boundaries.

3 Brooke and Brooke Water are reorganizing their structure
4 based on the geographic location of the water systems in the following
5 Arizona locations: (1) Circle City; (2) Navajo County; (3) Parker;
6 (4) Payson; (5) Pine; (6) Strawberry; and (7) Tonto Basin. The
7 reorganization will allow Brooke to more efficiently operate the water
8 utilities and will result in benefits not only to Brooke but to the
9 consumers as well.

10 Currently, the water systems are owned and operated by many
11 different water companies. Under the reorganization, seven water
12 companies, based on the above-referenced geographic boundaries, will
13 operate the various systems which fall within the respective
14 boundaries. However, the ownership, management and operation of all
15 of these water systems will be identical to that of the current water
16 companies and operations and service will not change. This
17 consolidation and reorganization is occurring solely for the purpose
18 of efficiency in management and operations. The rates and tariffs
19 currently being charged to customers will be identical to those
20 charged under the new organization. The Application is substantially
21 in the form required by the Commission and will be supplemented as
22 necessary or requested by the Commission.

23

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

26 E&R Water Co., Inc.
27 c/o Brooke Utilities, Inc.
28 1011 South Stover Road
 Payson, Arizona 85541
 (520) 474-1337

1 B. If doing business (dba) under a name other than the Transferor
2 (Company) name, specify: **N/A**

3 C. The Transferor is a:

4 X Corporation:

5 1. X "C", "S", Non-profit

6 2. X Arizona, Foreign

7 Partnership:

8 1. Limited, General

9 2. Arizona, Foreign

10 Limited Liability Company (LLC):

11 Sole Proprietorship

12 Other (specify): _____

13
14 D. List the name, address and telephone number of the attorney for
15 the Transferor:

16 Kevin D. Quigley
17 Streich Lang, P.A.
18 Renaissance One
19 Two North Central Avenue
20 Phoenix, Arizona 85004-2391
21 (602) 229-5200

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

23 Robert T. Hardcastle
24 c/o Brooke Utilities, Inc.
25 1011 South Stover Road
26 Payson, Arizona 85541
27 (520) 474-1337

28 F. The name, address and telephone number of the Transferee is:

Strawberry Water Co., Inc.
c/o Brooke Utilities, Inc.
1011 South Stover Road
Payson, Arizona 85541
(520) 474-1337

1 G. If doing business under a name other than Transferee (Company)
2 name, specify: **N/A**

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

5 Kevin D. Quigley
6 Streich Lang, P.A.
7 Renaissance One
8 Two North Central Avenue
9 Phoenix, Arizona 85004-2391
10 (602) 229-5200

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

13 Robert T. Hardcastle
14 c/o Brooke Utilities, Inc.
15 1011 South Stover Road
16 Payson, Arizona 85541
17 (520) 474-1337

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

20 Dean Shaffer
21 c/o Brooke Utilities, Inc.
22 1011 South Stover Road
23 Payson, Arizona 85541
24 (520) 474-1337

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

28 Dean Shaffer
c/o Brooke Utilities, Inc.
1011 South Stover Road
Payson, Arizona 85541
(520) 474-1337

L. The Transferee is a:

X Corporation:

1. X "C", "S", Non-profit

2. X Arizona, Foreign

Partnership:

1. Limited, General

- 1 2. _____ Arizona, _____ Foreign
 2 _____ Limited Liability Company (LLC):
 3 _____ Sole Proprietorship
 4 _____ Other (specify): _____
 5

6 M. If Transferee is a corporation:

- 7 1. List names of Officers and Directors:
 8 Officers Directors
 9 Robert T. Hardcastle, President Robert T. Hardcastle
 10 Lee S. Jamieson, Vice President Lee S. Jamieson
 11 Charles R. McCan, Secretary Charles R. McCan
 12 Charles R. McCan, Treasurer
 13 2. Indicate the number of shares of stock authorized to
 14 issue: 1,000.
 15 3. If stock has been issued, indicate the number of
 16 shares issued and the date of issue: None.

16 N. If the Transferee is a partnership: **N/A**

- 17 1. List the names of the general partners:
 18 2. List the name, address and telephone number of the
 19 managing partners:

20 If the Applicant is a foreign limited partnership, provide
 21 a copy of the Partnership's "Certificate of Registration"
 22 filed with the Arizona Secretary of State.

22 O. If the Transferee is a sole proprietor, list the name address
 23 and telephone number of the individual: **N/A**

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

- 26 ___ All security deposits will be refunded at time of closing.
 27 X All security deposits will be transferred to the Transferee.
 28 ___ Other (explain).

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

- 3 _____ Transferor will continue to refund after the transfer.
- 4 X Transferee will assume the refunding obligations.
- 5 _____ A full refund will be made at closing by Transferor.
- 6 _____ Other (explain).

7
8 R. (WATER ONLY) Are there any refunds due on meter and service line
9 installations? Yes X No _____. If Yes, mark the block below
10 which describes the proposed disposition of refunds.

- 10 _____ Transferor will continue to refund after the transfer.
- 11 X Transferee will assume the refunding obligations.
- 12 _____ A full refund will be made at closing by Transferor.
- 13 _____ Other (explain).

14
15 S. (Transferee) Attach the following exhibit(s):

- 16 1. Copy of the bill of sale, purchase contract or other
17 instrument which conveys the assets to the transferee.
(Tab A)
 - 18 1. Bill of Sale
 - 19 2. Deed
 - 20 3. Assignment and Assumption Agreement
- 21 2. Articles of Incorporation (if corporation).
(Tab B)
- 22 3. By-Laws (if corporation).
(Tab C)
- 23 4. Certificate of Good Standing (if corporation).
(Tab D)
- 24 5. Corporate Resolution if required by Articles of
25 Incorporation.
(Tab E) (To Be Late Filed)
- 26 6. Attach a copy of the transfer of City or County Franchise
27 from the Transferor to Transferee.
(Tab F) (To Be Late Filed)

28

1 T. List names and addresses of any public utility interest
Transferee has: **N/A**

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

4 No later than February 26, 1998.

5 DATED this 6th day of February, 1998.

6 E&R Water Co., Inc. an Arizona
7 corporation, Transferor

[Handwritten Signature]
8 _____
9 ROBERT T. HARDCASTLE
President

10 Strawberry Water Co., Inc., an Arizona
11 corporation, Transferee

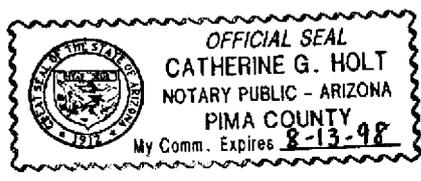
[Handwritten Signature]
12 _____
13 ROBERT T. HARDCASTLE
14 President

15 STATE OF ARIZONA)
16 County of Maricopa) ss.

17 SUBSCRIBED AND SWORN to before me this 3rd day of February,
18 1998, by Robert T. Hardcastle, President of E&R Water Co., Inc.,
19 Transferor, and President of Strawberry Water Co., Inc., Transferee.

Catherine G. Gould
20 _____
21 Notary Public

22 My Commission Expires:



25
26
27
28

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, **E&R WATER CO., INC., an Arizona corporation** ("Seller"), does hereby sell, assign, transfer and convey to **STRAWBERRY WATER CO., INC., an Arizona corporation** ("Buyer"), as follows:

1. Seller is conveying to Buyer fee title to that real property located in Gila County, Arizona, described on Schedule "1" attached hereto and incorporated herein by this reference, together with any improvements thereon (collectively, the "Real Property"), and all personal property located on the Real Property or used in connection with the water systems serving Strawberry, Gila County, Arizona including the Strawberry Mobile Haven System, Strawberry Ranch 2 System, Strawberry Ranch 5 System, Strawberry View 1 System, Strawberry View 3 System, Rimwoods System, Homestead System and Walnut Glen System (collectively, the "System").

2. In connection with the foregoing conveyance, Seller hereby sells, assigns, transfers and conveys to Buyer all of the following:

(a) All of the following, as they arise out of, are related to the construction, development or operation of, or are in any way used in connection with the Property: (i) accounts receivable, cash on hand and cash equivalents, funds held in operational, checking, savings or investment accounts, prepaid rentals, prepaid assets and professional fees, security deposits, utility deposits and all other deposits and bonds in the name of or held by Seller which are not Rents; (ii) architectural drawings, engineering plans, other plans and specifications, blueprints, mylars, shop drawings and other standard industry design, architectural or construction documents, including without limitation as-built plans and surveys related to water, sewer, paving, grading and drainage, and all soils reports, water reports, water rights certificates, environmental assessments, feasibility studies, zoning documents and other similar reports; (iii) warranties, guarantees and indemnities in favor of Seller and all claims of Seller against third parties; (iv) licenses, permits, brochures, marketing materials, sales lists, certificates of occupancy or similar documents, contract rights, and other agreements and governmental registrations, filings, reports and approvals, whether oral or in writing, including without limitation, documents prepared for or by, submitted to or received from, the Arizona Department of Real Estate, the Arizona Department of Environmental Quality, the Arizona Corporation Commission (including without limitation orders approving variances, the transfer of assets, settlement agreements, or any other matter or agreement within the jurisdiction of the Arizona Corporation Commission), Gila County (including without limitation the Franchise granted by Gila County), or any other governmental or quasi-governmental agency, entity or

municipality; (v) trade names, service marks, telephone exchange numbers, trademarks and other identifying material and registrations associated therewith, including, without limitation, all right, title and interest of Seller in and to the name Strawberry Water Company and the goodwill associated therewith; (vi) copyrights, designs, patents, surveys, site plans, plats, operating materials, engineering reports and documents, environmental audit reports and other technical descriptions; (vii) title policies, commitments, declarations of covenants, conditions and restrictions, plats, tract declarations, easements and other similar documents or instruments; and (viii) all subcontracts, reports, bids, summaries, schedules, invoices, escrow documents, notices, lien waivers, assets, and rights of every kind, nature and description.

(b) All furniture, furnishings, equipment (including wells, pumps, water pipe lines, distribution facilities and all other items used and useful in providing domestic water service), fixtures, improvements, inventory, supplies and other items of personal property, existing signage, and any vehicles now or at any time hereafter used in connection with or related to the System or the Real Property. The foregoing personal property is hereinafter collectively referred to as the "Personal Property." The Personal Property shall include all items, without limitation, described on Schedule "2" attached hereto and by this reference incorporated herein.

TO HAVE AND TO HOLD the Personal Property unto Buyer, its successors and assigns forever. Seller hereby represents and warrants to Buyer that: (i) Seller is the absolute owner of the Personal Property, (ii) the Personal Property is free and clear of any and all liens, claims and encumbrances, mortgages, security interests, leases and ownership interests, (iii) Seller has full right and authority to sell, assign, transfer and convey the Personal Property and to make this Bill of Sale, and (iv) Seller shall warrant and defend the title to the Personal Property being conveyed hereby to Buyer against all claims by others against said title and to the Personal Property.

Seller agrees to execute, acknowledge (if appropriate) and deliver such other documents and instruments and perform such other acts as may be deemed necessary or desirable in order to carry out the purposes of this instrument.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of this 6th day of February, 1998.

E&R WATER CO., INC., an Arizona corporation

By: _____

Robert T. Hardcastle

Its: President

"SELLER"

SCHEDULE 1

All real property interests whatsoever owned or held by Seller and used in connection with, or related to, the operation of the Strawberry water systems serving Strawberry, Gila County, Arizona including the Strawberry Mobile Haven System, Strawberry Ranch 2 System, Strawberry Ranch 5 System, Strawberry View 1 System, Strawberry View 3 System, Rimwoods System, Homestead System and Walnut Glen System. The interests described herein shall include, without limitation, fee simple title in any real property owned by Seller, Seller's interest under any easements benefitting or used by Seller, and Seller's interest under any leases or other occupancy agreements relating to real property.

E&R Water-Strawberry
Book Depreciation

| Description | Date in Service |
|--------------------------------|-----------------|
| Other costs: | |
| Original Inc Cost | 6/1/76 |
| 1 Ton Dump Truck | 7/17/92 |
| Land and land rights: | |
| Land | 12/1/78 |
| Structures and Improvements: | |
| Pump House | 6/1/76 |
| Booster Station | 6/1/82 |
| Booster Station | 6/1/82 |
| Eng service July 92 | 7/24/92 |
| Eng service July-Oct 92 | 10/1/92 |
| Wells and Springs: | |
| Tract C SR5 | 6/1/76 |
| Rimwoods | 6/1/76 |
| SVI Lot 59 | 6/1/76 |
| SVI Lot 177 | 6/1/76 |
| SVI Lot 32 | 6/1/76 |
| Adjusted Cost Lot 32 | 6/1/76 |
| Strawberry View 1 | 6/30/97 |
| McKnight Well | 6/30/97 |
| Strawberry Pines | 6/30/97 |
| O'Hara Well | 6/30/97 |
| Strawberry Ranch 5 | 6/30/97 |
| Homestead | 6/30/97 |
| Strawberry View 3 | 6/30/97 |
| Strawberry Ranch 2 | 6/30/97 |
| Supply Mains | |
| Compressor (RW) | 6/1/85 |
| 2 Compressor (V1,V3 Well) | 7/1/86 |
| Compressor (R5) | 11/1/87 |
| Compressor (R2) | 7/1/86 |
| Compressor (WG) | 7/1/86 |
| Compressor (V3 Booster St) | 11/1/86 |
| SP/SCF Intertie | 4/1/91 |
| Intertie (Plll/CT,SP/SCF) | 3/29/91 |
| Fossil Creek Line Ext. (Mains) | 12/31/92 |
| Pumping equipment: | |
| Pump | 6/1/76 |
| Pump | 2/1/77 |
| Pump | 8/1/79 |
| Pump Well | 10/1/80 |
| Pump Walnut Glen | 11/1/80 |
| Pump Well | 5/1/81 |
| 5HP Booster | 6/1/82 |
| Submersible | 6/1/82 |
| 5HP Berkley Booster | 6/1/83 |
| 5HP Berkley Booster | 5/1/84 |
| Pump & Motor | 8/1/88 |
| Well Pump (R5) | 7/1/92 |
| Mercoid Switch Walnut Booster | 11/3/92 |
| Str View Replace Booster | 1/10/93 |

Strawberry Water Co.

Schedule 2

**E&R Water-Strawberry
Book Depreciation**

| Description | Date in Service |
|---------------------------------|-----------------|
| New Well Pump Rimwood Well | 9/23/94 |
| | |
| Water Treatment: | |
| Chlorinator (R2) | 7/8/92 |
| Chlorinator/Rimwood | 8/11/94 |
| | |
| Dis. Res and Standpipes: | |
| Tank | 6/1/76 |
| Tank | 6/1/76 |
| Reservoirs | 6/1/76 |
| 1,000 Gal Pressure Tank | 6/1/79 |
| 10,000 Gal Tank | 5/1/79 |
| 2,000 Gal Pressure Tank | 6/1/80 |
| Steel Tank | 12/1/80 |
| 10,000 gal Storage Tank | 6/1/81 |
| 65,800 Gal Tank | 4/1/84 |
| Pressure Tank | 4/1/84 |
| Storage Tank | 5/1/84 |
| Pressure Tank | 6/1/82 |
| 1,000 Gal Storage Tank | 6/1/81 |
| | |
| Trans & Dist Mains: | |
| Mains | 6/1/76 |
| Mains-the Homestead | 11/1/86 |
| Mains | 6/1/82 |
| Main Line V3 10 Ft. | 6/3/91 |
| Main Line R6 (12 ft) | 7/27/91 |
| Repaired 3" Main SR2 #103 | 10/22/92 |
| 3" Main Line Break SR2 #71 | 10/23/92 |
| Repair 3" Main SR2 #125 | 10/26/92 |
| 3" Main Repaired 2 leaks | 11/5/92 |
| AZ Culvert Co. 20' Filter Plant | 2/22/93 |
| Floyd/Pipe Purchase | 2/24/93 |
| Repaired 4" Main Hunt Ac 15 | 5/21/93 |
| New Line from V-3 to Rimwood | 8/16/95 |
| | |
| Services: | |
| Services | 6/1/76 |
| Services | 6/1/81 |
| Services | 6/1/81 |
| Services | 6/1/82 |
| Services | 6/1/83 |
| Services | 6/1/84 |
| Services | 6/1/85 |
| Services | 6/1/85 |
| Services | 6/1/86 |
| Services | 6/1/86 |
| Services | 6/1/87 |
| Services | 6/1/88 |
| Services Lines | 7/1/88 |
| Services | 8/1/89 |
| Service (SP - Lot 82) | 11/20/91 |
| Service (SLE Lot 59) | 5/6/91 |
| Services (R6 Lot 64) | 5/29/91 |
| Service (R6 Lot 26) | 5/29/91 |
| Service (SP Lot 65) | 6/12/91 |
| Service (FWE Lot 1J) | 6/10/92 |

E&R Water-Strawberry
Book Depreciation

| Description | Date in Service |
|-------------------------------|-----------------|
| Service (TP Lot 7N) | 6/29/92 |
| Service (R1 Lot 28) | 7/6/92 |
| Shady lane Estates Lots 75/76 | 9/22/92 |
| Fitzwater Estates 1J2 | 12/11/92 |
| New Serv STR Ranch 6 Lot 63 | 3/19/93 |
| New Serv-Strawberry #44 | 3/29/93 |
| New Serv Str View 3 3115 | 5/24/93 |
| New Serv-Fitzwater Parcel 1 | 6/9/93 |
| New Serv Strawberry V1 #17 | 6/7/93 |
| New Serv_Str Ranch 6 Lot 66 | 7/27/93 |
| New Serv-Str Ranch 6 lot 57 | 9/8/93 |
| New Serv-SR6 Lot 35 | 12/1/93 |
| New Serv-Str Ranch 6 #55 | 12/16/93 |
| New Serv-SR3 Lot 148B | 1/10/94 |
| New Serv-119 Rim Woods | 4/27/94 |
| New Serv-Straw Mobile Haven | 5/10/94 |
| New Serv-Straw View 2 Lot 78 | 5/16/94 |
| New Serv-Fossil Cr Lot A | 5/25/94 |
| New Serv-Moq Mob Est Lot 42 | 5/25/94 |
| New Serv-Straw/Pine #54 | 4/25/94 |
| New Serv St Mt Shadows LtRH | 4/29/94 |
| New Serv-Str Ranch 6 Lot 48 | 6/10/94 |
| New Serv-Str ranch 1 Lot 35 | 6/20/94 |
| New Serv-Str View LII | 5/27/94 |
| New Serv-Homestead 16 | 5/25/94 |
| New Serv-Straw Cr. Ft Lt8 | 7/7/94 |
| New Serv-Wainut Glen Lot 4 | 8/8/94 |
| New Serv-Rimwoods Lot 111 | 9/2/94 |
| New Serv-Lot 59 Rimwood | 10/26/94 |
| New Serv-SV3 L226 A,B,C | 11/16/94 |
| New Serv-Lot 145 SR3 | 11/17/94 |
| New Serv Hunt L7 Unit #1 | 12/16/94 |
| New Serv-Lot 30 SR11 | 4/14/94 |
| New Serv Mobile Haven Lot 33 | 5/11/95 |
| New Serv Strawberry 30103 | 6/14/95 |
| New Serv-Lot 1 Hunt Ranch | 7/13/95 |
| New Serv-L36 Str View I | 7/17/95 |
| New Serv-Lot 115 Rimwoods | 7/18/95 |
| New Serv-Loyt67 R-6 | 8/21/95 |
| New Serv-Lot 53 R-6 | 8/18/95 |
| New Serv-Lot 5 Hidden Pines | 8/24/95 |
| New Serv-L13 STR-5 | 8/16/95 |
| New Serv-Ranch 4 Lot 23 | 10/19/95 |
| New Serv-Lot 133 STR 2 | 10/30/95 |
| New Serv- Lot 104 STR2 | 10/31/95 |
| New Serv-L37 R-1 | 11/28/95 |
| New Serv-Lot 82 Ranch 4 | 12/21/95 |
| New Serv-Lot 3 Hunt Acres | 12/19/95 |
| New Serv-Fossil Cr. Addition | 12/19/95 |

Meters and Meter Installs:

| | |
|----------------------|----------|
| Meters | 6/1/76 |
| Meters | 6/1/76 |
| Meters | 12/1/80 |
| Meters | 6/1/82 |
| Meters | 6/1/83 |
| Meters | 6/1/84 |
| Meters | 6/1/85 |
| Meters | 6/1/85 |
| Meters | 6/1/86 |
| Meters | 6/1/86 |
| Meters | 6/1/86 |
| Meters | 8/1/88 |
| Meters | 8/1/89 |
| Meter (V3 Lot 217) | 12/11/91 |
| Meter (R6 Lot 64) | 5/29/91 |
| Meter (FWE Lot 1 HA) | 9/16/91 |
| Meter (R6 Lot 26) | 5/29/91 |
| Meter (SP Lot 65) | 6/12/91 |

E&R Water-Strawberry
Book Depreciation

| Description | Date in Service |
|--------------------------------|-----------------|
| Meter (R1 Lot 3) | 5/5/92 |
| Meter (R4 Lot 51) | 5/13/92 |
| Meter (R6 Lot 70) | 6/23/92 |
| Meter (R4 Lot 6) | 6/18/92 |
| Meter (FWE Lot 1J) | 6/10/92 |
| Meter (TP Lot 7N) | 6/29/92 |
| Meter (R1 Lot 28) | 7/6/92 |
| Meter (V3 Lot 238) | 8/21/92 |
| Meter (R6 Lot 11) | 8/25/92 |
| Meter (R1 Lot 26) | 8/22/92 |
| Meter (SLE Lot 71) | 8/21/92 |
| Meter (SP Lot 86) | 8/6/92 |
| 1 Each Str View # Lot 254 | 9/2/92 |
| 1 each 3/4 Rkwf Str Ranch 6 | 9/1/92 |
| 1 Each SLE #56 | 9/2/92 |
| 1 Each Str Ranch 4 Lot 90 | 9/14/92 |
| 1 Each Str Ranch 6 20RG | 9/4/92 |
| 2 each Shady LE, Lots 75-76 | 9/22/92 |
| 1 Each Str Oines 9 SP | 9/17/92 |
| Meter Change SV2 Lot 93A | 10/27/92 |
| Change Meter ST4 #60 | 10/21/92 |
| Replace Meter R5 #15 | 10/20/92 |
| Change Meter Lot1 | 10/16/92 |
| Change Meter SR4 Lot 34 | 10/12/92 |
| Meter Change SP Lot 37 | 10/12/92 |
| Replace Meter V1 25 | 10/8/92 |
| Meter SR2 Lot 125 | 10/26/92 |
| STR Mobile Haven Lt1TRA | 10/21/92 |
| Replace Meter SV2 Lot 39 | 7/13/92 |
| Replace Meter SR5 TRD | 11/3/92 |
| MME 47,51,335P, 345P | 11/18/92 |
| Fitzwater Est 1J2 | 12/11/92 |
| Meter change Str r1 #3&4 | 11/25/92 |
| Change 2 Meters Lot 50&51 | 1/26/93 |
| Meter Change Srv VIII Lot 137 | 1/28/93 |
| Change 3 Meters WO 1962 | 2/17/93 |
| Meter STR Ranch 6 Lot 63 | 3/19/93 |
| New Meter Str V1 #44 | 3/29/93 |
| Changed Meter Ranch 6 #17 | 4/23/93 |
| Strawberry Pines #33 | 4/21/93 |
| Replaced Meter Str Ranch #107 | 4/26/93 |
| Rep Meter Str V 3 #131 | 4/26/93 |
| Change Meter 158 Str View 3 | 5/12/93 |
| New Serv Str View 3 #115 | 5/24/93 |
| R&R Meter Mog Mob Est #29 | 5/28/93 |
| New Serv/mtr Fitzwater Est #1 | 6/9/93 |
| New Serv Strawberry V1 #17 | 6/7/93 |
| New Meter Str Mobile Haven 19 | 7/7/93 |
| New Serv STR R6 Lot 66 | 7/27/93 |
| Relocate Meter R4 #35 | 8/9/93 |
| Repl Meter SLE 41 | 8/16/93 |
| New Serv Str Ranch 6 Lot 57 | 9/8/93 |
| R&R Meter SLE 63 | 9/20/93 |
| New Meter St Ranch 1 #14 | 10/1/93 |
| New Meter St Ranch 1 #24 | 10/1/93 |
| New Meter Shady Ln Est L-27 | 10/5/93 |
| New Meter St View 3 L-179 | 10/6/93 |
| Reinstalled Meter SP8 | 10/21/93 |
| New Serv Meter SR6 Lot 35 | 12/1/93 |
| New Serv Meter Str Ranch #55 | 12/16/93 |
| New Serv Meter SR3 Lot 148B | 1/10/94 |
| Repl Meter Lot 31 Str Pine | 1/11/94 |
| New Meter Str Ranch 6 Lot 44 | 1/12/94 |
| Upgrade to 1 " mtr SV1 Lot 4 | 1/10/94 |
| New Meter SR2 #50 | 3/31/94 |
| New Serv Meter 119 Rimwoods | 4/27/94 |
| New Serv Meter-Str Haven 7L | 5/10/94 |
| New Serv Meter Str View 2 L78 | 5/16/94 |
| New Serv Meter Fossil Cr Lot A | 5/25/94 |
| New Serv Mtr Mog Mob Est L42 | 5/25/94 |
| New Serv Straw Pines 54 | 4/25/94 |
| New Serv St Mt Shadows RH | 4/29/94 |

E&R Water-Strawberry
Book Depreciation

| Description | Date in Service |
|--------------------------------|-----------------|
| New Serv STR RNH 6 Lot 48 | 6/10/94 |
| New Serv Mtr Str Rch 1 Lot 35 | 6/20/94 |
| New Serv Mtr Str View 1 Lot 11 | 5/27/94 |
| New Serv Mtr Homestead 16 | 5/25/94 |
| New Serv Mtr Str Cr Ft Lot 8 | 7/7/94 |
| New Serv Mtr Walnut Glen Lot 4 | 8/8/94 |
| New Serv Mtr Rimwoods #111 | 9/2/94 |
| R&R Meter St Ranch 4 71 | 9/26/94 |
| R&R Meter St View III L191 | 9/27/94 |
| Replace Meter Lot 5 Rimwood | 10/26/94 |
| New Serv Meter Lot 59 RW | 10/26/94 |
| New Serv Mtr SV3 Lot 226 A-C | 11/16/94 |
| New Serv Mtr L147 SR3 | 11/17/94 |
| New Serv Mtr Hunt L7 Unit 1 | 12/16/94 |
| Repl Meter SVI Lot 30 | 12/15/94 |
| Change Meter Lot 155 SMSI | 12/16/94 |
| R&R Meter Rimwood 6 | 1/17/95 |
| Change Meter S. Pines L33 | 2/2/95 |
| New Meter SR4 Lot 39 | 2/16/95 |
| Repl Meter SR 5 Lot 26 | 3/30/95 |
| New Meter S Mob Haven Lot 35 | 3/31/95 |
| New Serv Mtr SR2 Lot 30 | 4/14/95 |
| New Serv Mtr S. Mobil Hvn L33 | 5/11/95 |
| New Serv Mtr 30103 W03632 | 6/14/95 |
| R&R Meter Lot 21 R-6 | 7/11/95 |
| New Serv Mtr L1 Hunt Ranch | 7/13/95 |
| New Serv Mtr L36 SVI | 7/17/95 |
| Repl Meter L10 S. Mob Haven | 8/8/95 |
| New Serv Mtr Lot 115 Rimwood | 7/18/95 |
| New Serv L187 SV3 | 7/18/95 |
| New Serv Mtr L187 SV3 | 7/18/95 |
| New Serv Mtr Lot 67 R-6 | 8/21/95 |
| New Serv Mtr L53 R-6 | 8/18/95 |
| Replace Meter R-4 L-32 | 8/30/95 |
| New Serv Mtr L5 Hidden Pines | 8/24/95 |
| New Serv Mtr STR 5 L13 | 8/16/95 |
| Repl Meter L68 Shady Lane | 9/7/95 |
| New Serv Meter L23 Ranch 4 | 10/19/95 |
| Repl Meter L168 V-3 | 10/30/95 |
| New Meter Lot 23 Ranch 4 | 11/7/95 |
| New serv Mtr Lot 113 STR2 | 10/30/95 |
| New Serv Mtr Lot 104 STR2 | 10/31/95 |
| New Serv Mtr L37 R-1 | 11/28/95 |
| New Serv Mtr Lot 82 Ranch 4 | 12/21/95 |
| New Serv Mtr Lot 3 Hunt Acres | 12/19/95 |
| New Serv Mtr Fossil Cr. Add | 12/19/95 |
| New Serv Mtr L71 SMS2 | 12/26/95 |
| New Serv Meter (Wanrer) | 9/26/94 |
| Meters (46) | 10/31/96 |
| Meters | 6/30/97 |

Total

When recorded, return to:

Kevin D. Quigley, Esq.
STREICH LANG, P.A.
Renaissance One
Two North Central Avenue
Phoenix, Arizona 85004-2391

WARRANTY DEED

For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, E&R WATER CO., INC., an Arizona corporation ("Grantor"), hereby grants, sells and conveys unto STRAWBERRY WATER CO., INC., an Arizona corporation ("Grantee"), that real property located in Gila County, Arizona, and described on Schedule "1" attached hereto and incorporated herein by this reference, together with all water, air and mineral rights (including any grandfathered groundwater or other groundwater or surface water rights), interests, privileges, and easements appurtenant thereto and any and all improvements thereon, including, but not limited to, wells, motors, pumps, water storage, water pipe lines, and distribution facilities (the "Property").

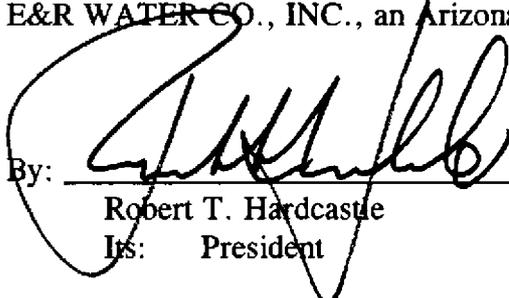
SUBJECT ONLY TO: Current taxes and assessments, reservations and all easements, rights-of-way, covenants, restrictions, liens, encumbrances and all other matters of records.

TO HAVE AND TO HOLD the Property, unto Grantee, its successors and assigns, and Grantor does hereby warrant the title against all persons whomsoever.

The parties agree to execute, acknowledge (if appropriate), and deliver from time to time such other documents and instruments and perform such other acts as may be necessary or desirable to carry out the grant, sale and conveyance contained herein.

DATED as of this 6th day of February, 1998.

E&R WATER CO., INC., an Arizona corporation

By: 
Robert T. Hardcastle
Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 3rd day of February, 1998, by ROBERT T. HARDCASTLE, the President of E&R WATER CO., INC., an Arizona corporation, on behalf of that corporation.

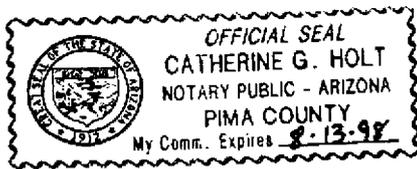
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Catherine G. Gould
fka Catherine G. Holt

Notary Public

My commission expires:

8-13-98



SCHEDULE 1

All real property interests whatsoever owned or held by Grantor and used in connection with, or related to, the operation of the Strawberry water systems serving Strawberry, Gila County, Arizona including the Strawberry Mobile Haven System, Strawberry Ranch 2 System, Strawberry Ranch 5 System, Strawberry View 1 System, Strawberry View 3 System, Rimwoods System, Homestead System and Walnut Glen System. The interests described herein shall include, without limitation, fee simple title in any real property owned by Grantor, Grantor's interest under any easements benefitting or used by Grantor, and Grantor's interest under any leases or other occupancy agreements relating to real property.

When recorded, return to:

Kevin D. Quigley, Esq.
STREICH LANG, P.A.
Renaissance One
Two North Central Avenue
Phoenix, Arizona 85004-2391

**ASSIGNMENT AND ASSUMPTION OF
CONTRACTS, RENTS AND LEASES**

BY THIS ABSOLUTE ASSIGNMENT AND ASSUMPTION OF CONTRACTS, RENTS AND LEASES (the "Assignment"), entered into as of this 16th day of February, 1998, E&R WATER CO., INC., an Arizona corporation ("Assignor"), states, confirms and agrees with STRAWBERRY WATER CO., INC., an Arizona corporation ("Assignee"), as follows:

1. Assignor is conveying to Assignee fee title to that real property located in Gila County, Arizona, described on Schedule "1" attached hereto and incorporated herein by this reference, together with any improvements thereon (collectively, the "Real Property"), and all personal property located on the Real Property or used in connection with the water systems serving Strawberry, Gila County, Arizona including the Strawberry Mobile Haven System, Strawberry Ranch 2 System, Strawberry Ranch 5 System, Strawberry View 1 System, Strawberry View 3 System, Rimwoods System, Homestead System and Walnut Glen System (collectively, the "System").

2. In connection with the foregoing conveyance, Assignor hereby absolutely and irrevocably sells, transfers and assigns to Assignee all of the following:

(a) All leases and occupancy agreements affecting the Real Property and the System (the "Leases");

(b) All management, listing, service, construction maintenance, utility and any other contracts and agreements with respect to the development, maintenance, construction and operation of the System and the Real Property including without limitation water exploration agreements, water sharing agreements, agreements regarding advances in aid of construction, settlement agreements, and excess water agreements and those contracts listed in Schedule "2" attached hereto and incorporated herein by this reference (the "Contracts"); and

(c) All rents, issues, profits and all other income whatsoever derived from or generated by the System or the Real Property.

3. Assignee hereby assumes and agrees to perform all of the duties, obligations and promises of Assignor as set forth in or arising out of the Leases and the Contracts, to be bound by all of the terms, conditions and provisions of the Leases and the Contracts, and to do any and all acts and things required to be done by Assignor thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date set forth above.

E&R WATER CO., INC., an Arizona corporation

By: [Signature]
Robert T. Hardcastle
Its: President

"ASSIGNOR"

STRAWBERRY WATER CO., INC., an Arizona corporation

By: [Signature]
Robert T. Hardcastle
Its: President

"ASSIGNEE"

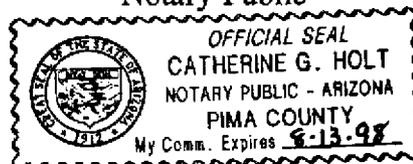
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 3rd day of February, 1998, by ROBERT T. HARDCASTLE, the President of E&R WATER CO., INC., an Arizona corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Catherine G. Gould
fka Catherine G. Holt
Notary Public

My commission expires:
8-13-98



STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 3rd day of February, 1998, by ROBERT T. HARDCASTLE, the President of STRAWBERRY WATER CO., INC., an Arizona corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Catherine D. Gould
aka Catherine D. Holt

Notary Public

My commission expires:

8-13-98

SCHEDULE 1

All real property interests whatsoever owned or held by Assignor and used in connection with, or related to, the operation of the Strawberry water systems serving Strawberry, Gila County, Arizona including the Strawberry Mobile Haven System, Strawberry Ranch 2 System, Strawberry Ranch 5 System, Strawberry View 1 System, Strawberry View 3 System, Rimwoods System, Homestead System and Walnut Glen System. The interests described herein shall include, without limitation, fee simple title in any real property owned by Assignor, Assignor's interest under any easements benefitting or used by Assignor, and Assignor's interest under any leases or other occupancy agreements relating to real property.

Schedule 2

1. Water Exploration Agreements

- a. Water Exploration Agreement dated October 15, 1997, by and between Brooke Utilities, Inc. and James E. and Geraldine Evans Living Trust, a living trust, as assigned by Brooke Utilities, Inc. to E&R Water Co., Inc. dated October 15, 1997, as the same may be amended or modified from time to time.
- b. Water Exploration Agreement dated December 7, 1996, by and between Brooke Utilities, Inc. and Carl and Dixie Ann O'Hara, husband and wife, as the same may be amended or modified from time to time.
- c. Water Exploration Agreement dated December 5, 1996, by and between Brooke Utilities, Inc. and Wilkie McKnight and Margaret I. McKnight, husband and wife, as the same may be amended or modified from time to time.

2. Water Sharing Agreements

- a. Water Sharing Addendum dated October 15, 1997, by and between E&R Water Co., Inc. and James E. and Geraldine Evans Living Trust, a living trust, as the same may be amended or modified from time to time.
- b. Water Sharing Agreement dated June 20, 1997, by and between Brooke Utilities, Inc. and Carl and Dixie Ann O'Hara, husband and wife, as assigned by Brooke Utilities, Inc. to E&R Water Co., Inc. dated June 25, 1997, as the same may be amended or modified from time to time.
- c. Water Sharing Agreement dated March 12, 1997, by and between Brooke Utilities, Inc. and Wilkie and Margaret I. McKnight, husband and wife, as assigned by Brooke Utilities, Inc. to E&R Water Co., Inc. dated June 18, 1997, as the same may be amended or modified from time to time.

3. Water Service Agreement

- a. Water Transportation Agreement between E&R Water Co., Inc. and Jim Pearson Construction, Inc. dated August 8, 1996, as amended by Amendment Number One to Water Transportation Agreement between E&R Water Co., Inc. and Jim Pearson Construction, Inc. dated August 8, 1996, as the same may be amended or modified from time to time.

4. Water Facilities Agreement (AIAC)

- a. Water Facilities Improvement Agreement dated January 26, 1994, by and between E&R Water Co., Inc., an Arizona corporation, and David Glen Spurlock, as the same may be amended or modified from time to time.

5. Settlement Agreement

- a. Settlement Agreement dated January 16, 1997, by and between E&R Water Co., Inc., an Arizona corporation and public service company, United Utilities, Inc., an Arizona corporation and public service company, and Brooke Utilities, Inc., an Arizona corporation, and Jim Pearson Construction, Inc., an Arizona corporation, as the same may be amended or modified from time to time.

6. Emergency Water Access Agreement

- a. Emergency Water Access Agreement dated July 9, 1997, by and between Brooke Utilities, Inc. and Pine-Strawberry Fire Department, a public emergency services organization, as the same may be amended or modified from time to time.

7. Franchise Agreement

- a. Franchise from Gila County, State of Arizona, dated January 7, 1997.

EXPEDITED
AZ CORP COMMISSION
FILED

ARTICLES OF INCORPORATION

DEC 2 2 04 PM '97

OF

STRAWBERRY WATER CO., INC

APPR. ... EM
DATE ... 12-2-97
TERM ...
DATE ...
0822715-6

The undersigned incorporator, desiring to form a corporation pursuant to the laws of the State of Arizona, adopts the following Articles of Incorporation for such corporation:

ARTICLE I

NAME

The name of the Corporation is STRAWBERRY WATER CO., INC.

ARTICLE II

PURPOSE

The purpose for which the Corporation is organized is the transaction of any and all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as the same may be amended from time to time.

ARTICLE III

INITIAL BUSINESS

The character of business that the Corporation initially intends to actually conduct in this state is water utility operation and management.

ARTICLE IV

AUTHORIZED CAPITAL

The Corporation shall have authority to issue one thousand (1,000) shares of common stock.

ARTICLE V

STOCK RIGHTS AND OPTIONS

The Corporation shall have authority, as provided under the laws of the State of Arizona, to create and issue rights, warrants and options entitling the holders thereof to purchase shares of stock of the Corporation. The issuance of such rights and options, whether or not to directors, officers or employees of the Corporation or of any affiliate thereof and not to the shareholders generally, need not be approved or ratified by the shareholders of the Corporation or be authorized by or be consistent with a plan approved or ratified by the shareholders of the Corporation.

ARTICLE VI

ACQUISITION AND DISPOSITION OF STOCK BY THE CORPORATION

The Corporation shall have authority to purchase, take, receive or otherwise acquire, hold, pledge, transfer or otherwise dispose of shares of its own stock. The Corporation's purchase of shares of its own stock may be made from, and to the extent of, the unreserved and unrestricted earned and capital surplus of the Corporation, as provided under the laws of the State of Arizona.

ARTICLE VII

DISTRIBUTIONS FROM CAPITAL SURPLUS

The Board of Directors may from time to time, without shareholder approval, distribute on a pro rata basis to the shareholders, from and to the extent of the capital surplus of the Corporation, a portion of the Corporation's assets, in cash or property.

ARTICLE VIII
STATUTORY AGENT

The name and address of the Corporation's initial statutory agent is CT Corporation System, 3225 North Central Avenue, Suite 1601, Phoenix, Arizona 85012.

ARTICLE IX
KNOWN PLACE OF BUSINESS

The address of the Corporation's known place of business is 1011 South Stover Road, Payson, Arizona 85541.

ARTICLE X
INITIAL BOARD OF DIRECTORS

The initial Board of Directors shall consist of three (3) Directors, and the names and addresses of the persons who shall serve as Directors until the first annual meeting of the shareholders, or until their successors are elected and qualified, are:

| <u>Name</u> | <u>Address</u> |
|----------------------|---|
| Robert T. Hardcastle | Post Office Box 1807 Bakersfield, California 93303 |
| Lee S. Jamieson | Post Office Box 1807 Bakersfield, California 93303 |
| Charles R. McCan | Post Office Box 1807 Bakersfield, California 93303 |

The number of Directors may be increased or decreased from time to time in the manner provided in the Bylaws of the Corporation.

The officers of the Corporation shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may appoint. The above-specified officers shall be elected annually by the Board of Directors. The initial officers and their respective positions shall be:

| | |
|-----------------|----------------------|
| President: | Robert T. Hardcastle |
| Vice President: | Lee S. Jamieson |
| Secretary: | Charles R. McCan |
| Treasurer: | Charles R. McCan |

ARTICLE XI

INDEMNIFICATION

The Corporation shall indemnify any person against expenses, including without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by reason of the fact that he or she 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 another corporation, partnership, joint venture, trust or other enterprise, in all circumstances in which, and to the extent that, such indemnification is permitted and provided for by the laws of the State of Arizona as then in effect.

ARTICLE XII

LIMITATION OF DIRECTOR LIABILITY

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article XII shall not eliminate or limit the liability of a director to the extent provided by applicable law for (i) the amount of financial benefit received by a director to which the director

is not entitled; (ii) an intentional infliction of harm on the corporation or shareholders; (iii) a violation of Section 10-833 of the Arizona Revised Statutes; or (iv) an intentional violation of Arizona law. The limitation of liability provided herein shall continue after a director has ceased to occupy such position as to acts or omissions occurring during such director's term or terms of office, and no amendment or repeal of this Article XII shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE XIII

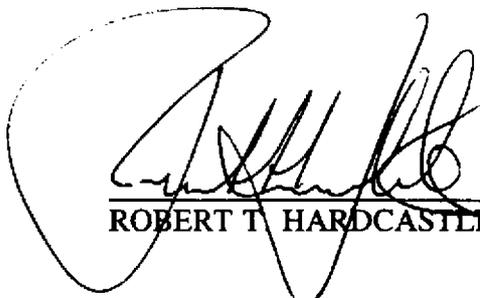
INCORPORATOR

The name and address of the incorporator is:

| <u>Name</u> | <u>Address</u> |
|----------------------|---|
| Robert T. Hardcastle | Post Office Box 1807 Bakersfield, California 93303 |

All powers, duties and responsibilities of the incorporator shall cease upon filing of these Articles of Incorporation by the Arizona Corporation Commission.

DATED: December 2, 1997.



ROBERT T. HARDCASTLE

INCORPORATOR

C

BYLAWS
OF
STRAWBERRY WATER CO., INC.

ARTICLE I

OFFICES

1. **Known Place of Business.**

The known place of business of the Corporation, which shall also be known as its principal place of business, shall be at the address so designated in the Articles of Incorporation, or if no address is so designated, at the address of the Corporation's statutory agent as set forth in the Articles of Incorporation. The address of the Corporation's known place of business may be changed from time to time by the Board in the manner provided in the Arizona Revised Statutes and without amending the Articles of Incorporation.

2. **Other Offices.**

In addition to its known place of business, the Corporation may 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, or as the business of the Corporation may require.

ARTICLE II

SHAREHOLDERS

1. **Annual Meeting.**

The annual meeting of the shareholders shall be held on the first Wednesday in May of each year, or if that day is a legal holiday in Arizona, then on the next day thereafter which is not a legal holiday, or on such other date as may be designated by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may properly come before the meeting. If the election of Directors is not held on the day designated herein for any annual meeting of the shareholders, or any adjournment thereof, the Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient.

2. Special Meeting.

Special meetings of the shareholders may be called for any purpose or purposes at any time by the Chairman of the Board, President, a Vice President or the Board, and shall be called by the Chairman of the Board or President at the request of the holders of not less than one-tenth (1/10) of all outstanding stock of the Corporation entitled to vote at such meeting, or otherwise as provided by the Arizona Revised Statutes and Section 12 of Article II of these Bylaws.

3. Place of Meeting.

Annual and special meetings of the shareholders shall be held at the principal place of business of the Corporation, unless a different place, either within or without the State of Arizona, is specified in the notice of such meeting, or in the event of a waiver of notice of such meeting, in such waiver of notice.

4. Notice of Meeting.

Written notice stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each shareholder of record entitled to vote at such meeting, and if so required by the Arizona Revised Statutes to all Shareholders, not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by an officer of the Corporation at the direction of the person or persons calling the meeting. If mailed, notice shall be deemed to be delivered when mailed to the shareholder at his or her address as it appears on the stock transfer books of the Corporation. Notice need not be given of an adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, provided that such adjournment is for less than one hundred twenty (120) days and further provided that a new record date is not fixed for the adjourned meeting, in either of which events, written notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at such meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed. A written waiver of notice, whether given before or after the meeting to which it relates, shall be equivalent to the giving of notice of such meeting to the shareholder or shareholders signing such waiver. Attendance of a shareholder at a meeting shall constitute a waiver of notice of such meeting, except when the shareholder attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5. Fixing Date for Determination of Shareholders Record.

In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect of any other change, conversion or

exchange of stock or for the purpose of any other lawful action, the Board may fix in advance a record date, which shall not be more than seventy (70) days prior to the date of such meeting or such action, as the case may be. If the Board has not fixed a record date for determining the shareholders entitled to notice of or to vote at a meeting of shareholders, the record date shall be at four o'clock in the afternoon on the day before the day on which notice is given, or if notice is waived, at the commencement of the meeting. If the Board has not fixed a record date for determining the shareholders entitled to express consent to corporate action in writing without a meeting, the record date shall be the time of the day on which the first written consent is served on the Corporation in the manner provided by the Arizona Revised Statutes. If the Board has not fixed a record date for determining shareholders for any other purpose, the record date shall be at the close of business on the day before the Board adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting if such adjournment or adjournments do not exceed one hundred twenty (120) days in the aggregate; provided, however, that the Board may fix a new record date for the adjourned meeting.

6. Voting Record.

The Secretary or other officer having charge of the stock transfer books of the Corporation shall make, or cause to be made, a complete record of the shareholders entitled to vote at a meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each shareholder. Such record shall be subject to inspection by the shareholders upon giving written demand in accordance with the Arizona Revised Statutes beginning two days after notice of the meeting is given and continuing through the meeting and shall be produced and kept open during the entire time of the meeting for the purposes thereof. Failure to comply with the requirements of this Section 6, however, shall not affect the validity of any action taken at any such meeting.

7. Quorum and Manner of Acting.

At any meeting of the shareholders, the presence, in person or by proxy, of the holders of a majority of the outstanding stock entitled to vote shall constitute a quorum. All shares represented and entitled to vote on any single subject matter which may be brought before the meeting shall be counted for quorum purposes. Only those shares entitled to vote on a particular subject matter shall be counted for the purpose of voting on that subject matter. Business may be conducted once a quorum is present and may continue to be conducted until adjournment sine die, notwithstanding the withdrawal or temporary absence of shareholders leaving less than a quorum. Except as otherwise provided in the Arizona Revised Statutes, the affirmative vote of the holders of a majority of the shares of stock then represented at the meeting and entitled to vote on the subject matter under consideration shall be the act of the shareholders; provided, however, that if the shares of stock then represented are less than the number required to constitute a quorum, the affirmative vote must be such as would constitute a majority if a quorum were present, except

that the affirmative vote of the holders of a majority of the shares of stock then present is sufficient in all cases to adjourn a meeting.

8. Voting of Shares of Stock.

Each shareholder shall be entitled to one vote or corresponding fraction thereof for each share of stock or fraction thereof standing in his or her name on the books of the Corporation on the record date. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his or her duly authorized attorney in fact, but no such proxy shall be voted or acted upon after eleven (11) months from the date of its execution unless the proxy provides for a longer period. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares of stock entitled to vote in the election of directors of such other corporation is held directly or indirectly by the Corporation, shall neither be entitled to vote nor counted for quorum purposes; provided, however, that the foregoing shall not be construed as limiting the right of the Corporation to vote its own stock when held by it in a fiduciary capacity. Shares of stock standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such other corporation may prescribe or, in the absence of such provision, as the board of directors of such other corporation may determine. Shares of stock standing in the name of an administrator, executor, guardian, conservator, trustee, receiver, trustee in bankruptcy or assignee for the benefit of creditors may be voted by such person, either in person or by proxy. Shares of stock held by an administrator, executor, guardian or conservator may be voted by such person, either in person or by proxy, without a transfer of such shares into his or her name. Shares of stock held by a trustee, other than a trustee in bankruptcy, may not be voted by such trustee without a transfer of such shares into his or her name. Shares of stock held by or under the control of a receiver or trustee in bankruptcy may be voted by such receiver or trustee, either in person or by proxy, without a transfer thereof into his or her name if authority so to do is contained in an appropriate order of the court by which such receiver or trustee was appointed. A person whose stock is pledged shall be entitled to vote such stock unless the stock has been transferred into the name of the pledgee on the books of the Corporation, in which case only the pledgee or his or her proxy shall be entitled to vote such stock. If shares of stock stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, tenants by community property or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares of stock, unless the Corporation is given written notice in the manner required by the Arizona Revised Statutes to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (i) if only one votes, his or her act binds all; (ii) if more than one vote, the act of the majority so voting binds all; and (iii) if more than one vote, but the vote is evenly split on any particular matter, each faction may vote the shares in question proportionally. If any tenancy is held in unequal interests, the majority or even split, for the purpose of the preceding sentence, shall be a majority or even split in interest. Unless demanded by a shareholder present in person or by proxy at any meeting of the shareholders and entitled to vote thereat, or unless so directed by the chairman of the meeting, the vote thereat on any question

need not be by ballot. If such demand or direction is made, a vote by ballot shall be taken, and each ballot shall be signed by the shareholder voting, or by his or her proxy, and shall state the number of shares voted.

9. Organization.

At each meeting of the shareholders, the Chairman of the Board, or, if he or she is absent therefrom, the President, or, if he or she is absent therefrom, another officer of the Corporation chosen as chairman of such meeting by a majority in voting interest of the shareholders present in person or by proxy and entitled to vote thereat, or, if all the officers of the Corporation are absent therefrom, a shareholder of record so chosen, shall act as chairman of the meeting and preside thereat. The Secretary, or, if he or she is absent from the meeting or is required pursuant to the provisions of this Section 9 to act as chairman of such meeting, the person (who shall be an Assistant Secretary, if any and if present) whom the chairman of the meeting shall appoint shall act as secretary of the meeting and keep the minutes thereof.

10. Order of Business.

The order of business at each meeting of the shareholders shall be determined by the chairman of such meeting, but the order of business may be changed by the vote of a majority in voting interest of those present in person or by proxy at such meeting and entitled to vote thereat.

11. Election of Directors.

At each election of Directors, each shareholder entitled to vote thereat shall have the right to vote, in person or by proxy, the number of shares of stock owned by such shareholder for as many persons as there are Directors to be elected and for whose election he or she has a right to vote, or to cumulate his or her votes by giving one candidate as many votes as the number of such Directors multiplied by the number of his or her shares of stock shall equal, or by distributing such votes on the same principle among any number of candidates. The candidates receiving the greatest number of votes, up to the number of Directors to be elected, shall be the Directors.

12. Action By Shareholders Without a Meeting.

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, without notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all shareholders entitled to vote with respect to the subject matter thereof.

13. Irregularities.

All informalities and irregularities at any meeting of the shareholders with respect to calls, notices of meeting, the manner of voting, the form of proxies and credentials, and the method of ascertaining those present shall be deemed waived if no objection is made at the meeting.

ARTICLE III

BOARD OF DIRECTORS

1. General Powers.

The business and affairs of the Corporation shall be managed by the Board of Directors.

2. Number and Term of Office.

Subject to the requirements of the Arizona Revised Statutes, the Board may from time to time determine the number of Directors. Until the Board shall otherwise determine, the number of Directors shall be that number comprising the initial Board as set forth in the Articles of Incorporation. Each Director shall hold office until his or her successor is elected, or until his or her death, or until his or her earlier resignation or removal in the manner hereinafter provided.

3. Place of Meeting.

The Board may hold its meetings at such place or places, within or without the State of Arizona, as the Board may from time to time by resolution determine or as shall be designated in any notices or waivers of notice thereof. Any such meeting, whether regular or special, may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at such meeting.

4. First Meeting.

As soon as practicable after each annual election of Directors and on the same day, the Board may meet for the purpose of organization and the transaction of other business at the place where regular meetings of the Board are held, and no notice of such meeting shall be necessary in order to legally hold the meeting, provided that a quorum is present. If such meeting is not held as provided above, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for a special meeting of the Board, or in the event of waiver of notice as specified in the written waiver of notice.

5. Regular Meetings.

Regular meetings of the Board may be held without notice at such times as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday in Arizona, the meeting that would otherwise be held on that day shall be held at the same hour on the next succeeding business day.

6. Special Meetings: Notice.

Special meetings of the Board shall be held whenever called by the Chairman of the Board, the President, the Secretary or a majority of the Directors at the time in office. Notice shall be given, in the manner hereinafter provided, of each such special meeting, which notice shall state the time and place of such meeting, but need not state the purposes thereof. Except as otherwise provided in Section 7 of this Article III, notice of each such meeting shall be mailed to each Director, addressed to him or her at his or her residence or usual place of business, at least two (2) days before the day on which such meeting is to be held, or shall be sent addressed to him or her at such place by telegraph, cable, wireless or other form of recorded communication or delivered personally or by telephone not later than the day before the day on which such meeting is to be held. A written waiver of notice, whether given before or after the meeting to which it relates, shall be equivalent to the giving of notice of such meeting to the Director or Directors signing such waiver. Attendance of a Director at a special meeting of the Board shall constitute a waiver of notice of such meeting, except when he or she attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

7. Quorum and Manner of Acting.

A majority of the whole Board shall be present in person at any meeting of the Board in order to constitute a quorum for the transaction of business at such meeting, and except as otherwise specified in these Bylaws, and except also as otherwise expressly provided by the Arizona Revised Statutes, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum from any such meeting, a majority of the Directors present thereat may adjourn such meeting from time to time to another time or place, without notice other than announcement at the meeting, until a quorum shall be present thereat. The Directors shall act only as a Board and the individual Directors shall have no power as such.

8. Organization.

At each meeting of the Board, the Chairman of the Board, or, if he or she is absent therefrom, the President, or if he or she is absent therefrom, a Director chosen by a majority of the Directors present thereat, shall act as chairman of such meeting and preside thereat. The Secretary, or if he or she is absent, the person (who shall be an Assistant Secretary, if any and if present) whom the chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

9. Action by Directors Without a Meeting.

Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all Directors entitled to vote with respect to the subject matter thereof.

10. Resignations.

Any Director may resign at any time by giving written notice of his or her resignation to the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

11. Removal of Directors.

Directors may be removed, with or without cause, as provided from time to time by the Arizona Revised Statutes as then in effect.

12. Vacancies.

Any vacancy occurring in the Board, and any newly created directorship, may be filled by a majority of the Directors then in office, including any Director whose resignation from the Board becomes effective at a future time, provided that the number of Directors then in office is not less than a quorum of the whole Board, or by a sole remaining Director. If at any time the Corporation has no Directors in office, any officer or any shareholder or any fiduciary entrusted with responsibility for the person or estate of a shareholder may call a special meeting of the shareholders for the purpose of filling vacancies in the Board.

13. Compensation.

Unless otherwise expressly provided by resolution adopted by the Board, no Director shall receive any compensation for his or her services as a Director. The Board may at any time and from time to time by resolution provide that Directors shall be paid a fixed sum for attendance at each meeting of the Board or a stated salary as Director. In addition, the Board may at any time and from time to time by resolution provide that Directors shall be paid their actual expenses, if any, of attendance at each meeting of the Board. Nothing in this section shall be construed as precluding any Director from serving the Corporation in any other capacity and receiving compensation therefor, but the Board may by resolution provide that any Director receiving compensation for his or her services to the Corporation in any other capacity shall not receive additional compensation for his or her services as a Director.

ARTICLE IV

OFFICERS

1. Number.

The Corporation shall have the following officers: a Chairman of the Board (who shall be a Director), a President, a Vice President, a Secretary and a Treasurer. At the discretion of the Board, the Corporation may also have additional Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person.

2. Election and Term of Office.

The officers of the Corporation shall be elected annually by the Board. Each such officer shall hold office until his or her successor is duly elected or until his or her earlier death or resignation or removal in the manner hereinafter provided.

3. Agents.

In addition to the officers mentioned in Section 1 of this Article IV, the Board may appoint such agents as the Board may deem necessary or advisable, each of which agents shall have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine. The Board may delegate to any officer or to any committee the power to appoint or remove any such agents.

4. Removal.

Any officer may be removed, with or without cause, at any time by resolution adopted by a majority of the whole Board.

5. Resignations.

Any officer may resign at any time by giving written notice of his or her resignation to the Board, the Chairman of the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the Board, the Chairman of the Board, the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. Vacancies.

A vacancy in any office due to death, resignation, removal, disqualification or any other cause may be filled for the unexpired portion of the term thereof by the Board.

7. Chairman of the Board.

The Chairman of the Board shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board, general and active supervision and direction over the business and affairs of the Corporation and over its several officers. The Chairman of the Board shall: (a) preside at all meetings of the stockholders and at all meetings of the Board; (b) make a report of the state of the business of the Corporation at each annual meeting of the stockholders; (c) see that all orders and resolutions of the Board are carried into effect; (d) sign, with the Secretary or an Assistant Secretary, certificates for stock of the Corporation; (e) have the right to sign, execute and deliver in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments authorized by the Board, except in cases where the signing, execution or delivery thereof is expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation or where any of them are required by law otherwise to be signed, executed or delivered; and (f) have the right to cause the corporate seal, if any, to be affixed to any instrument which requires it. In general, the Chairman of the Board shall perform all duties incident to the office of the Chairman of the Board and such other duties as from time to time may be assigned to him or her by the Board.

8. President.

The President shall have, subject to the control of the Board and the Chairman of the Board, general and active supervision and direction over the business and affairs of the Corporation and over its several officers. At the request of the Chairman of the Board, or in case of his or her absence or inability to act, the President shall perform the duties of the Chairman of the Board and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chairman of the Board. He may sign, with the Secretary or an Assistant Secretary, certificates for stock of the Corporation. He may sign, execute and deliver in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments authorized by the Board, except in cases where the signing, execution or delivery thereof is expressly delegated by

the Board or by these Bylaws to some other officer or agent of the Corporation or where any of them are required by law otherwise to be signed, executed or delivered, and he may cause the corporate seal, if any, to be affixed to any instrument which requires it. In general, the President shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him or her by the Board or the Chairman of the Board.

9. Vice President.

The Vice President and any additional Vice Presidents shall have such powers and perform such duties as the Chairman of the Board, the President or the Board may from time to time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the request of the President, or in case of his or her absence or inability to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. In the event that there is more than one Vice President, the Board shall designate which Vice President is to act for the President.

10. Secretary.

The Secretary shall: (a) record all the proceedings of the meetings of the shareholders, the Board and the Executive Committee, if any, in one or more books kept for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be the custodian of all contracts, deeds, documents, all other indicia of title to properties owned by the Corporation and of its other corporate records (except accounting records) and of the corporate seal, if any, and affix such seal to all documents the execution of which on behalf of the Corporation under its seal is duly authorized; (d) sign, with the Chairman of the Board, the President or a Vice President, certificates for stock of the Corporation; (e) have charge, directly or through the transfer clerk or transfer clerks, transfer agent or transfer agents and registrar or registrars appointed as provided in Section 3 of Article VII of these Bylaws, of the issue, transfer and registration of certificates for stock of the Corporation and of the records thereof, such records to be kept in such manner as to show at any time the amount of the stock of the Corporation issued and outstanding, the manner in which and the time when such stock was paid for, the names, alphabetically arranged, and the addresses of the holders of record thereof, the number of shares held by each, and the time when each became a holder of record; (f) upon request, exhibit or cause to be exhibited at all reasonable times to any Director such records of the issue, transfer and registration of the certificates for stock of the Corporation; (g) see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed; and (h) see that the duties prescribed by Section 6 of Article II of these Bylaws are performed. In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chairman of the Board, the President or the Board.

11. Treasurer.

If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall: (a) have charge and custody of, and be responsible for, all funds, securities, notes and valuable effects of the Corporation; (b) receive and give receipt for moneys due and payable to the Corporation from any sources whatsoever; (c) deposit all such moneys to the credit of the Corporation or otherwise as the Board, the Chairman of the Board, or the President shall direct in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; (d) cause such funds to be disbursed by checks or drafts on the authorized depositories of the Corporation signed as provided in Article VI of these Bylaws; (e) be responsible for the accuracy of the amounts of, and cause to be preserved proper vouchers for, all moneys so disbursed; (f) have the right to require from time to time reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same; (g) render to the Chairman of the Board, the President or the Board, whenever they, respectively, shall request him or her so to do, an account of the financial condition of the Corporation and of all his or her transactions as Treasurer; and (h) upon request, exhibit or cause to be exhibited at all reasonable times the cash books and other records to the Chairman of the Board, the President or any of the Directors of the Corporation. In general, the Treasurer shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chairman of the Board, the President or the Board.

12. Assistant Officers.

Any persons elected as assistant officers shall assist in the performance of the duties of the designated office and such other duties as shall be assigned to them by the Vice President, Secretary or Treasurer, as the case may be, or by the Board or the President.

ARTICLE V

COMMITTEES

1. Executive Committee: How Constituted and Powers.

The Board, by resolution adopted by a majority of the whole Board, may designate one or more of the Directors then in office, who shall include the Chairman of the Board, to constitute an Executive Committee, which shall have and may exercise between meetings of the Board all the delegable powers of the Board to the extent not expressly prohibited by the Arizona Revised Statutes or by resolution of the Board. The Board may designate one or more Directors as alternate members of the Committee who may replace any absent or disqualified member at any meeting of the Committee. Each member of the Executive Committee shall continue to be a member thereof only during the pleasure of a majority of the whole Board.

2. Executive Committee: Organization.

The Chairman of the Board shall act as chairman at all meetings of the Executive Committee and the Secretary shall act as secretary thereof. In case of the absence from any meeting of the Chairman of the Board or the Secretary, the Committee may appoint a chairman or secretary, as the case may be, of the meeting.

3. Executive Committee: Meetings.

Regular meetings of the Executive Committee may be held without notice on such days and at such places, within or without the State of Arizona, as shall be fixed by resolution adopted by a majority of the Committee and communicated to all its members. Special meetings of the Committee shall be held whenever called by the Chairman of the Board or a majority of the members thereof then in office. Notice of each special meeting of the Committee shall be given in the manner provided in Section 6 of Article III of these Bylaws for special meetings of the Board. Notice of any such meeting of the Executive Committee, however, need not be given to any member of the Committee if waived by him or her in writing or by telegraph, cable, wireless or other form of recorded communication either before or after the meeting, or if he or she is present at such meeting, except when he or she attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Subject to the provisions of this Article V, the Committee, by resolution adopted by a majority of the whole Committee, shall fix its own rules of procedure and it shall keep a record of its proceedings and report them to the Board at the next regular meeting thereof after such proceedings have been taken. All such proceedings shall be subject to revision or alteration by the Board; provided, however, that third parties shall not be prejudiced by any such revision or alteration.

4. Executive Committee: Quorum and Manner of Acting.

A majority of the Executive Committee shall constitute a quorum for the transaction of business, and, except as specified in Section 3 of this Article V, the act of a majority of those present at a meeting thereof at which a quorum is present shall be the act of the Committee. The members of the Committee shall act only as a committee, and the individual members shall have no power as such.

5. Other Committees.

The Board, by resolution adopted by a majority of the whole Board, may constitute other committees, which shall in each case consist of one or more of the Directors and, at the discretion of the Board, such officers who are not Directors. The Board may designate one or more Directors or officers who are not Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. Each such committee shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them; provided, however, that (a) unless all of the members of any

committee shall be Directors, such committee shall not have authority to exercise any of the powers of the Board in the management of the business and affairs of the Corporation, and (b) if any committee shall have the power to determine the amounts of the respective fixed salaries of the officers of the Corporation or any of them, such committee shall consist of not less than three (3) members and none of its members shall have any vote in the determination of the amount that shall be paid to him or her as a fixed salary. A majority of all the members of any such committee may fix its rules of procedure, determine its action and fix the time and place, whether within or without the State of Arizona, of its meetings and specify what notice thereof, if any, shall be given, unless the Board shall otherwise by resolution provide.

6. Resignations.

Any member of the Executive Committee or any other committee may resign therefrom at any time by giving written notice of his or her resignation to the Chairman of the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the Chairman of the Board, the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7. Vacancies.

Any vacancy in the Executive Committee or any other committee shall be filled by the vote of a majority of the whole Board.

8. Compensation.

Unless otherwise expressly provided by resolution adopted by the Board, no member of the Executive Committee or any other committee shall receive any compensation for his or her services as a committee member. The Board may at any time and from time to time by resolution provide that committee members shall be paid a fixed sum for attendance at each committee meeting or a stated salary as a committee member. In addition, the Board may at any time and from time to time by resolution provide that such committee members shall be paid their actual expenses, if any, of attendance at each committee meeting. Nothing in this section shall be construed as precluding any committee member from serving the Corporation in any other capacity and receiving compensation therefor, but the Board may by resolution provide that any committee member receiving compensation for his or her services to the Corporation in any other capacity shall not receive additional compensation for his or her services as a committee member.

9. Dissolution of Committees; Removal of Committee Members.

The Board, by resolution adopted by a majority of the whole Board, may, with or without cause, dissolve the Executive Committee or any other committee, and, with or without cause, remove any member thereof.

ARTICLE VI

CONTRACTS, CHECKS, DRAFTS, BANK
ACCOUNTS, SECURITIES OF OTHER CORPORATIONS

1. Execution of Contracts.

Except as otherwise required by law or by these Bylaws, any contract or other instrument may be executed and delivered in the name of the Corporation and on its behalf by the Chairman of the Board, the President or a Vice President. In addition, the Board may authorize any other officer or officers or agent or agents to execute and deliver any contract or other instrument in the name of the Corporation and on its behalf, and such authority may be general or confined to specific instances as the Board may by resolution determine.

2. Attestation.

Any Vice President, the Secretary, or any Assistant Secretary may attest the execution of any instrument or document by the Chairman of the Board, the President or any other duly authorized officer or agent of the Corporation and may affix the corporate seal, if any, in witness thereof, but neither such attestation nor the affixing of a corporate seal shall be requisite to the validity of any such document or instrument.

3. Loans.

Unless the Board shall otherwise determine, the Chairman of the Board or the President, acting together with any one of the following officers, to-wit: the Vice President, the Treasurer or the Secretary, may effect loans and advances at any time for the Corporation from any bank, trust company or other institution or from any firm or individual and, for such loans and advances, may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, but no officer or officers shall mortgage, pledge, hypothecate or otherwise transfer for security any property owned or held by the Corporation except when authorized by resolution adopted by the Board.

4. Checks, Drafts.

All checks, drafts, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange and insurance certificates shall be signed or endorsed (except

endorsements for collection for the account of the Corporation or for deposit to its credit, which shall be governed by the provisions of Section 5 of this Article VI) by such officer or officers or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

5. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board, the Chairman of the Board or the President shall direct in general or special accounts at such banks, trust companies, savings and loan associations, or other depositories as the Board may select or as may be selected by any officer or officers or agent or agents of the Corporation to whom power in that respect has been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer or agent of the Corporation. The Board may make such special rules and regulations with respect to such accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

6. Proxies in Respect of Stock or Other Securities of Other Corporations.

Unless otherwise provided by resolution adopted by the Board, the Chairman of the Board, the President or any Vice President may exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation, including without limitation the right to vote or consent with respect to such stock or other securities.

ARTICLE VII

STOCK

1. Certificates.

Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board, the President or a Vice President and by the Secretary or an Assistant Secretary. The signatures of such officers upon such certificate may be facsimiles if the certificate is manually signed by a transfer agent or registered by a registrar, other than the Corporation itself or one of its employees. If any officer who has signed or whose facsimile signature has been placed upon a certificate has ceased for any reason to be such officer prior to issuance of the certificate, the certificate may be issued with the same effect as if that person were such officer at the date of issue. All certificates for stock of the Corporation shall be consecutively numbered, shall state the number of shares represented thereby and shall otherwise be in such form as shall be determined by the Board, subject to such requirements as are imposed by the Arizona Revised Statutes. The names and addresses of the

persons to whom the shares represented by certificates are issued shall be entered on the stock transfer books of the Corporation, together with the number of shares and the date of issue, and in the case of cancellation, the date of cancellation. Certificates surrendered to the Corporation for transfer shall be cancelled, and no new certificate shall be issued in exchange for such shares until the original certificate has been cancelled; except that in the case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and indemnity to the Corporation as the Board may prescribe.

2. Transfers of Stock.

Transfers of shares of stock of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his or her legal representative or attorney in fact, who shall furnish proper evidence of authority to transfer to the Secretary, or a transfer clerk or a transfer agent, and upon surrender of the certificate or certificates for such shares properly endorsed and payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

3. Regulations.

The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates for stock of the Corporation. The Board may appoint, or authorize any officer or officers or any committee to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

ARTICLE VIII

DIVIDENDS

The Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock in the manner and upon the terms and conditions provided in the Arizona Revised Statutes.

ARTICLE IX

SEAL

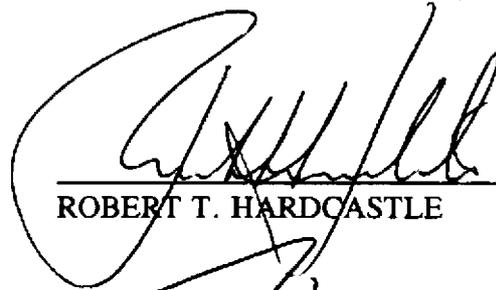
A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Corporation. Nevertheless, if in any instance a corporate seal is used, the same shall be in the form of a circle and shall bear the full name of the Corporation and the year and state of incorporation, or words and figures of similar import.

ARTICLE X

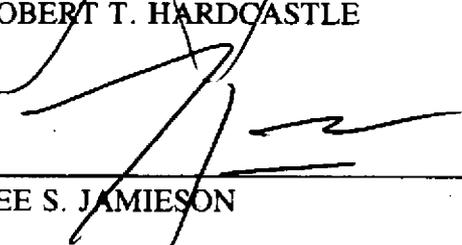
AMENDMENTS

These Bylaws may be repealed, altered or amended, and new Bylaws may be adopted, at any time only by the Board.

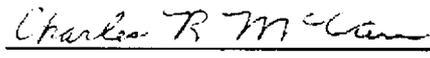
ADOPTED by the Board of Directors of the Corporation this 2nd day of December, 1997.



ROBERT T. HARDCASTLE



LEE S. JAMIESON



CHARLES R. McCANN

DIRECTORS

D

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

To all to whom these presents shall come, greeting:

I, Jack Rose, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****STRAWBERRY WATER CO., INC.*****

a domestic corporation organized under the laws of the state of Arizona, did incorporate on December 2, 1997.

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 5th day of February, 1998, A. D.



Jack Rose

Executive Secretary

BY: *Debra M. [Signature]*