

ORIGINAL

NEW APPLICATION



0000124637

STEPHEN P. SHADLE \*  
PAMELA WALSMAS\*\*  
EMILY C. DOLAN

SHADLE & WALSMAS, PLC

ATTORNEYS AT LAW  
833 E. Plaza Circle, Suite 200  
Yuma, Arizona 85365-2017  
Telephone (928) 783-8321  
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RECEIVED  
\*Also Admitted in California and Iowa  
\*\*Also Admitted in Missouri

2011 APR 22 P 2:18

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

April 20, 2011

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

W-02059A-11-0172  
W-20801A-11-0172

**RE: Certificate of Convenience and Necessity issued to W.M. Wootton under  
Docket #U-2059, Decision #47483 docketed November 22, 1976**

Enclosed herein is an original Application for Approval of the Transfer of Certificate of Convenience and Necessity along with 10 (ten) copies of the Application with attachments. The purpose of this application is to transfer the Certificate of Convenience and Necessity from W.M. Wootton individually to a corporation of which he is the sole stockholder - Desert Valencia Water, Inc. The same individuals and entities would still be involved in the running of the day to day operation, however, the transfer of the Certificate of Convenience and Necessity is required before existing water supply agreements can be modified. This transfer would complement the estate planning desires and needs of W.M. Wootton.

We would appreciate your expeditious review. Please do not hesitate to contact our office if you require further information to complete the conveyance. We will, of course, amend this Application shortly to furnish the proof of mailing Notice to the Customers and the publication of said Notice.

Very truly yours,

Pamela Walsma

PW:jw  
Enclosures

c: Scott Wootton

Arizona Corporation Commission  
DOCKETED

APR 22 2011

DOCKETED BY

NEW APPLICATION

RECEIVED

ARIZONA CORPORATION COMMISSION 18

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

WATER AND/OR SEWER

W-02059A-11-0172  
W-20801A-11-0172

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

W.M. WOOTTON

2000 Forest Hills Road

Prescott, AZ 86303 (928) 541-7569

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

W.M.WOOTTON, Trustee of the WOOTTON REVOCABLE TRUST UTA 1/14/1991,  
Desert Valencia Water System and Desert Valencia Water, Inc.

C. The Transferor is a:

<input type="checkbox"/> Corporation:  <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit  <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership  <input type="checkbox"/> Limited, <input type="checkbox"/> General  <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input checked="" type="checkbox"/> Other (Specify) <u>individuals</u> <u>(Margaret Wootton is deceased)</u>	

Arizona Corporation Commission

DOCKETED

APR 22 2011

DOCKETED BY nr

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

Pamela Walsma, SHADLE & WALSMAS, PLC

833 E. Plaza Circle, Suite #200, Yuma, AZ 85365-2017

(928) 783-8321

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

Scott Wootton

2000 Forest Hills Road, Prescott, AZ 86303

(928) 541-7569 OR (928) 499-2355

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

Desert Valencia Water Company, Inc.

2000 Forest Hills Road, Prescott, AZ 86303

(928) 541-7569

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

Wootton Revocable Trust

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

Pamela Walsma, SHADLE & WALSMAS, PLC

833 E. Plaza Circle, Suite #200, Yuma, AZ 85365-2017

(928) 783-8321

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

Scott Wootton

2000 Forest Hills Road, Prescott, AZ 86303

(928) 541-7569 OR (928) 499-2355

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

Louis Buchholz

County Avenue 43E & 8th Street, Tacna, AZ 85352

(928) 785-4872

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:  
Not Applicable. As the water plant is not regulated, a certified operator is not required.

L. The Transferee is a:

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

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers

SCOTT WOOTTON

BRENDA WOOTTON

Directors

SCOTT WOOTTON

BRENDA WOOTTON

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

10,000,000

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

1,200 shares

April 5, 2010

N. If Transferee is a partnership:

NOT APPLICABLE

1. List the names of general partners:

\_\_\_\_\_  
\_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

NOT APPLICABLE

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

NOT APPLICABLE

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

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

NOT APPLICABLE - NO DEPOSITS

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

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

NOT APPLICABLE - NO REFUNDS

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

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

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

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

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

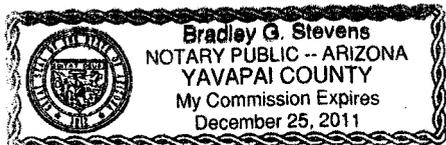
1. NONE
2. \_\_\_\_\_

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

May 1, 20 11.

DATED the 13 day of APRIL, 2011

Scott Wootton



(Signature of Authorized Representative of Transferor)

W.M. WOOTTON, BY SCOTT WOOTTON

(Type Name Here)

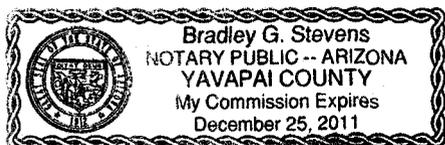
AGENT FOR W.M. WOOTTON UNDER POA

(Title)

SUBSCRIBED AND SWORN to before me on this 13 day of APRIL 2011

Bradley G. Stevens  
NOTARY PUBLIC

My Commission Expires 12-25-2011



Scott Wootton

(Signature of Authorized Representative of Transferee)

SCOTT WOOTTON

(Type Name Here)

PRESIDENT

(Title)

SUBSCRIBED AND SWORN to before me on this 13 day of APRIL 2011

Bradley G. Stevens  
NOTARY PUBLIC

My Commission Expires 12-25-2011

**FINANCIAL**  
**DURABLE POWER OF ATTORNEY**

**PRINCIPAL:**

**W. M. Wootton**

**AGENT:**

**Scott Wootton**

**ALTERNATE AGENT:**

**Brenda Wootton**

I, the above-named Principal, hereby appoint the above-named Agent or Alternate Agent if such Agent is unable to serve, as my true and lawful attorney-in-fact, in my place and stead and for my use and benefit, to:

- A. Ask, demand, sue for, recover, collect, and receive all such sums of money, securities, stocks, bonds, annuities, bank accounts, brokerage accounts, insurance policies, insurance premiums, proceeds of annuity and/or insurance policies, debts, dues, accounts, legacies, bequests, interests, dividends, annuities, and demands whatsoever, as are now or shall hereafter become due, owing, payable, or belonging to me, and have, use and take all lawful ways or means in my name, or otherwise, for the recovery thereof, by legal process, and to compromise and agree for the same, and grant acquittance or other sufficient discharges for the same for me and in my name;
- B. Bargain, contract, agree for, purchase, receive, and take lands, tenements, hereditaments, and accept the seizing and possession of all lands, and all deeds and other assurances in the law thereof;
- C. Represent the Principal as a taxpayer before the Internal Revenue Service and any state revenue or taxing body or other jurisdiction thereof, in any tax matter. The Agent is authorized to receive and inspect on behalf of the Principal any confidential tax information and perform any and all acts that the Principal can perform with respect to tax matters including signing consents, agreements or other documents on behalf of Principal. Wherein a tax matter includes another party, this Power of Attorney shall apply to the Principal named herein;
- D. Lease, let, demise, bargain, sell, remise, release, convey, and mortgage lands, tenements, hereditaments, upon such terms and conditions and under such covenants as the Agent shall think fit;
- E. Bargain and agree for, buy, sell, mortgage, hypothecate, and in any and every way and manner deal in and with goods, wares and merchandise, choses in action, and other property in possession or in action;
- F. Make, do and transact all and every kind of business of whatsoever nature and kind;
- G. Sign, seal, execute, deliver, endorse and acknowledge such deeds, covenants, indentures, agreements, mortgages, hypothecations, bills of lading, bills, bonds, notes, stock

certificates, receipts, evidences of debt, releases and satisfaction of mortgage, judgment and other debts, and such other instruments in writing, of whatever kind and nature, as may be necessary or proper in the premises;

- H. Deal with insurance policies, for me and in my name, including but not limited to, changes of beneficiaries, surrender of policies, changes of ownership, and the exercise of all contractual rights under such insurance contracts;
- I. Transact any and all business on behalf of my trust or any other trust, wherein I am named Trustee. This power of attorney grants the Agent or attorney-in-fact all of the rights, powers, and discretion that my Trustee is entitled to exercise under my trust agreement.

I give and grant unto the Agent full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do if personally present, hereby ratifying and confirming all that the Agent shall lawfully do or cause to be done by virtue of these presents.

This power of attorney shall be effective until revoked, suspended or terminated in writing by me or any conservator or other personal representative appointed by a court of competent jurisdiction to serve on my behalf.

In the event that Scott Wootton does not serve as my attorney in fact, for any reason, then in such event, I appoint Brenda Wootton as my attorney-in-fact and Agent with all of the powers granted herein.

I nominate, in the event that protective proceedings are hereafter commenced, as conservator of my estate: Scott Wootton.

I nominate, in the event that protective proceedings are hereafter commenced, as guardian of my person: Scott Wootton.

#### ADVISORY NOTICE TO AGENT

*Pursuant to A.R.S. §14-5506, a statute which governs the exercise of powers of attorney, an agent cannot receive any benefits from the Principal unless those benefits are specifically identified in detail within this instrument or within a separate contract. Otherwise, the agent could be subject to criminal prosecution or subject to the penalty provisions of A.R.S. § 46-456, which authorizes the loss of agent's right to inherit from the Principal as well as payment of treble damages and attorney's fees. The Principal may have provided for Gifting and for the Agent to receive reasonable compensation for services, if I have initialed the provision then I am permitting such payments and gifts. An agent should carefully review these statutes or consult with a knowledgeable attorney prior to exercising the authority granted by this power of attorney.*

Principal's Initials I do want this power of attorney to be effective only upon my inability or lack of capacity to make my own business and financial decisions. I want to allow my agent to act for me if and when I become disabled or lack capacity to handle my own decisions.

Principal's Initials I do want this power to be effective immediately, and to last even if I become disabled. I expressly want to allow my agent to act for me from this point on regardless of how much time passes. If I later suffer a sudden disability or incapacity, I still want this power of attorney to be effective.

Principal's Initials I direct that the Agent receive reasonable compensation from my estate, in an amount equal to their standard professional fee where the agent is a professional, or thrice the then existing federal minimum wage, for all services performed pursuant to this power of attorney. Pursuant to A.R.S. §14-5506(B), both the witness and I have separately initialed this provision.

Principal's Initials I authorize my agent to make gifts of my assets to members of my family, to other persons or charitable organizations.

I, W. M. Wootton, the Principal, sign my name to this power of attorney on August 11, 2009, and being first duly sworn, do declare to the undersigned authority that I sign and execute this instrument as my power of attorney and that I sign it willingly, or willingly direct another to sign for me, that I execute it as my free and voluntary act for the purposes expressed in the power of attorney and that I am eighteen (18) years of age or older, of sound mind and under no constraint or undue influence.

W. M. Wootton  
W. M. Wootton

I, Angela K. Walker, the witness, sign my name to the foregoing power of attorney being first duly sworn and do declare to the undersigned authority that: a) I am not the Agent, the Agent's spouse, the Agent's child or the notary public; b) the Principal signs and executes this instrument as the Principal's power of attorney and that the Principal signs it willingly, or willingly directs another to sign for the Principal; and, c) I, in the presence and hearing of the Principal, sign this power of attorney as witness to the Principal's signing and to the best of my knowledge the Principal is eighteen (18) years of age or older, of sound mind and under no constraint or undue influence.

Angela K. Walker  
Angela K. Walker

STATE OF ARIZONA

)

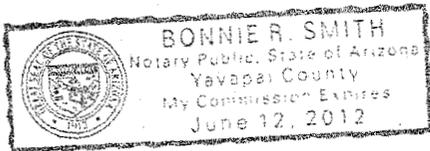
) ss.

COUNTY OF YAVAPAI

)

On this day August 11, 2009, before me personally appeared W. M. Wootton and witness Angela K. Walker whose identity was proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed on this document, and who acknowledged that he/she signed the above document.

[Seal]



*Bonnie R. Smith*

Notary Public

Bonnie R. Smith

201 N. Montezuma St. Ste 303

Prescott, Arizona 86301

My commission expires June 12, 2012

2: Clear Wootton, William DPOA.auth.toc.11.05.doc

**Exhibits to Application of Certificate of Convenience and Necessity  
Docket #U-2059; Decision #47483 (docketed 11/22/1976)**

Pursuant to Section S of the Application, we are providing the following exhibits:

1. Assignment of Interest from Wootton to Desert Valencia Water, Inc.
2. Article of Incorporation of Desert Valencia Water, Inc.
3. Bylaws of Desert Valencia Water, Inc.
4. Certificate of Good Standing of Desert Valencia Water, Inc.
- 5 -7 Are not applicable to this conveyance.
8. A copy of the recorded Franchise Permit issued by Yuma County

Also attached is a statement providing a recap of the pertinent information required pursuant to A.A.C. R14-2-402(A)(2) and a map of the existing/proposed service area.



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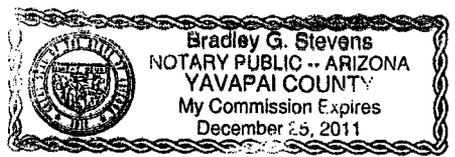
STATE OF ARIZONA )  
COUNTY OF YAVAPAI )<sup>SS</sup>

On this 3 day of APRIL, 2011, before me, the undersigned Notary Public, personally appeared SCOTT WOOTTON, the Agent for W.M. WOOTTON, SUCCESSOR TRUSTEE OF THE SURVIVOR'S TRUST OF THE WOOTTON REVOCABLE TRUST DATED 1/14/1991 and as the President of DESERT VALENCIA WATER COMPANY, INC., known to me, or satisfactorily proven, to be the person whose name is subscribed to the foregoing instrument, and acknowledge that he executed the same for the purpose therein contained.

WITNESS MY HAND AND OFFICIAL SEAL

  
Notary Public

My Commission Expires:  
12-25-2011



SHADLE & WALSMAN, PLC  
833 E. Plaza Circle, Suite #200  
Yuma, Arizona 85365-2017  
(938) 783-8321

**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES



**ARIZONA CORPORATION COMMISSION**

BRIAN C. MCNEIL  
Executive Director  
  
DAVID RABER  
Director, Corporations Division

March 22, 2006

BARRY L OLSEN  
LAW OFC OF LARRY W SUCIU, PLC  
101 E SECOND ST  
YUMA, AZ 85364

RE: DESERT VALENCIA WATER, INC.  
File Number: -1266513-5

We are pleased to notify you that your Articles of Incorporation were filed on March 16, 2006.

You must publish a copy of your Articles of Incorporation. The publication must be in a newspaper of general circulation in the county of the known place of business in Arizona (as filed with the Commission) for three (3) consecutive publications. A list of newspapers is available on the Commission web site. An affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing within NINETY (90) DAYS from the date of this letter. Make sure the newspaper publishes the corporation documents using the exact name filed with the Commission.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, on the anniversary of the date of incorporation. Each year, a preprinted Annual Report form will be mailed to the corporation's known place of business approximately two months prior to the due date of the report. Should the report fail to arrive, contact the Commission. It is imperative that corporations notify the Commission immediately (in writing) if they change their corporate address, statutory agent or agent address. Address change orders must be executed (signed) by a corporate officer. Postal forwarding orders are not sufficient.

The Commission strongly recommends that you periodically check Commission records regarding the corporation. The Commission web site [www.cc.state.az.us/corp](http://www.cc.state.az.us/corp) contains information specific to each corporation of record and is a good general source of information.

If you have questions or need of further information, please contact us at (602) 542-3135 in Phoenix, (520) 628-6560 in Tucson, or Toll Free (Arizona residents only) at 1-800-345-5819.

Sincerely,

Diane Yule  
Examiner  
Corporations Division

CF:04  
REV. 01/2004

CORPORATION COMMISSION  
FILED

FEB 24 2006

FILE NO. 1266513-5



ARTICLES OF INCORPORATION  
OF  
DESERT VALENCIA WATER, INC.

AZ CORPORATION COMMISSION  
FILED

MAR 16 2006

FILE NO. 1266513-5

ARTICLE I

**Name:** The name of the corporation is Desert Valencia Water, Inc..

ARTICLE II

**Place of Business:** The corporation initially intends to conduct business in Yuma County, Arizona, and such other places as the corporation may select.

ARTICLE III

**Purpose:** The purpose for which this corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as amended from time to time, and specifically but not in limitation thereof, the processing, distribution and marketing of water within the corporation's service area.

ARTICLE IV

**Authorized Capital:** The corporation shall have authority to issue ten million (10,000,000) shares of common stock, par value of one dollar (\$1.00) per share.

ARTICLE V

**Preemptive Rights:** Additional issuances of stock subsequent to the initial issuance shall be offered to the existing stockholders proportionately to their holdings. No resolution of the Board of Directors authorizing the issuance of stock to which preemptive rights shall attach may require such rights to be exercised within less than sixty (60) days.

1266513-5

**ARTICLE VI**

**Statutory Agent:** The statutory agent is Barry L. Olsen, Law Offices of Larry W. Suci, PLC, 101 E. Second Street, Yuma, Arizona 85364, who by signing below consents to serve in such capacity.

**ARTICLE VII**

**Known Place of Business:** The corporate place of business shall be 8177 E. Topeka, Yuma, Arizona 85365 and the mailing address for said corporation shall be the same as the business address.

**ARTICLE VIII**

**Board of Directors:** The Board of Directors shall consist of not less than one (1), or more than five (5) Directors as determined and amended from time-to-time by the Directors. There shall be three (3) initial Directors who shall serve until the first annual meeting of shareholders or until their successors are elected and qualified. The initial

Directors are:

Name

Address

W.M. Wootton

54711 Falling Leaf Street  
Idyllwild, CA 92549

Mailing address:

P.O. Box 1605  
Idyllwild, CA 92549

Scott Wootton

8177 E. Topeka Place  
Yuma, Arizona 85365

Brenda Wootton

8177 E. Topeka Place  
Yuma, Arizona 85365

1266513-5

ARTICLE IX

**Incorporators:** The incorporators are:

<u>Name</u>	<u>Address</u>
W.M. Wootton	54711 Falling Leaf Street Idyllwild, CA 92549
	Mailing address:
	P.O. Box 1605 Idyllwild, CA 92549
Scott Wootton	8177 E. Topeka Place Yuma, Arizona 85365
Brenda Wootton	8177 E. Topeka Place Yuma, Arizona 85365

All powers, duties and responsibilities of the incorporators, as incorporators, shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission for filing.

ARTICLE X

**Indemnification:** The corporation may indemnify any persons who incur expenses by reason of the fact he or she is or was an officer, director, employee or agent of the corporation to the maximum extent provided by Arizona law, which indemnification shall include but not be limited to legal fees, judgments, penalties and amounts paid in settlement or compromise of a claim.

ARTICLE XI

**Shareholder Liability:** The private property of shareholders shall be exempt from corporate debts.

1266513.4

ARTICLE XII

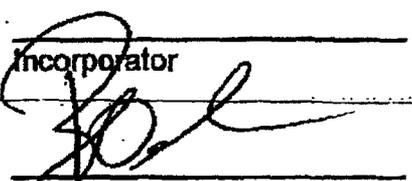
**Directors' Liability:** No Director shall be personally liable to the corporation or its shareholders for monetary damages for breach of his fiduciary duty as a Director except for the following:

- (a) Any breach of the Director's duty of loyalty to the corporation or its shareholders;
- (b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) Authorizing the unlawful payment of a dividend or other distribution on the corporation's capital stock or the unlawful purchase of its capital stock;
- (d) Any transaction from which the director derived an improper personal benefit;
- (e) A violation of Arizona Revised Statutes §10-860, et seq.

IN WITNESS WHEREOF, we, the undersigned incorporators of said corporation, have executed the foregoing Articles of Incorporation this 27 day of December, 2005.

W.M. Wootton  
Incorporator

\_\_\_\_\_  
Incorporator

\_\_\_\_\_  
Incorporator  
  
\_\_\_\_\_  
Statutory Agent

1266513-5

ARTICLE XII

**Directors' Liability:** No Director shall be personally liable to the corporation or its shareholders for monetary damages for breach of his fiduciary duty as a Director except for the following:

- (a) Any breach of the Director's duty of loyalty to the corporation or its shareholders;
- (b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) Authorizing the unlawful payment of a dividend or other distribution on the corporation's capital stock or the unlawful purchase of its capital stock;
- (d) Any transaction from which the director derived an improper personal benefit;
- (e) A violation of Arizona Revised Statutes §10-860, et seq.

IN WITNESS WHEREOF, we, the undersigned incorporators of said corporation, have executed the foregoing Articles of Incorporation this 29<sup>th</sup> day of December, 2005.

*Scott Wooten*  
Incorporator

\_\_\_\_\_  
Incorporator

\_\_\_\_\_  
Incorporator

\_\_\_\_\_  
Statutory Agent

ARTICLE XII

1266513-5

**Directors' Liability:** No Director shall be personally liable to the corporation or its shareholders for monetary damages for breach of his fiduciary duty as a Director except for the following:

- (a) Any breach of the Director's duty of loyalty to the corporation or its shareholders;
- (b) Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) Authorizing the unlawful payment of a dividend or other distribution on the corporation's capital stock or the unlawful purchase of its capital stock;
- (d) Any transaction from which the director derived an improper personal benefit;
- (e) A violation of Arizona Revised Statutes §10-860, et seq.

IN WITNESS WHEREOF, we, the undersigned incorporators of said corporation, have executed the foregoing Articles of Incorporation this 29<sup>th</sup> day of December, 2005.

Brenda Wootton  
Incorporator

\_\_\_\_\_  
Incorporator

\_\_\_\_\_  
Incorporator

\_\_\_\_\_  
Statutory Agent

**BYLAWS  
OF  
DESERT VALENCIA WATER, INC.**

**Section 1.** The principal office shall be in County of Yuma, State of Arizona, but the corporation may have offices and places of business at such other place or places within or outside the State of Arizona as may be determined by the Board of Directors and the principal place of business may be changed at the discretion of the Board of Directors from time to time.

**Section 2.** The annual meeting of the shareholders shall be held at the principal office of the corporation on the first Friday in December of each year for the purpose of electing directors and for the transaction of any other business authorized to be transacted by the shareholders. The annual meeting may be held at any other place, either within or without the State of Arizona, as the Board of Directors may from time to time designate.

**Section 3.** Special meeting of the stockholders for any purpose or purposes may be called by the President and must be called by him/her on receipt of the written request of the holders of the majority of the stock then outstanding and entitled to vote.

**Section 4.** Notice of special meeting, stating the time and place and purpose or purposes thereof, shall be given to every stockholder at least ten (10) days prior to the meeting.

**Section 5.** At any meeting of the stockholders the holders of a majority of the shares of stock then entitled to be voted, issued and outstanding, shall be a quorum for all purposes.

**Section 6.** At each meeting of the stockholders every holder of stock then entitled to vote may vote in person or by proxy.

**Section 7.** The affairs of the corporation shall be managed and controlled by the Board of Directors which shall consist of not less than one (1) or more than five (5) persons, the number thereof shall be fixed and determined by Resolution of the stockholders at their annual meeting. Any director may resign at any time and, vacancies occurring among the directors shall be filled by remaining directors.

**Section 8.** Immediately after each annual election, the newly elected directors shall meet forthwith at the principal office or such other place as determined by the directors for the purpose of organization, the election of officers and the transaction of other business if a quorum of the directors be then present. No prior notice of such meeting shall be required to be given. The

place and time of such first meeting, may, however, be fixed by written consent of all of the directors.

**Section 9.** Special meeting of the directors may be called by the President at any time and must be called upon written request of two members of the Board.

**Section 10.** Unless waived, notice of special meeting shall be given each Director at least five (5) days prior to the meeting.

**Section 11.** A majority of the directors shall constitute a quorum at all meetings of the Board.

**Section 12.** The executive officers of the corporation shall be a President, a Secretary and Treasurer, all of whom shall be elected annually by the directors. All vacancies occurring among any of the above offices shall be filled by the directors. Any officer may be removed at any time by the affirmative vote of a majority of the directors at special meeting of the directors called for this purpose. A person may hold more than one office.

**Section 13.** The Board shall appoint such other officers and agents with such powers and duties as it shall deem necessary.

**Section 14.** The President shall preside at all meetings of shareholders and directors. He/She shall, while directors are not in session, have general management and control of the business and affairs of the corporation.

**Section 15.** The Treasurer shall have custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit the same in such bank or trust corporation as shall be designated by the directors or the President. He/She shall receive and give receipts and acquittances for monies paid in on account of the corporation and shall pay out of the funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity of the same. He/She shall enter regularly in books of the corporation to be kept by him/her for that purpose, full and accurate accounts of all monies received and paid out by him/her on account of the corporation, and he/she shall perform all other duties incidental to the office of the Treasurer. The directors may employ a bookkeeper to keep the corporation's books properly posted.

**Section 16.** The Secretary shall keep the minutes of all proceedings of the directors and of the shareholders. He/She shall attend to the giving and serving of all notices of the shareholders and directors, or other notices as required by law or by these Bylaws. He/She shall affix the seal of the corporation to deeds, contracts and other instruments in writing requiring its seal when duly signed. He/She shall have charge of the certificate books and stock books and

other books and papers as the Board of Directors may direct, and he/she shall perform all other duties incident to the office of Secretary.

**Section 17.** The salaries of all officers shall be fixed by the Board of Directors and the fact that any officer is a director shall not preclude him/her from receiving a salary.

**Section 18.** Certificates of stock shall be issued in numerical order, be signed by the President or Secretary, and sealed by him/her with the corporate seal. A record of each certificate issued shall be kept on the stub thereof.

**Section 19.** Transfers of stock shall be made only upon the books of the corporation and only be the person named on the certificate or by attorney, lawfully constituted in writing, and only upon surrender of the certificate thereof. The directors may make reasonable regulations for the transfer of stock.

**Section 20.** The corporation may treat the holder of record of any share or shares of stock as the owner in fact thereof, and shall not be bound to recognize any equitable or other claim to or interest in any such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by law.

**Section 21.** The directors may from time to time declare dividends upon the capital stock from the surplus or net profits of the corporation, subject to the restrictions contained in ARS § 10-045.

**Section 22.** No shareholder shall have the right to sell, transfer, assign, or pledge his shares or any part thereof to any person other than a shareholder of record unless he has first given thirty (30) days notice, in writing, of his/her intentions to do so to the corporation and to each shareholder of record, together with an option to the corporation and to each shareholder to purchase said shares.

The purchase price per share to be contained in the option shall be determined by resolution of the shareholders at their annual meeting, or, at any special meeting called for that purpose. At any such regular or special meeting, the value fixed per share shall be incorporated into the minutes of the meeting and the value per share as last determined at either the annual or special meeting of shareholders next to its shareholders shall be the price at which the shares are offered for sale.

Within the first five (5) days of the thirty (30) days described above, the corporation shall have the exclusive right (if it has funds legally available therefore) to exercise the option to purchase the shares offered for sale. The corporation shall exercise its option by the adoption of an appropriate resolution by the Board of directors. In the event the corporation does not act within the

first five (5) days of the thirty (30) day period, any shareholder may purchase the shares by delivering to the shareholder offering the shares for sale a notice, in writing, stating his or her acceptance of the offering and tendering within the thirty (30) day period a payment in cash or by certified check of \$10.00 per share for each of the shares to be purchased, as and for earnest money. Unless otherwise agreed between the shareholder making the sale and the corporation or shareholder purchasing the shares, payment of the balance of the purchase price shall be due and payable in cash, within fifteen (15) days after the exercise of the option. In the event the shareholder offering to purchase fails to make payment within the time provided by this bylaw, the offering shareholder may, at his/her option, declare a forfeiture and retain the earnest money deposit. If any of the thirty (30) day period remains, any other shareholder may exercise his/her option within five (5) days subsequent to the declaration of forfeiture by the selling shareholder, but only upon payment of the purchase price in full to the selling shareholder within the five (5) day period

A reference to this section shall be printed or endorsed upon every certificate of stock issued by the corporation.

The restrictions imposed by this section shall not apply to a transfer or assignment by a shareholder of shares of his stock to members of his/her immediate family or to transfers occurring through the probate or administration of the estate of a deceased shareholder. For the purpose of this Section 23, the term "immediate family" means the spouse and children of a shareholder.

**Section 23.** In case of loss or destruction of any certificate of stock, another may be issued in its place upon proof of such loss or destruction or on the giving of a suitable bond of indemnity to the corporation in such sum as the directors may provide, not exceeding double the book value of the stock.

**Section 24.** The fiscal year of the corporation shall begin January 1<sup>st</sup> and end on the 31<sup>st</sup> of December.

**Section 25.** Checks and notes of the corporation shall be signed and checks, notes, drafts, bills of exchange and orders for the payment of money shall be endorsed for collection or deposit in such manner as may be determined by the Board.

**Section 26.** The funds of the corporation shall be deposited in such bank, and checks drawn against such funds shall be signed, in such manner as may be determined from time to time by the directors.

**Section 27.** Any notice required to be given by these Bylaws may be given by mailing the same to the person entitled thereto at his/her address as shown on the corporation's books, and such notice shall be deemed to be given by these Bylaws may be waived by the person entitled to such notice.

**Section 28.** This corporation shall indemnify, defend and hold harmless all of its directors and officers or former directors and officers, against expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such person in a legal action brought against any such person for actions or omissions alleged to have been committed by any such person while acting within the scope of his/her employment as a director or officer of this corporation, in the manner and upon the basis and conditions provided by law. (ARS § 10-198)

**Section 29.** The shareholders by majority vote, make, alter, amend and repeal the Bylaws of the corporation at any annual meeting or at a special meeting called for that purpose.

W.M. Wootton, President  
W.M. Wootton, President

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*DESERT VALENCIA WATER, INC.\*\*\***

*a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 16, 2006.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.*

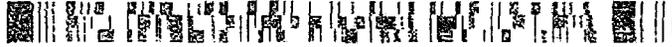
*This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 19th Day of April, 2011, A. D.**



  
\_\_\_\_\_  
Executive Director

By: \_\_\_\_\_ 600883



Please return original document  
to the **Board of Supervisors Office**,  
ATTENTION: Cindy Joslin-373-1106  
*(Name & phone number)*

### TYPE OF DOCUMENT:

- Resolution No. 11-01
- BOS Minutes:
- Memorandum of Understanding
- Contract/IGA/Agreement:
  - Contract name:
  - Contracted with

Term of contract: \_\_\_\_\_ through \_\_\_\_\_  
*(unless extended per Section \_\_\_\_\_ of contract)*

Note: These minutes are being re-recorded to: \_\_\_\_\_  
**DELETE THE ABOVE LINE IF NOT APPLICABLE.**

### DOCUMENT APPROVAL:

Approved by Yuma County Board of Supervisors:  
January 19, 2011, Item No. C9



YUMA COUNTY BOARD OF SUPERVISORS  
RESOLUTION NO. 11-01

A RESOLUTION OF THE YUMA COUNTY BOARD OF SUPERVISORS GRANTING A PUBLIC SERVICE FRANCHISE TO DESERT VALENCIA WATER, INC. TO DISTRIBUTE WATER FOR DOMESTIC AND COMMERCIAL PURPOSES.

**WHEREAS**, Desert Valencia Water, Inc. has made an application for a Franchise to hereinafter provide water for domestic purposes and commercial consumers to that area of Yuma County as shown on Exhibit A and further described on Exhibit B, attached hereto and made a part of, and

**WHEREAS**, this franchise replaces the Wootton Trust Franchise granted on June 4, 2007 for the same area, and

**WHEREAS**, this Board has provided the notice required by A.R.S. § 40-283(E) of its intention to grant this franchise, and

**WHEREAS**, this Board finds that the granting of the proposed franchise is in the best interest of the County.

**NOW, THEREFORE BE IT RESOLVED**, the Yuma County Board of Supervisors does hereby grant a franchise to Desert Valencia Water, Inc., to provide water for domestic purposes and commercial consumers in the service area described above.

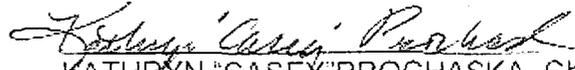
**BE IT FURTHER RESOLVED**, that said franchise includes a license for the use of public highways, roads, alleys and thoroughfares of said franchise territory lying outside the limits of any incorporated city or town, except State Highways, in pursuit of said franchise.

**PROVIDED THAT** this franchise and license, issued to Desert Valencia Water, Inc., referred to hereinafter as the franchisee, is granted subject to following six (6) conditions:

1. The franchisee shall bear all expenses relating to its use of Yuma County's public roads, highways, rights-of-way, or public easements, and shall bear all expenses, including damage and compensation for any alteration of the direction, surface, grade or alignment of a county road, made for the purpose of this franchise.
2. In the future, the Board of Supervisors may impose restrictions and limitations upon or make other changes regarding the use of any county road, highway, right-of-way, or other public way of Yuma County as such Board deems best for the public safety and welfare. Should any such restriction, limitation, or change occasion a need to relocate equipment or property of franchisee, the franchisee shall relocate at its own expense any such equipment or property.

3. The franchisee shall comply with all federal, state, and local law relating to the operation of its business within Yuma County and shall obtain from the County of Yuma any and all permits or approvals required of such franchisee for the construction, operation, or maintenance of any of its facilities under this franchise. In particular, the franchisee shall obtain a "Permit to Use County Right Of Way" from the County Engineer prior to any work, rework, or maintenance activities within the County public right of way.
4. As provided by A.R.S. Section 40-283(B), the Board of Supervisors may at any time hereafter, impose restrictions and limitations upon the use of the public ways, as the Board deems best for the public safety or welfare.
5. The franchisee shall hold harmless and free of all liability the County of Yuma from any and all claims or suits against the County of Yuma relating in any manner to the franchisee's use of said public ways under this franchise and license.
6. This franchise and license shall continue for a term of twenty-five (25) years from the date of the granting of the same, except that the Board of Supervisors may revoke the same at any time if it determines that such revocation is in the best interest of the County.

Adopted this 19<sup>th</sup> day of January, 2011.

  
KATHRYN "CASEY" PROCHASKA, Chairman  
Yuma County Board of Supervisors  
Yuma County, Arizona

ATTEST:

  
ROBERT L. PICKELS, JR.  
County Administrator/Clerk of Board

APPROVED AS TO FORM AND DETERMINED TO BE WITHIN THE SCOPE OF  
PERFORMANCE OF DUTY OF THE YUMA COUNTY BOARD OF SUPERVISORS:

JON R. SMITH, County Attorney

By:

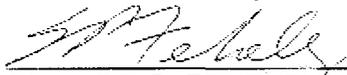
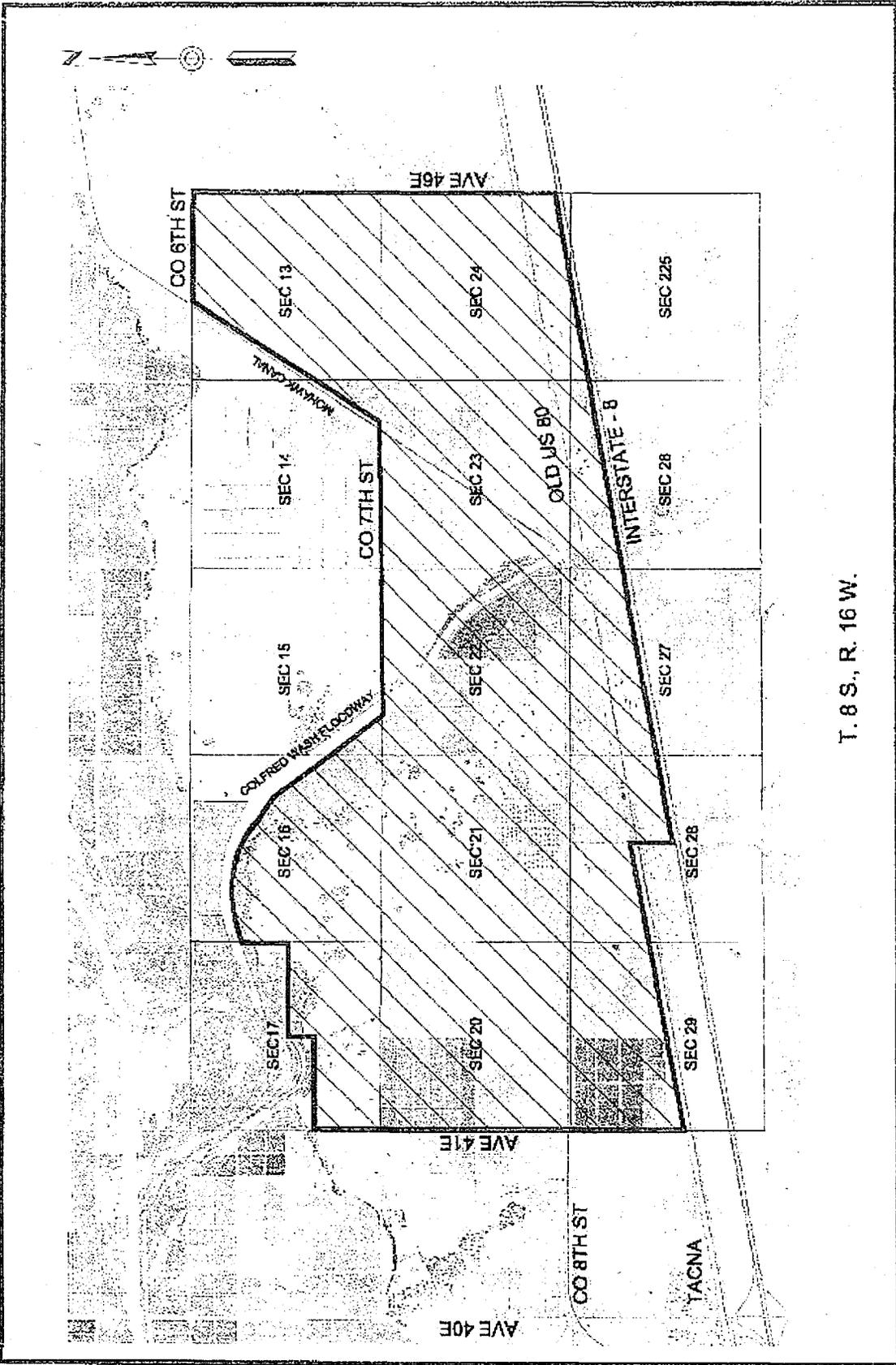
  
EDWARD P. FEHELEY  
Deputy County Attorney

EXHIBIT FOR: ROGER PATTERSON, COUNTY ENGINEER  
Tue, 03 Nov 2010 11:57:00am, P:\Engineering\CV\CADD\_Sections\Willow\Proj\Exhibits\Desert Valencia Water Franchise\Desert Valencia Water Franchise.dwg



T. 8 S., R. 16 W.



YUMA COUNTY DEPT. OF DEVELOPMENT SERVICES  
DESERT VALENCIA WATER FRANCHISE  
EXHIBIT "A"

NOT TO SCALE

DATE: 11/05/2010 JLL

EXHIBIT B

PUBLIC SERVICE FRANCHISE AREA FOR DESERT VALENCIA WATER, INC.  
LEGAL DESCRIPTION

That portion of the following described area located in Yuma County, Arizona:

Township 8 South, Range 16 West, Gila and Salt River Basin and Meridian

- Section 13: the area lying East of the Mohawk Canal;
- Section 14: that portion of the SE  $\frac{1}{4}$  of the SE  $\frac{1}{4}$  lying East of the Mohawk Canal;
- Section 15: the SW  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  lying South of Colfred Wash Floodway;
- Section 16: the area lying South of Colfred Wash Floodway;
- Section 17: the S  $\frac{1}{2}$  except the N  $\frac{1}{2}$  of the N  $\frac{1}{2}$  of the SW  $\frac{1}{4}$ ;
- Section 20: all;
- Section 21: all;
- Section 22: all except Colfred Wash Floodway;
- Section 23: all;
- Section 24: all;
- Section 25: the portion of the N  $\frac{1}{2}$  of the N  $\frac{1}{2}$  lying North of Interstate 8;
- Section 26: the N  $\frac{1}{2}$  of the N  $\frac{1}{2}$  lying North of Interstate 8;
- Section 27: all of the N  $\frac{1}{2}$  lying North of Interstate 8;
- Section 28: the portion of the N  $\frac{1}{2}$  lying North of Hwy 80, and  
the portion of the S  $\frac{1}{2}$  of the NE  $\frac{1}{4}$  lying North of Interstate 8;
- Section 29: all of the N  $\frac{1}{2}$  lying North of Hwy 80.

**Attachment to Application of Certificate of Convenience and Necessity  
Docket #U-2059; Decision #47483 (docketed 11/22/1976)  
INFORMATION REQUIRED PURSUANT TO A.A.C. R14-2-402(A)(2)**

- a. This information is provided on pages 4 &5 of the application.
- b. A copy of the Articles and Bylaws are provided as an attachment to the application.
- c.& d. There are already facilities in place and there are no plans for new construction or expansion at this time.

A description of the facilities are as follows: The source of the water is the Colorado River, delivered via canal to the Desert Valencia Water Company ("DVWC") by the Wellton Mohawk Irrigation and Drainage District ("WMIDD"), under contract. The two points of delivery are near County 8<sup>th</sup> Street and Avenue 43E in Yuma County, Arizona. Location #1 has a 4" pipe from a canal operated by WMIDD, to a sump owned by DVWC. Chlorine is added at this time. Two pumps rated at 200 GPM (one is a back up), pump water from the sump, through two 150 GPM filters and into a 3,000 gallon pressure tank. From this point, underground pips take the water to 11 active services. The two filters are enclosed in a 150 sq ft (approx.) building for protection from the elements. Other than the underground piping, all of the above is located on 6 acres of land, which is enclosed by a chain link fence. Location #2 is from the same canal at a different location. This location has two 8" pipes which take water by gravity feed to a 20,000 gallon storage tank. From there, a 100 GPM pump pumps into a 1,000 gallon pressure tank which feeds water to the yards of 4 houses. This "yard water" is never treated and is only used for lawns and landscape.

- e. No rate change or new service is proposed at this time. Transferee intends to maintain same rate that has been charged for the past five years: \$35.00/month for each active service, \$10.00/month for each stand by service.
- f. & g. There are already facilities in place and there are no plans for new construction or expansion at this time.
- h. This corporation is owned 100% by W.M. Wootton who has a net worth of over \$1,000,000.00.
- i. The estimated annual operating revenues and expenses for future years are expected to be very similar to the past years - which are reported to the Arizona Corporation Commission under file W-02059A. For example, Gross Revenue for 2009 was \$5,517.92 with Operating Expenses of \$8,758.48.
- j. There are already facilities in place and there are no plans for new construction or expansion at this time.

**Attachment to Application of Certificate of Convenience and Necessity  
Docket #U-2059; Decision #47483 (docketed 11/22/1976)  
INFORMATION REQUIRED PURSUANT TO A.A.C. R14-2-402(A)(2)**

**PAGE 2**

- k. A map of the existing (and proposed) service area is attached.
- l. The County Franchise Permit is an attachment to the Application. Said Resolution is recorded in the records of Yuma County at Fee #2011-04005. The Arizona Department of Environmental Quality removed the plan from its list of regulated water plants several years ago. We are unaware of any other agencies from which approval is necessary.
- m. The estimated number of customers to be served in the next five years is anticipated to remain about the same as are currently served: 18 customers.



WELLTON-MOHAWK IRRIGATION & DRAINAGE DISTRICT	
3070 WELLTON-MOHAWK DRIVE	WELLTON, ARIZONA 85284
<b>AREA ROAD MAP</b>	
DRAWN BY: S. RASMUSSEN	FILE: ROADMAP CAD
REVISION: JAN 1989	

- POPULATED AREA
- MILITARY BOUNDARY
- DISTRICT BOUNDARY
- PRIMARY ROADS
- SECONDARY ROADS
- INTERSTATE