



**ARIZONA CORPORATION COMMISSION**

**APPLICATION FOR AN  
EXTENSION  
CERTIFICATE OF CONVENIENCE AND NECESSITY**

**WATER AND/OR SEWER**

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

**Cordes Lakes Water Company**  
**PO Box 219**  
**Tempe, AZ 85280**

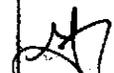
W-02060A-14-0281

Arizona Corporation Commission

**DOCKETED**

**JUL 25 2014**

**480-966-5804**

DOCKETED BY 

B. If the applicant operates under a "d.b.a." or under a name other than the Applicant (Company) name listed above, specify:

**The Applicant does not operate under a d.b.a. or under a name other than the Applicant (Company) name listed above.**

C. List the full name, mailing address and telephone number of the management contact:

**Neil Folkman**  
**Brad Folkman**  
**Cordes Lakes Water Company**  
**PO Box 219**  
**Tempe, AZ 85280**  
**480-966-5804**

D. List the full name, mailing address and telephone number of the attorney for the Applicant:

**Patrick Black**  
**2394 East Camelback Road, Suite 600**  
**Phoenix, AZ 85016-3429**  
**(602) 916-5400**

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**2014 JUL 25 P 1:01**  
**AZ CORP COMMISSION**  
**DOCKET CONTROL**

E. List the full name, mailing address and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the Applicant:

**Don Ross**  
**PO Box 219**  
**Tempe, AZ 85280**  
**928-713-1959**

F. List the full name, mailing address and telephone number of the on-site manager of the utility:

**Don Ross**  
**PO Box 219**  
**Tempe, AZ 85280**  
**928-713-1959**

G. The Applicant is a:

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

H. If Applicant is a corporation:

1. List full names, titles and mailing addresses of all Officers and Directors:

**Officers**

**Micheal Folkman**  
**President**  
**1532 N Johnson**  
**El Cajon, CA 92020**

**Bradley Folkman**  
**Secretary**  
**PO Box 219**  
**Tempe, AZ 85280**

**Directors**

**Micheal Folkman**  
**President**  
**1532 N Johnson**  
**El Cajon, CA 92020**

**Bradley Folkman**  
**Secretary**  
**PO Box 219**  
**Tempe, AZ 85280**

2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission.

**See Attachment A.**

3. Attach a certified copy of the Articles of Incorporation.

**See Attachment B.**

4. Attach a certified copy of the corporation's By-Laws.

**See Attachment C.**

5. If a for-profit corporation, indicate the number of shares of stock authorized for issue:

**100,000**

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

**60,000 shares have been issued. Cordes Lakes was incorporated on July 19, 1974.**

- I. If the Applicant is a partnership:

1. List the full name and mailing address of the general partners:

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2. List the full name, address and telephone number of the managing partners:

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3. Attach a copy of the Partnership's Articles of Partnership.

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

J. If the Applicant is a Limited Liability Company:

1. List the full name and mailing address of all the Applicant's managers or, if management is reserved to the members, the Applicant's members:

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2. Attach a copy of the Articles of Organization.

K. List the legal name and mailing address of each other utility in which the applicant has an ownership interest:

**Cordes Lakes Water Company does not have an ownership interest in any other utility.**

L. Provide a compliance status report from the Arizona Department of Environmental Quality ("ADEQ"), dated no more than 30 days of the CC&N extension application, for each water and wastewater systems as identified by a separate ADEQ Public Water & Wastewater System Identification number.

**See Attachment D. (Note: Applicant will supplement application once report is received from ADEQ).**

Attach a legal description of the requested service area, expressed in terms of **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted.

**See Attachment E.**

Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.

**See Attachment F.**

- M. List the name of each county in which the requested extension area is located and a description of the area's location in relation to the closest municipality, which shall be named:

**The extension area is located within Yavapi County. Mayer is the closest town to the extension area. The extension area is South East of Mayer's southern border.**

- N. Attach a complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to describe each water system and the principal components of each water system (e.g., source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs provided under R14-2-402 subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

- O. Provide the estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

- P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

Attach financial information in a format similar to Attachment "C". Include current assets and liabilities, an income statement, estimated revenue and expenses and the estimated value of the applicant's utility plant in service for the first five years following approval of the application.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

- S. Provide a detailed description of the proposed construction timeline for facilities with estimated starting and completion dates and, if construction is to be phased, a description of each separate phase of construction.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

- T. Provide a copy of any requests for service from persons who own land within the proposed extension area, which shall identify the applicant by name.

**Not applicable.**

- U. Provide maps of the proposed extension area identifying:

1. The boundaries of the area, with the total acreage noted;

**See Attachment F.**

2. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
3. The owner of each parcel within the area;
4. Any municipality corporate limits that overlap with or are within five miles of the area;
5. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;

**There are no public service corporations, municipalities, or districts currently providing water or wastewater service within one mile of the expansion area.**

6. The location within the area of any known water service connections that are already being provided service by the applicant;

**Approximately 20 residential customers are already being provided service in Southwest Quarter of the Northwest Quarter of Section 24, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.**

**One Commercial customer is already being provided service in the Southwest Quarter of the Southeast Quarter of Section 14, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.**

7. The location of all proposed developments within the area;

**There are no proposed new developments within the expansion area.**

8. The proposed location of each water system and the principal components described in R14-2-402 subsection (B) (5) (n); and

**No new water systems are being proposed.**

9. The location of all parcels for which a copy of a request for service has been submitted.

V. Provide a copy of each notice to be sent, as required, to a municipal manager or administrator.

**A.A.C. R14-2-402(B)(4) requires that such notice be sent to each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. No municipalities have corporate limits that overlap with or are within five miles of the proposed service area or extension area.**

W. A copy of each notice sent, as required, to a landowner not requesting service.

X. For each landowner not requesting service, provide either the written response received from the landowner or, if no written response was received, a description of the actions by the applicant to obtain a written response.

Y. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form.

**The Company proposes that its current ACC approved tariff continue to be used. See Attachment G.**

Attach the following permits (if any of these permits have not yet been obtained, please provide the status of their application):

1. The franchise from either the City or County for the area requested.

**Not applicable.**

2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

3. (SEWER ONLY) Copy of the Aquifer Protection Permit issued by ADEQ.

4. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

**No State Land is included in the requested area.**

5. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.)

**No U.S. Forest Service Land is included in the requested area.**

6. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.

**The area requested is not within an Active Management Area.**

- a. If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer.

**In this case there is no developer. No new development is planned in the expansion area. Cordes Lakes is already providing service to customers within the expansion area and has been doing so for some time.**

- b. If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.

**The fact that Cordes Lakes has been providing service to customers within the expansion area for several years indicates that adequate water exists to provide water to the area requested.**

7. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district.

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

- Z. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation. Include documentation to support the estimates.

**One commercial customer and approximately twenty residential customers are currently being served in the area Cordes Lakes is requesting an expansion of its CC&N to cover. There is no reason to believe that any additional customers will be seeking service.**

**Residential:**

First Year 20 Second Year 20 Third Year 20 Fourth Year 20 Fifth Year 20

**Commercial:**

First Year 1 Second Year 1 Third Year 1 Fourth Year 1 Fifth Year 1

**Industrial:**

First Year \_\_\_\_\_ Second Year \_\_\_\_\_ Third Year \_\_\_\_\_ Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

**Irrigation:**

First Year \_\_\_\_\_ Second Year \_\_\_\_\_ Third Year \_\_\_\_\_ Fourth Year \_\_\_\_\_ Fifth Year \_\_\_\_\_

AA. Indicate the projected annual water consumption or sewerage treatment, in gallons, for each of the customer classes for each of the first five years of operation:

**Residential:**

First Year 1,000,560  
Second Year 1,000,560  
Third Year 1,000,560  
Fourth Year 1,000,560  
Fifth Year 1,000,560

**Industrial:**

First Year \_\_\_\_\_  
Second Year \_\_\_\_\_  
Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

**Commercial:**

First Year 1,000,650  
Second Year 1,000,650  
Third Year 1,000,650  
Fourth Year 1,000,650  
Fifth Year 1,000,650

**Irrigation:**

First Year \_\_\_\_\_  
Second Year \_\_\_\_\_  
Third Year \_\_\_\_\_  
Fourth Year \_\_\_\_\_  
Fifth Year \_\_\_\_\_

BB. Indicate the total estimated annual operating revenue for each of the first five years of operation:

**Residential:**

First Year \$6,286  
Second Year \$6,286  
Third Year \$6,286  
Fourth Year \$6,286  
Fifth Year \$6,286

**Commercial:**

First Year \$6,971  
Second Year \$6,971  
Third Year \$6,971  
Fourth Year \$6,971  
Fifth Year \$6,971

**Industrial:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

**Irrigation:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

P. Indicate the total estimated annual operating expenses for each of the first five years of operation:

**The operating expenses for the customers included in the expansion area are not broken out separately. They are included in the Company's overall operating expenses.**

**Residential:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

**Industrial:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

**Commercial:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

**Irrigation:**  
 First Year \_\_\_\_\_  
 Second Year \_\_\_\_\_  
 Third Year \_\_\_\_\_  
 Fourth Year \_\_\_\_\_  
 Fifth Year \_\_\_\_\_

DD. Attach an itemized list of the major components of the water or sewer system (see Attachment C-3).

**See Attachment H.**

EE. Indicate the total estimated cost to construct utility facilities: \_\_\_\_\_

**No new facilities are planned for construction as a result of the CC&N expansion requested here.**

FF. Provide a description of how water and/or wastewater service is to be provided in the proposed extension area and the name of each water and wastewater service provider for the area, if any.

**Water service will be provided by Cordes Lakes Water Company with its existing facilities. Wastewater service is provided by septic systems.**

GG. Provide a letter from each wastewater service provider identified under subsection (B)(5)(aa), confirming the provision of wastewater service for the proposed service area or extension area.

**Not applicable as customers in the expansion area utilize septic systems.**

HH. Provide plans for or a description of water conservation measures to be implemented in the proposed service area or extension area, including, at a minimum:

i. A description of the information about water conservation or water saving measures that the utility will provide to the public and its customers;

**The Company will continue to charge inverted tier rates as required by its ACC approved tariff. The Company also has approved conservation orientated BMP tariffs.**

ii. A description of how the applicant will work with each wastewater service provider identified under subsection (B)(5)(aa) to encourage water conservation;

**Not applicable as there are no wastewater providers in the expansion area.**

iii. A description of the sources of water that will be used to supply parks, recreation areas, golf courses, greenbelts, ornamental lakes, and other aesthetic water features;

**Not applicable as no such features exist in the expansion area.**

iv. A description of any plans for the use of reclaimed water;

**None.**

v. A description of any plans for the use of recharge facilities;

**None.**

vi. A description of any plans for the use of surface water; and

**None.**

vii. A description of any other plans or programs to promote water conservation;

**The Company believes that the use of tiered rates and its Commission approved BMPs are sufficient for promoting water conservation.**

II. Provide a backflow prevention tariff that complies with Commission standards, if not already on file.

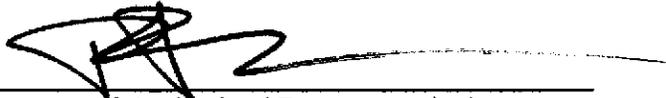
**See Attachment I.**

- JJ. Provide a curtailment tariff that complies with Commission standards, if not already on file.

**See Attachment J.**

- KK. Provide a copy of a Physical Availability Determination, Analysis of Adequate Water Supply, or Analysis of Assured Water Supply issued by the Arizona Department of Water Resources for the proposed service area or extension area or, if not yet obtained, the status of the application for such approval;

**Since this application does not involve providing service to any new customers, building any new infrastructure or developing any new water supplies, the Company does not believe that a Physical Availability Determination, Analysis of Adequate Water Supply, or Analysis of Assured Water Supply is/are necessary or appropriate.**



\_\_\_\_\_  
(Signature of Authorized Representative)

\_\_\_\_\_  
Patrick J. Black

\_\_\_\_\_  
Attorney for Applicant, Cordes Lakes Water Company

# **ATTACHMENT A**

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**

**CERTIFICATE OF GOOD STANDING**

To all to whom these presents shall come, greeting:

I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*CORDES LAKES WATER CO.\*\*\***

a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 19, 1974.

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 24th Day of July, 2014, A. D.



  
\_\_\_\_\_  
Jodi A. Jerich, Executive Director

By: \_\_\_\_\_ 1097057

# **ATTACHMENT B**



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# STATE OF ARIZONA

## Corporation Commission



To all to Whom these Presents shall Come, Greeting:

I, GEORGE M. DEMPSEY, SECRETARY OF THE ARIZONA CORPORATION COMMISSION. DO HEREBY CERTIFY THAT the annexed is a true and complete copy of the ARTICLES OF INCORPORATION of CORDES LAKES WATER CO.

which were filed in the office of the Arizona Corporation Commission on the 19th day of July, 1974, as provided by law.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 19th DAY OF July A. D. 1974

*George M. Dempsey*  
BY SECRETARY

ASSISTANT SECRETARY

ARTICLES OF INCORPORATION  
 OF  
 CORDES LAKES WATER CO.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, having associated ourselves together for the purpose of forming a corporation under and by virtue of the laws of the State of Arizona, do hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of the corporation shall be CORDES LAKES WATER CO. and its principal place of business within the State of Arizona shall be at 2204 E. Northview in the City of Phoenix, in the County of Maricopa in said State, but the board of directors may designate other places, either within or without the State of Arizona, where other offices may be established and maintained and all corporate business transacted.

ARTICLE II

The names, residences and post office addresses of the incorporators are as follows:

Marvin L. Folkman	3600 N. 5th Avenue Phoenix, Arizona
Pearl K. Folkman	3600 N. 5th Avenue Phoenix, Arizona
Neil R. Folkman	2204 E. Northview Phoenix, Arizona
Laurie Folkman	2204 E. Northview Phoenix, Arizona

ARTICLE III

The general nature of the business in which the corporation shall engage is as follows:

1. To engage in and carry on a general public utility business in the State of Arizona as a public service corporation

distributing at wholesale and retail water for domestic and commercial purposes, and for such other purposes as the Board of Directors may determine.

2. To acquire, enter into and perform franchises, certificates of convenience and necessity, contracts and agreements of any kind deemed necessary by the Directors to further the corporate business and to acquire all property used and useful in the conduct of the corporation's business.

3. To conduct, carry on, finance, promote and otherwise undertake research, design, process, development methods of production, automation and product development of all kinds and classes and, generally, to engage in, carry on and conduct any and all businesses in relation thereto.

4. To create, purchase, lease or otherwise acquire and to register, own and use inventions, improvements, trade secrets, processes, trademarks, copyrights or interests therein, and to apply for and receive, purchase or otherwise acquire letters patent, or rights or interests in or under letters patent therefor; and to sell, assign, or grant licenses and rights under or in respect to such secrets, processes, inventions, improvements or patents, and to otherwise deal in respect of or with the same, or either of them; and to manufacture, use and deal in the article covered by or provided for in said inventions, patents or improvements.

5. To grow, buy, sell, store, warehouse, process, grade, pack, ship and market and to deal generally in goods, wares and merchandise, agricultural and farm products, fertilizers and insecticides;

6. To buy, own, grow, feed and otherwise deal in cattle, sheep and other livestock;

7. To buy, sell, breed, raise, feed, slaughter,

render and to deal generally in livestock and the products thereof; to pack, cure, render, refine and to deal generally in meat and meat products;

8. To issue such notes, bonds, debentures, contracts, or other security or evidences of indebtedness upon such terms and conditions and in such manner and form as may be prescribed or determined by the board of directors;

9. To purchase, acquire, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise to acquire, dispose of, hold or deal in the shares of the stock, bonds, debentures, notes or other security or evidences of indebtedness of this or any other corporation, association or individual, and to exercise all the rights, powers and privileges of ownership, including the right to vote thereon to the same extent as a natural person might or could do;

10. To lend or invest its funds, with or without security, upon such terms and conditions as shall be prescribed or determined by the board of directors;

11. To borrow money and to issue bonds, debentures, notes, contracts and other evidences of indebtedness or obligation and, from time to time for any lawful purpose, to mortgage, pledge and otherwise charge any or all of its properties, property rights, privileges and assets to secure the payment thereof;

12. To act as agent, trustee, broker, or in any fiduciary or representative capacity;

13. To purchase, own, hold or hypothecate any patent rights, privileges, trademarks or secret processes;

14. To act as surety or guarantor and to underwrite, in whole or in part, any contract, issue of stock, bonds, debentures

or other securities or evidences of indebtedness of any other corporation or association, or of any person or persons;

15. To supervise and to manage or otherwise control properties or property rights and to manage and conduct any business, venture or enterprise for other persons, corporations or associations;

16. To make and perform contracts of every kind and description, to enter into joint venture and partnership agreements with individuals and other corporations, and in carrying on its business, or for the purpose of attaining and furthering any of its objects, to do any and all things which a natural person might or could do, and which now or hereafter may be authorized by law, and, in general, to do and perform such acts and things and transact such business in connection with the foregoing objects, not inconsistent with law, as may be necessary and required.

The designation of any object or purpose herein shall not be construed to be a limitation or qualification or, in any manner, to limit or restrict the purposes and objects of the corporation.

#### ARTICLE IV

The capital stock of the corporation shall be ONE MILLION (1,000,000) SHARES of no par value which shall be paid for at such time and in such manner as the Board of Directors shall designate. All of any portion of the capital stock may be issued in payment for real or personal property, services, or any other thing of value for the uses and purposes of the corporation and, when so issued, shall become and be fully paid, and the Directors shall be sole judges of the value of any property, right or thing acquired in exchange for capital stock. The shares of capital stock of the corporation shall be non-assessable.

## ARTICLE V

The directors shall have the right to adopt bylaws imposing reasonable restrictions on the sale, assignment or transfer of shares of its capital stock and to give to the corporation or to the stockholders the preferential right to acquire shares of stock in this corporation of stockholders desiring to sell or upon the death of a stockholder.

## ARTICLE VI

The time of the commencement of this corporation shall be at the time these articles are filed with the Arizona Corporation Commission, the Certificate of Incorporation is issued and the articles recorded in the office of the County Recorder and the termination thereof shall be twenty-five (25) years thereafter, with the privileges of renewal as provided by law.

## ARTICLE VII

The affairs of the corporation shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint. The number of directors shall not be less than three (3) nor more than nine (9). The officers and directors need not be stockholders of the corporation.

Directors shall hold office for one year or until their successors are elected and qualified and shall be elected by the stockholders of the corporation at the annual meeting thereof to be held at 10:00 o'clock A.M. on the second Tuesday in July of each year, commencing with the year 1975. The time for holding the annual meeting of the stockholders may be altered by the majority vote of the stockholders at any meeting thereof.

Until the first annual meeting of the stockholders and until their successors have been elected and qualified, the

following named persons shall be directors of the corporation:

Marvin L. Polkman  
Pearl K. Polkman  
Neil R. Polkman  
Laurie Polkman

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and rescind bylaws for the corporation and to fill vacancies in any office or in the Board of Directors resulting from any cause.

ARTICLE VIII

The highest amount of indebtedness or liability, direct or contingent, to which the corporation is at any time to subject itself is the maximum allowed by law.

ARTICLE IX

The private property of the stockholders, directors and officers of this corporation shall be forever exempt from its debts and obligations.

ARTICLE X

Subject to the further provisions hereof, the corporation shall indemnify any and all of its directors, officers, former directors and former officers, against all expenses incurred by them and each of them, including but not limited to legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of employment as director or officer of the corporation. Whenever any director, officer, former director or former officer shall report to the president of the corporation or the chairman of the Board of Directors that he has incurred or may incur expenses, including but not limited to legal fees, judgments and penalties in a legal action brought or about to

be brought against him for or on account of any action or omission alleged to have been committed by him while acting within the scope of his employment as a director or officer of the corporation, the Board of Directors of the corporation shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act wilfully, with gross negligence or with fraudulent or criminal intent. If the Board of Directors determines in good faith that such person did not act, fail to act, or refuse to act wilfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, the corporation shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the corporation, at its own expense and through counsel of its own choosing, to defend him in the action.

ARTICLE XI

This corporation does hereby appoint NEIL R. FOLKMAN, whose address is 2204 E. Northview, Phoenix, Arizona, and who has been a bona fide resident of Phoenix, Maricopa County, Arizona, for at least three years, its lawful agent in and for the State of Arizona, for and on behalf of this corporation, to accept and acknowledge service of and upon whom may be served all necessary process or processes in any action, suit or proceeding that may be brought against said corporation in any of the courts of the said State of Arizona, such service of process or notice,

or the acceptance thereof by said agent endorsed thereon, to have the same effect as if served upon the President and Secretary of said corporation.

IN WITNESS WHEREOF, we hereto affix our signatures this 11<sup>th</sup> day of JULY, 1974.

[Signature]  
Marvin L. Folkman

[Signature]  
Pearl K. Folkman

[Signature]  
Neil R. Folkman

[Signature]  
Laurie Folkman

STATE OF ARIZONA )  
                          ) ss.  
County of Maricopa )

On this, the 11<sup>th</sup> day of JULY, 1974, before me, the undersigned Notary Public, personally appeared MARVIN L. FOLKMAN, PEARL K. FOLKMAN, NEIL R. FOLKMAN and LAURIE FOLKMAN, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

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

[Signature]  
Notary Public

My Commission Expires:  
10-28-77

OCT 10 7 48 PM 1974

97447

ARIZONA CORPORATION COMMISSION  
INCORPORATION DIVISION

FILED

JUL 19 1974

At 12:45 P. M. at request of  
Jennings, Strous & Salmon  
Address 111 W. Monroe  
Phoenix, AZ 85003  
By Julia Baker  
George M. Dempsey, SECRETARY

STATE OF ARIZONA }  
County of Maricopa } SS

I hereby certify that the within  
instrument was filed and re-  
corded at request of

*Jennings, Strous & Salmon*

JUL 19 1974 - 3 45

in Docket 10748  
on page 1065-1074

Witness my hand and official  
seal the day and year aforesaid.

Paul N. Houston

County Recorder

By *Jude Baurland*  
Deputy Recorder

450

# **ATTACHMENT C**

BY-LAWS

OF

CORDES LAKES WATER CO.  
an Arizona corporation

ARTICLE I

STOCKHOLDERS

Section 1.1. Annual Meeting. Except as otherwise provided in the Articles of Incorporation and these By-Laws, an annual meeting of stockholders of the Corporation for the election of Directors and for the transaction of any other proper business shall be held at the principal office of the Corporation in the City of Phoenix, State of Arizona or such other place within or without the State of Arizona as the Board may designate, on the second Tuesday in July in each year, and except as otherwise required by the Articles of Incorporation, at such time as the Board shall appoint. If such day shall fall on a legal holiday in the State of Arizona such meeting shall be held and the Directors elected on the next day thereafter not such a legal holiday. If the annual meeting for the election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon thereafter as convenient.

Section 1.2. Special Meetings. A special meeting of stockholders of the Corporation may be called by the Board, the Chairman of the Board, or the President, and shall be called by the Secretary or an Assistant Secretary upon the written request, stating the purpose or purposes of the proposed meeting, of the holders of an aggregate of not less than 40% of the outstanding stock entitled to vote at such meeting.

Section 1.3. Notice of Meetings. A. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state 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.

B. Unless otherwise provided by law, the written notice of any meeting shall be given, personally or by mail, not less than ten nor more than fifty days before the date of the meeting, to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the United States mail, postage prepaid, directed

to the stockholder at his address as it appears on the records of the Corporation.

C. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If, however, the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

D. The presence of a stockholder, in person or by written proxy, shall be a waiver of any further notice of the meeting of stockholders, or adjournment thereof, during which such stockholder was present.

Section 1.4. Quorum. Except as otherwise provided by law in respect of the vote of holders of stock that shall be required for a specified action, at any meeting of stockholders the holders of a majority of the outstanding stock entitled to vote thereat, either present or represented by proxy, shall constitute a quorum for the transaction of any business, but the stockholders present, although less than a quorum, may adjourn the meeting to another time or place and, except as provided in paragraph C of Section 1.3 of these By-Laws, notice need not be given of the adjourned meeting.

Section 1.5. Presiding Officer and Secretary. At every meeting of stockholders the Chairman of the Board, or in his absence the President, shall preside. In the absence of all said officers, any other officer of the Corporation present shall call such meeting to order and preside. The Secretary, or in his absence the appointee of the presiding officer of the meeting, shall act as secretary of the meeting.

Section 1.6. Vote of Stockholders. A. Except as otherwise required by law or the Articles of Incorporation, all action by stockholders shall be taken at stockholders' meetings unless the Board shall determine that such action shall be taken by written consent of the stockholders.

B. Except as otherwise provided by law, or in the Articles of Incorporation, or in these By-Laws, each holder of record of stock of the Corporation entitled to vote on any matter at any meeting of stockholders shall be entitled to one vote for each share of such stock standing in the

name of such holder on the stock ledger of the Corporation on the record date for the determination of the stockholders entitled to vote at the meeting. Upon the demand of any stockholder entitled to vote, the vote for Directors shall be by written ballot, but otherwise the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

C. In all elections for Directors, each stockholder shall have the right to cast as many votes in the aggregate as determined by multiplying the number of shares of stock standing in the name by such stockholder on the stock ledger of the Corporation on the record date for determination of the stockholders entitled to vote at the meeting, times the number of Directors to be elected at such election. Each stockholder may cast the whole number of votes as determined under the preceding provisions of this paragraph, either in person or by proxy, for one candidate for the office of Director or distribute such votes among two or more such candidates for the office of Directors.

D. Whenever Directors are to be elected at a meeting, they shall be elected by a plurality of the votes cast at the meeting by the holders of stock entitled to vote thereat in the manner set forth in paragraph C of this Section 1.6 of these By-Laws. Whenever any corporate action, other than the election of Directors, is to be taken by vote of stockholders at a meeting, it shall, except as otherwise required by law or by the Articles of Incorporation or by these By-Laws, be authorized by a majority of the votes cast at the meeting by the holders of stock entitled to vote thereat.

Section 1.7. Judges of Election. The Board may at any time appoint two or more persons to serve as Judges of Election at any meeting of stockholders to act as judges and tellers with respect to all votes by ballot at such meeting. If any Judge appointed be absent or refuse to act, or if his office become vacant and not be filled by the Board, if a majority of the Judges be present, they may act, otherwise, or if there be a failure to elect or appoint Judges, the presiding officer of the meeting may appoint one or more Judges for such meeting. No Director or officer of the Corporation shall be eligible for election or appointment as Judge. The Judges appointed to act at any meeting of the stockholders, before entering upon the discharge of their duties, shall be sworn faithfully to execute the duties of Judges at such meeting with strict impartiality, and according to the best of their ability, and the oath so taken shall be subscribed by them. If the Board fails to appoint Judges of Election, or rescinds all prior appointments, all elections shall be valid notwithstanding the absence of Judges of Election.

## ARTICLE II

### DIRECTORS

Section 2.1. Number, Election and Term of Directors. The number of Directors constituting the Board of Directors (herein called the "Board") shall be such number as is fixed from time to time by resolution adopted by a majority of the Directors then in office or by the stockholders, but in no event shall be less than three. Except for vacancies and newly created Directorships, Directors shall be elected annually by stockholders. The term of office of each Director shall be from the time of his election and qualification until the annual election of Directors next succeeding his election and until his successor shall have been elected and shall have qualified.

Section 2.2. Vacancies and Newly Created Directorships. Vacancies and newly created Directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director.

Section 2.3. Place of Meetings. Meetings of the Board, regular or special, shall be held at the principal office of the Corporation in the city of Phoenix, State of Arizona, or at such other place within or without the State of Arizona as may be fixed by resolution of the Board.

Section 2.4. Annual Organization Meeting. An annual organization meeting of the Board shall be held at the time of the next regular meeting of the Board after each annual election of Directors unless another time be fixed by resolution of the Board. No notice of such meeting need be given. Any business may be transacted at such annual organization meeting.

Section 2.5. Regular Meetings. The Board may fix times for regular meetings of the Board and no notice of such meetings need be given. Any business may be transacted at any regular meeting. Unless otherwise fixed by the Board at a regular meeting, the regular meetings of the Board shall be at 10:00 o'clock A.M., on the second Tuesday of every month.

Section 2.6. Special Meetings, Notice and Waiver of Notice. Special meetings of the Board shall be held whenever called by the Chairman of the Board or the President or any three Directors. Notice of each such special meeting shall be mailed postage prepaid to each Director, addressed to him at his residence or usual place of business or other address

filed by him with the Secretary for such purpose, or shall be sent to him by telegraph, cable or wireless, or shall be delivered or given to him personally or by telephone, not later than the second day preceding the day on which the meeting is to be held. Such notice need not state the purposes of the meeting. Any business may be transacted at any special meeting. Waiver of notice in writing by any Director of any special meeting of the Board, whether prior or subsequent to such meeting, or attendance at such meeting by any Director, shall be equivalent to notice to such Director of such meeting. The signature of a Director upon the minutes of any meeting ascribing, stating or denoting his approval thereof shall also be deemed a waiver of notice at such meeting, but the signature of any Director which ascribes, states or denotes his disapproval of any act of the Board at such meeting or reflected in the minutes thereof shall not be deemed by itself a waiver of notice of such meeting. Such a disapproval by a Director shall not negate any other waiver of notice of such meeting.

Section 2.7. Quorum and Manner of Acting. Except as otherwise required by law, the Articles of Incorporation or these By-Laws, one-half of the whole Board shall constitute a quorum for the transaction of any business at any meeting of the Board and the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum a majority of the Directors present may adjourn any meeting from time to time until a quorum is present and no notice of any adjourned meeting need be given other than by announcement at the meeting which is being adjourned. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.8. Written Consent of Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any Committee thereof may be taken without a meeting, if all members of the Board or of such Committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board or Committee.

Section 2.9. Compensation of Directors. Directors who are not officers of the Corporation shall receive such compensation as may be fixed by the Board for service on the Board or any Committee of the Board.

## ARTICLE III

### COMMITTEES OF THE BOARD

Section 3.1. Executive Committee. A. There shall be an Executive Committee, consisting of the Chairman of the Board and the President, who shall be ex-officio members, up to two additional Directors appointed by the Board, who shall serve until the next annual organization meeting of the Board and until their successors are appointed. The Chairman of the Board shall preside at meetings of the Executive Committee.

B. The Executive Committee shall exercise such powers as may be assigned to it by the Board and may consider and make recommendations to the Board in respect of any matters relating to the affairs of the Corporation.

Section 3.2. Other Committees. The Board may from time to time, by resolution adopted by a majority of the whole Board, designate one or more other Committees, each Committee to consist of two or more Directors of the Corporation. Any such Committee shall exercise such powers as may be assigned to it by the Board.

Section 3.3. Committee Rules; Quorum. Each Committee may adopt rules governing the method of calling and time and place of holding its meetings. Unless otherwise provided by the Board a majority of any Committee, including, in the case of the Executive Committee, at least one ex-officio member, shall constitute a quorum for the transaction of business, and the act of a majority of the members of such Committee present at a meeting at which a quorum is present shall be the act of such Committee.

## ARTICLE IV

### OFFICERS

Section 4.1. Titles. The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents, a Secretary and a Treasurer and such other officers as may be appointed at any time or from time to time by the Board. Any one or more Vice Presidents may be designated Executive Vice President or Senior Vice President. One person may hold any two or more offices and perform the duties thereof.

Section 4.2. Appointment, Term and Compensation of Officers. The term of office of all officers shall be at the pleasure of the Board. The compensation of all officers

of the Corporation shall be fixed by resolution of the Board, except that the Board may authorize the Chairman of the Board, the President or any Executive Vice President or Senior Vice President each to fix and to delegate to such other officers as the Board may designate authority to fix any compensation of any officer not exceeding a total amount or amounts specified by the Board.

Section 4.3. Chairman of the Board. The Chairman of the Board shall have the responsibility for carrying out the policies of the Board subject to the direction of the Board. The Chairman of the Board shall preside at all meetings of the Board, the Executive Committee and of the stockholders. The Chairman of the Board shall have such other powers and perform such other duties as are prescribed by these By-Laws and as usually pertain to the office of Chairman of the Board and as may be assigned to him at any time or from time to time by the Board.

Section 4.4. President. The President shall be the principal executive and administrative officer of the Corporation and shall have the responsibility for carrying out the policies of the Board and, subject to the direction of the Board, shall have general supervision over the business and affairs of the Corporation, and shall perform all duties incident to the office of the President. The President shall have general supervision over the operations of the Corporation subject to the direction of the Board and of the Chairman of the Board. In the absence of the Chairman of the Board, the President shall preside at meetings of the Board and of the Executive Committee and of the stockholders. The President shall have such other powers and perform such other duties as are prescribed by these By-Laws and as usually pertain to the office of President and as may be assigned to him at any time or from time to time by the Board.

Section 4.5. Vice Presidents. Each Vice President shall, upon request, advise and assist the Chairman of the Board and the President in managing the Corporation and shall have such other powers and perform such other duties as are prescribed by these By-Laws and as usually pertain to his office and as may be assigned to him at any time or from time to time by the Board or the Chairman of the Board or the President.

Section 4.6. Secretary. The Secretary shall act as Secretary of the Board and as Secretary at meetings of the stockholders and, in general, shall have charge of all records of the Corporation relating to its organization and corporate action and shall have power to certify the contents thereof, and shall have such other powers and perform such duties as are prescribed by these By-Laws and as usually pertain to

his office and as may be assigned to him at any time or from time to time by the Board or the Chairman of the Board or the President.

Section 4.7. Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have charge of all funds and securities of the Corporation. He shall have all such other powers and perform such other duties as are prescribed by these By-Laws and as usually pertain to his office and as may be assigned to him at any time or from time to time by the Board or by the Chairman of the Board or the President.

Section 4.8. Other Officers. Other officers and assistant officers appointed by the Board shall have such powers and perform such duties as usually pertain to their respective offices and as may be assigned to them at any time or from time to time by the Board or the Chairman of the Board or the President.

Section 4.9. Tax Reporting Duties. The President, the Treasurer and each and every Assistant Treasurer, if any are appointed by the Board, shall be the persons required to collect, truthfully account for and pay to the proper taxing authority any tax imposed by the Internal Revenue Code of 1954 (of the United States of America) as amended and imposed by the tax statutes of any State in which the corporation is required to pay such a tax. It shall be the duty of the President and Treasurer and any such Assistant Treasurer to perform the act or acts necessary to so collect, truthfully account for, and pay over any such tax. No person whether a Director, officer, employee or combination thereof, except the President, Treasurer, and any Assistant Treasurer, shall have any duty to perform such acts or be required to so collect, truthfully account for or pay over any such tax.

## ARTICLE V

### CAPITAL STOCK

Section 5.1. Certificates; Transfer Agents and Registrars. Certificates for stock of the Corporation shall be in such form as shall be approved by the Board and shall be signed in the name of the Corporation by the Chairman of the Board or the President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer. Such certificates may be sealed with the seal of the Corporation or a facsimile thereof, engraved, stamped or printed, and shall contain such information as is required by law to be stated thereon. If any stock certificate is countersigned by a transfer agent or registrar other than

the Corporation or its employee, any other signature on the certificate may be a facsimile, engraved, stamped or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 5.2. Transfers of Stock. Any transfer of stock of the Corporation shall be made on the books of the Corporation by the registered holder thereof or by his attorney thereunto authorized by power of attorney duly executed, and on surrender of the certificate or certificates for such stock properly endorsed or accompanied by a proper instrument of transfer. The Board may make such additional rules and regulations as it may deem expedient concerning the issue, registration and transfer of certificates for stock of the Corporation and may appoint one or more banks, trust companies, or other person including any subsidiary of the Corporation, as transfer agents and registrars of the stock of the Corporation and require all certificates to bear the signatures thereof. The Corporation shall be entitled to treat the holder of record of any stock as the owner thereof in fact.

Section 5.3. Restrictions on Stock Transfers. In the event that the Corporation has an investment letter, statement or similar writing from a stockholder or any stock certificate is marked that its transfer is restricted, limited or in some way subject to terms and conditions, the Corporation need not transfer such stock until the Corporation is advised by its legal counsel that such a transfer is lawful. This section shall apply to, but not be limited to, restrictions which arise by virtue of the stock certificate being marked that it was issued pursuant to some exemption from the Securities Act of 1933 (of the United States of America) or from the Securities Act of any State, or both.

Section 5.4. Stockholder Record Date. A. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any 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 sixty

nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. Only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to give such consent, or to receive payment of such dividend or other distribution, or to exercise such rights in respect of any such change, conversion or exchange of stock, or to participate in such action, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any record date so fixed.

B. A determination of stockholders of record entitled to notice or or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 5.5. Warrants. From time to time the Board of Directors may create and issue for such consideration as the Board of Directors may determine whether or not in connection with the issue and sale of any shares of stock or other securities of the Corporation, rights or options entitling the holders or owners thereof to purchase or acquire from the Corporation any shares of its capital stock of any class or classes or other securities. Such rights or options shall be evidenced by or in such warrants or other instruments as shall be approved by the Board of Directors. The terms upon which the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which any such shares or other securities may be purchased or acquired from the Corporation upon the exercise of any such rights or options shall be such as shall be fixed in a resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights or options, and set forth or incorporated by reference in the warrants or other instruments evidencing such rights or options. Except as otherwise provided by law, the Board of Directors shall have full power and discretion to prescribe and regulate from time to time the procedure to be followed in, and all other matters concerning, the creation, issue, and exercise of any such rights and options and such warrants or other instruments, and the setting aside of stock or other securities for the purpose thereof, and the issuance of such stock or other securities upon the exercise thereof.

Section 5.6. Fractional Share and Scrip. The Board of Directors may from time to time issue scrip for fractional shares of stock. Such scrip shall not confer upon the holder any right to dividends or any voting or other rights

of a stockholder of the Corporation, but the Corporation shall from time to time, within such time as the Board of Directors may determine or without limit of time if the Board of Directors so determines, issue one or more whole shares of stock upon the surrender of scrip for fractional shares aggregating the number of whole shares issuable in respect of the scrip so surrendered. The Corporation may also issue fractional shares which shall have the right to dividends and to vote.

#### ARTICLE VI

##### SEAL

Section 6.1. Seal. The corporation may act and operate without a corporate seal. If the corporation by act of its Board of Directors adopts a seal, the seal of the Corporation shall be in such form as may be approved from time to time by the Board and said seal, or a facsimile thereof, may be imprinted or affixed by any process or in any manner reproduced. The Secretary and any other officers authorized by resolution of the Board shall be empowered to use and attest the corporate seal on all documents.

#### ARTICLE VII

##### MISCELLANEOUS

Section 7.1. Checks, Notes, Drafts, Etc. Checks, notes, drafts, acceptances, bills of exchange and other orders or obligations for the payment of money shall be signed by the President, Treasurer or such other officer or officers or person or persons as the Board by resolution shall from time to time designate.

Section 7.2. Shares of Other Corporations. The President, or in his absence the Chairman of the Board, or in the absence of both any Executive Vice President or Senior Vice President is authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation. The authority herein granted to said officer to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other corporation or corporations may be exercised either by said officer in person or by any person authorized so to do by proxy or power of attorney duly executed by said officer. Notwithstanding the above, however, the Board, in its discretion, may designate by resolution any additional person to vote or represent said shares of other corporations.

Section 7.3. Services of Independent Contractors. Unless otherwise specifically directed by the Board of Directors, the Chairman of the Board or the President may hire and engage the services, as independent contractors, of attorneys at law, certified public accountants, architects, assayers, engineers, geologists, surveyors, brokers and any other independent contractor whose services are of a professional or semi-professional nature.

#### ARTICLE VIII

#### AMENDMENTS

Section 8.1. Amendments. These By-Laws or any of them may be altered, amended or repealed, or new By-Laws may be adopted, from time to time, by the Board at any regular or special meeting thereof by vote of a majority of the Directors then in office.

CERTIFICATE

The By-Laws set forth above were originally adopted on the 19th day of July, 1974, and include all amendments to the date of this certificate.

Dated this 25 day of July, 1974.

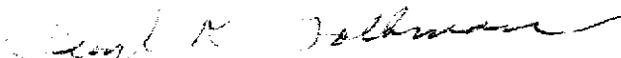
  
Secretary

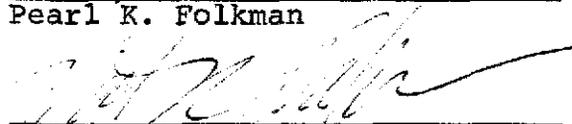
WAIVER OF NOTICE  
OF  
ORGANIZATIONAL MEETING  
OF  
BOARD OF DIRECTORS  
OF  
CORDES LAKES WATER CO.  
an Arizona corporation

We, the undersigned, being all of the original directors named in the Articles of Incorporation of CORDES LAKES WATER CO., an Arizona corporation, do hereby severally waive notice of the organizational meeting of the Board of Directors of said corporation to be held at 2204 E. Northview, Phoenix, Arizona, on the 19th day of July, 1974, at 10:00 o'clock A.M., and we and each of us do hereby severally consent and agree to the holding of said meeting at such time and place and to the transaction of any and all business that may come before said meeting, including, but not by way of limitation, the election of officers and the adoption of By-Laws.

DATED this 19th day of July, 1974.

  
\_\_\_\_\_  
Marvin L. Folkman

  
\_\_\_\_\_  
Pearl K. Folkman

  
\_\_\_\_\_  
Neil R. Folkman

\_\_\_\_\_  
Laurie Folkman

# **ATTACHMENT D**

# **ATTACHMENT E**

Attachment E

**Legal Description of the requested service area, expressed in terms of**

**CADASTRAL (quarter section description) or Metes and Bounds survey.**

Southwest Quarter of the Northwest Quarter of Section 24, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

Northwest Quarter of the North East Quarter of Section 23, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

Southwest Quarter of the Southeast Quarter of Section 14, Township 11 North, Range 2 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

# **ATTACHMENT F**

<b>COUNTY Yavapai SECTION 24 TOWNSHIP 11 North RANGE 2 East</b>			

6	5	4	3	2	1
7	8	9	1 0	1 1	1 2
1 8	1 7	1 6	1 5	1 4	1 3
1 9	2 0	2 1	2 2	2 3	2 4
3 0	2 9	2 8	2 7	2 6	2 5
3 1	3 2	3 3	3 4	3 5	3 6

Cordes Lakes Existing CC&N  
 Expansion area requested in this application

# **ATTACHMENT G**

**CORDES LAKES WATER COMPANY  
TARIFF SCHEDULE OF RATES AND CHARGES FOR SERVICE**

Approved by the Arizona Corporation Commission in Decision No.  
Rates and charges herein effective for all service provided on and after:

**74155  
November 1, 2013**

<b>MONTHLY USAGE CHARGES</b>
------------------------------

3/4 - Inch Meter	\$	11.75
1 - Inch Meter		19.50
1 1/2 - Inch Meter		39.25
2 - Inch Meter		62.50
3 - Inch Meter		125.00
4 - Inch Meter		195.00
6 - Inch Meter		390.00

<b>COMMODITY RATES (PER 1,000 GALLONS)</b>
--

<b><u>3/4 - Inch Meter (All Classes)</u></b>		
0 - 3,000 Gallons	\$	2.85
3,001 to 8,000 Gallons		4.25
Over 8,000 Gallons		6.50
<b><u>1 - Inch Meter (All Classes)</u></b>		
0 to 10,000 Gallons	\$	4.25
Over 10,000 Gallons		6.50
<b><u>1 1/2 - Inch Meter (All Classes)</u></b>		
0 to 17,000 Gallons	\$	4.25
Over 17,000 Gallons		6.50
<b><u>2 - Inch Meter (All Classes)</u></b>		
0 to 26,000 Gallons	\$	4.25
Over 26,000 Gallons		6.50
<b><u>3 - Inch Meter (All Classes)</u></b>		
0 to 50,000 Gallons	\$	4.25
Over 50,000 Gallons		6.50
<b><u>4 - Inch Meter (All Classes)</u></b>		
0 - 75,000 Gallons	\$	4.25
Over 75,000 Gallons		6.50
<b><u>6 - Inch Meter (All Classes)</u></b>		
0 to 150,000 Gallons	\$	4.25
Over 150,000 Gallons		6.50

**CORDES LAKES WATER COMPANY  
TARIFF SCHEDULE OF RATES AND CHARGES FOR SERVICE**

Approved by the Arizona Corporation Commission in Decision No.  
Rates and charges herein effective for all service provided on and after:

74155  
November 1, 2013

<b>SERVICE LINE AND METER INSTALLATION CHARGES</b>			
(Refundable Pursuant to A.A.C. R14-2-405)			
	Service Line	Meter Installation	Total
3/4-inch Meter	426.00	198.00	624.00
1-inch Meter	486.00	246.00	732.00
1 1/2-inch Meter	528.00	498.00	1,026.00
2-inch Meter	720.00	1,098.00	1,818.00
3-inch Meter	930.00	1,764.00	2,694.00
4-inch Meter	1,332.00	2,700.00	4,032.00
6-inch Meter	2,000.00	5,350.00	7,350.00

<b>SERVICE CHARGES</b>	
Establishment	\$ 30.00
Reconnection (Delinquent)	20.00
NSF Check	15.00
Meter Re-Read (If Correct)	12.00
Meter Test (If Correct)	30.00
Deferred Payment (Per Month)	1.50%
Deposit Amount	*
Deposit Interest	•
Re-Establishment (Within 12 Months)	**
Late Fee (Per Month)	1.50%
Road Cutting or Boring	Cost
After Hours Charge (Added to Service Charge When work is performed after hours)	\$ 35.00

<b>MONTHLY SERVICE CHARGE FOR FIRE SPRINKLERS</b>	
4" or Smaller	***
6"	***
8"	***
10"	***
Larger than 10"	***

\* Per Commission Rule A.A.C. R-14-2-403(B).

\*\* Number of months off system times the monthly minimum, per Commission Rule A.A.C. R-14-2-403(D).

\*\*\* 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month.

The Service Charge for fire sprinklers is only applicable for service lines separate and distinct from the primary service line.

***In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales, or use tax per A.A.C. R14-2-409(D)(5).***

# **ATTACHMENT H**

Attachment H

Itemized list of major components of the water system.

Public Water System ("PWS") No. 13-023									
Location	POE#1	POE#2 <sup>1</sup>	POE#3	POE#4	POE#5	#1 ('A' Tract)	#2 (lot 1545)	#3 (lot 2115) <sup>2</sup>	Booster Stations
ADWR #	55-690346	55-518196	55-609234	55-609347	55-565855	NA	NA	NA	
Casing Size	14"	8"	6"	12"	10"	NA	NA	NA	
Casing Depth	404'	500'	555'	500'	343'	NA	NA	NA	
Meter Size	3"	3"	3"	3"	3"	NA	NA	NA	
Pump Size (HP)	7.5	7.5	2	7.5	7.5	NA	NA	NA	
Pump yield (GPM)	214	500	555	500	343	NA	NA	NA	
Well Yield (GPM)	85	86	0	100	45	NA	NA	NA	
Storage Tank (gallons)	(2) 45,000	(1) 30,000	(1) 16,000	(1) 30,000	(1) 100,000	NA	NA	NA	
Booster Pumps (HP)	(2) 7.5	(2) 7.5	(2) 5	(2) 10	(2) 7.5	(2) 5	(2) 5	(2) 5	
Pressure Tanks (Gallons)	(1) 5,000	(1) 3,000	(1) 2,000	(1) 5,000	(1) 5,000	(1) 500	(1) 500	(1) 500	
Chlorinators	Yes	Yes	No	Yes	Yes	NA	NA	NA	
Pump House	8' X8' wood	8' X8' block	10' X12' wood	12' X12' block	8' X8' wood	NA	NA	NA	
Fencing (Chain link)	Fencing	Fencing	Fencing	Fencing	Fencing	Fencing	Fencing	Fencing	Fencing
<b>Distribution Mains</b>					<b>Customer Meters</b>				
Size	Material	Length (in feet)	Size (in inches)	Quantity					
4"	PVC	168,100	¾	1401					
6"	PVC	230,040	1	5					

# **ATTACHMENT I**

## TARIFF SCHEDULE

Utility: Cordes Lakes Water Company  
Docket No.: \_\_\_\_\_  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 1 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

### **CURTAILMENT PLAN FOR: Cordes Lakes Water Company** (Template 102109)

ADEQ Public Water System No: AZ04-13023

Cordes Lakes Water Company ("Company"), is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

#### **Stage 1 Exists When:**

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

#### **Stage 2 Exists When:**

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

## TARIFF SCHEDULE

Utility: Cordes Lakes Water Company  
Docket No.: \_\_\_\_\_  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 2 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

### Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Beginning with Stage 3, the Company shall post at least three signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

## TARIFF SCHEDULE

Utility: Cordes Lakes Water Company  
Docket No.: \_\_\_\_\_  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 3 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

### Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

### Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least three signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

## TARIFF SCHEDULE

Utility: Cordes Lakes Water Company  
Docket No.: \_\_\_\_\_  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 4 of 4  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply with two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.