

07-21-06 09:24am

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INNOVA/PURE WATER, INC.

Certificate of Status	1
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Corporate Filing Menu

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PS - 7/21/06
Amend
09045.112105

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
INNOVA/PURE WATER, INC.
ESTABLISHING A SERIES OF SHARES PURSUANT
TO FLORIDA STATUTES 607.0602**

FILED
06 JUL 21 PM 3:29
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

To: The Department of State of the State of Florida:

Pursuant to the provisions of Chapter 607.0602, Florida Statutes, the undersigned Corporation hereby submits the following information relating to the adoption by all of the Directors of the Corporation of a series of preferred shares and the establishment of the relative rights and preferences thereof:

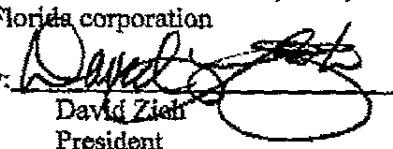
1. The name of the Corporation is:

INNOVA/PURE WATER, INC.,
a Florida corporation (the "Corporation").

2. The Certificate of Designation of Series A Preferred Stock of Innova/Pure Water, Inc. ("Certificate of Designation"), is attached hereto and incorporated herein by reference.

3. This Amendment and the Certificate of Designation was duly adopted by of the Board of Directors of the Corporation effective on June 7, 2006, as more particularly described in the Certificate of Designation.

INNOVA/PURE WATER, INC.,
a Florida corporation

By: 
David Ziehl
President

Corporate Seal

MTCH/377735

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**CERTIFICATE OF DESIGNATION OF
SERIES A CONVERTIBLE PREFERRED STOCK OF
INNOVA/PURE WATER, INC.**

INNOVA/PURE WATER INC., a Florida corporation (the "Company"), certifies that pursuant to the authority contained in Article III of its Amended Articles of Incorporation, and in accordance with the provisions of the Florida Business Corporation Act of the State of Florida, the Board of Directors of the Company has adopted the following resolutions creating a series of its convertible preferred stock, par value \$.0001 per share, designated as Series A Preferred Stock:

SERIES A CONVERTIBLE PREFERRED STOCK

RESOLVED, that a series of the class of authorized preferred stock, par value \$.0001 per share, of the Company be hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, as may be amended from time to time, are as follows:

1. DIVIDEND RIGHTS

(a) **Dividends.** Series of Series A Preferred Stock shall be entitled to the same dividends and dividend rights as shares of Common Stock as if such shares of Series A Preferred Stock had been converted into shares of Common Stock as of the applicable dividend record date.

(b) **Limitations on Dividends on Junior Stock.** So long as any shares of Series A Preferred Stock shall be outstanding, no dividend, whether in cash or property, shall be paid or declared, nor shall any other distribution be made to the holders of any other stock of the Company ("Junior Stock"), nor shall any shares of any Junior Stock of the Company be purchased, redeemed, or otherwise acquired for value by the Company (except for acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares upon termination of services to the Company or in exercise of the Company's right of first refusal upon a proposed transfer) until all accumulated dividends (set forth in Section 1(a) above) on the Series A Preferred Stock shall have been paid or declared and set apart.

2. VOTING RIGHTS

(a) **General Rights.** Except as otherwise provided in Section 2b or Section 3 (Election of Directors) or as required by law, each share of the Series A Preferred Stock shall be voted equally with the shares of the Common Stock of the Company and not as a separate class, at any annual or special meeting of stockholders of the Company, and may act by written consent in the same manner as the Common Stock, in either case upon the following basis: each holder of a share of Series A Preferred Stock shall be entitled to twenty five (25) votes per share for each share of Series A Preferred Stock held of record by such holder.

(b) **Separate Vote of Series A Preferred Stock.** For so long as at least 250,000 shares of Series A Preferred Stock (subject to adjustment for any stock split, reverse stock split or other similar event affecting the Series A Preferred Stock) remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the then outstanding Series A Preferred Stock shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, waiver or repeal of any provision of the Articles of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation); or

(ii) Any increase or decrease (other than by redemption or conversion) in the authorized number of shares of Series A Preferred Stock; or

(iii) Any authorization or any designation, whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series A Preferred Stock in right of redemption, liquidation preference, voting or dividends or any increase in the authorized or designated number of any such new class or series; or

(iv) Any redemption or repurchase of shares of Common Stock (except for acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares upon termination of services to the Company or in exercise of the Company's right of first refusal upon a proposed transfer); or

(v) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 3(c)); or

(vi) Any action that results in the payment or declaration of a dividend on any shares of Common Stock or Preferred Stock.

(vii) Any amendment or modification to this Certificate of Designation.

3. **BOARD OF DIRECTORS**

(a) **Ordinary Board Composition.** Subject to provisions of Section 3(b), the Company's board of directors shall consist of five (5) individuals, unless the holders of a majority of the outstanding shares Series A Preferred Stock (voting separately as a single class) shall otherwise consent. The holders of Series A Preferred Stock, voting separately as a single class for such purpose, shall be entitled to elect three (3) directors, and the holders of Common Stock, voting separately as a single class for such purpose, shall be entitled to elect two (2) directors.

(b) **Termination of Board Composition Rights.** At such time as at least 750,000 shares of the Series A Preferred Stock are converted, retired or otherwise redeemed, then the rights granted to the holders of the Series A Preferred Stock to appoint a majority of the Company's board of directors shall terminate. From and after such event the holders of the

Series A Preferred Stock and holders of Common Stock shall vote as a single class based upon the voting rights granted to the holders of the Series A Preferred Stock in Section 1.

(c) **Other Adjustments.** Notwithstanding any other provision in the Company's Certificate of Incorporation or Bylaws, the number of persons constituting the board of directors shall be increased to the number necessary to include such persons elected by the holders of the Series A Preferred Stock as provided herein. Any director elected by the holders of the Series A Preferred Stock may be removed at any time with or without cause by and only by the vote or written consent of the holders of a majority of the Series A Preferred Stock then outstanding. Any vacancy occurring by reason of such removal or by reason by the death, resignation or inability to serve of any such director, shall be filled by and only by a vote or written consent of the holders of the majority of the Series A Preferred Stock then outstanding. Any director so elected shall serve until his or her successor is duly elected and qualified, or his or her earlier death, resignation or removal by the holders of the Series A Preferred Stock.

4. LIQUIDATION RIGHTS

(a) **Distributions With Respect to Common Stock.** The assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock and Series A Preferred Stock on an as-converted basis.

(b) **Deemed Liquidations.** The following events shall be considered a liquidation under this Section 4:

(i) Any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) A sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer");

5. CONVERSION RIGHTS

The holders of the Series A Preferred Stock shall have the following rights with respect to the conversion of the Series A Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) **Optional Conversion.** Subject to and in compliance with the provisions of this Section 5, any shares of Series A Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A Preferred Stock shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series A Preferred Stock being converted.

(b) **Series A Preferred Conversion Rate.** The conversion rate in effect at any time for conversion of a share of the Series A Preferred Stock (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing one (1) by the "Series A Preferred Conversion Price," calculated as provided in Section 5(c). The initial Series A Preferred Conversion Rate is twenty-five (25) common shares issuable for the conversion of one (1) share of Series A Preferred Stock.

(c) **Series A Preferred Conversion Price.** The conversion price for the Series A Preferred Stock (the "Series A Preferred Conversion Price") shall initially be \$.05 per underlying common share. Such initial Series A Preferred Conversion Price shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted.

(d) **Mechanics of Conversion.** Each holder of Series A Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 5 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A Preferred Stock, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series A Preferred Stock being converted. In addition, the notice of conversion shall be accompanied by a wire transfer or check for the aggregate Series A Conversion Price for the underlying common shares related to the number of Series A Preferred Shares being converted into common shares. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series A Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) **Adjustment for Stock Splits and Combinations.** If the Company shall at any time or from time to time after the date that the first share of Series A Preferred Stock is issued (the "Original Issue Date") effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series A Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series A Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 5 shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) **Adjustment for Common Stock Dividends and Distributions.** If the Company at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A Preferred Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date,

by multiplying the Series A Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; *provided, however*, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Preferred Conversion Price shall be adjusted pursuant to this Section 5 to reflect the actual payment of such dividend or distribution.

(g) **Adjustment for Reclassification, Exchange and Substitution.** If at any time or from time to time after the original issue date, the Common Stock issuable upon the conversion of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 4 or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 5), in any such event each holder of a share of Series A Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(h) **Reorganizations, Mergers, Consolidations or Sales of Assets.** If at any time or from time to time after the Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 4 or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 5), as a part of such capital reorganization, provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 with respect to the rights of the holders of Series A Preferred Stock after the capital reorganization to the end that the provisions of this Section 5 (including adjustment of the Series A Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Preferred Stock) shall be applicable after that event and be as nearly equivalent as practicable.

(i) **Mandatory Retirement.** In the event the holders of the Series A Preferred Stock have not exercised the conversion rights set forth herein within three (3) years after the date of issuance of the Series A Preferred Stock ("Final Date"), the Series A Preferred Stock shall automatically be retired on the Final Date without any further action on the part of

the Company or Holder and shall be considered cancelled on the books and records of the Company.

(j) **Redemption of Shares.** The Company, at its option, may redeem all or any portion on a pro rata basis, of the outstanding Shares of Series A Preferred Stock at a price of \$.01 per Share, upon at least 10 days' notice to the registered Holders of Shares of Series A Preferred Stock, provided that the average closing price per share of Common Stock (determined as hereinafter provided) shall have been \$.65 or greater for a period of 10 consecutive business days ended immediately prior to the date of such notice. For the purpose of determining whether the Company may redeem the Shares of Series A Preferred Stock pursuant to this Section, the closing price per share of Common Stock for each day shall be the last reported sales price, regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case, on any exchange (NASDAQ or OTC:BB) on which the Common Stock is listed or admitted to trading, or, if there is no such representative closing bid on NASDAQ or OTC:BB on such day, a price determined in any reasonable manner approved by the Board of Directors of the Company.

If the Company shall elect to redeem the Shares of Series A Preferred Stock pursuant to this Section, notice of redemption shall be given to the Holders of all outstanding Series A Preferred Stock at least 10 days prior to the date fixed for redemption, to their last addresses as they shall appear on the stock register, but failure to give such notice by mail to the Holder, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Shares of Series A Preferred Stock. The notice shall state that the Company is redeeming the Shares of Series A Preferred Stock pursuant to Section at the redemption price of \$.01 per Share of Series A Preferred Stock, and the date fixed for redemption; shall state that payment of the redemption price of the Shares of Series A Preferred Stock will be made at the corporate offices of the Company upon presentation and surrender of such Shares of Series A Preferred Stock; shall state that the right to convert the Series A Preferred Stock will terminate as provided in this Agreement (stating the date of such termination); and shall state the Conversion Price. The date of redemption for the Series A Preferred Stock pursuant to this Section shall be any date chosen by the Company which complies with the notice requirement set forth in this Section. Holders shall have the right to convert the Shares of Series A Preferred Stock during this ten (10) day notice period by complying with the mechanics of conversion provisions of Section (d). If a Holder does not elect to convert during this ten (10) day redemption notice period, the Shares of Series A Preferred Stock shall be considered redeemed and cancelled. If the giving of notice of redemption shall have been completed as provided above, and if funds sufficient for the redemption of the Series A Preferred Stock pursuant to this Section 4 shall have been deposited into a separate bank account for such purpose, the right to convert the Shares of Series A Preferred Stock shall terminate, provided the holder does not convert during the ten (10) day redemption notice period, at the close of business on the business day preceding the date fixed for redemption, and the Holder of each Share of Series A Preferred Stock shall thereafter be entitled upon surrender of his Share of Series A Preferred Stock, only to receive \$.01 per Share, without interest.

(k) **Notices of Record Date.** Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 4) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into

any other corporation, or any Asset Transfer (as defined in Section 4), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A Preferred Stock at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(l) **Fractional Shares.** No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(m) **Reservation of Stock Issuable Upon Conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Company will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(n) **Notices.** Any notice required by the provisions of this Section 5 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

(o) **Payment of Taxes.** The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the

issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered.

(p) **No Dilution or Impairment.** Without the consent of the holders of then outstanding Series A Preferred Stock as required under Section 2(b), the Company shall not amend its Articles of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against dilution or other impairment.

4. NO REISSUANCE OF SERIES A PREFERRED STOCK.

No share or shares of Series A Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

IN WITNESS WHEREOF, Innova/Pure Water Inc. has caused this Certificate of Designation to be signed by the undersigned officer on this 20th day of July, 2006.

INNOVAPURE WATER INC.

By: 
Name: David Zich
Its: President

MTCej/375651

APPENDIX 1

NOTICE OF CONVERSION

1. The undersigned hereby elects to convert _____ shares of the Series A Preferred Stock of Innova/Pure Water, Inc. pursuant to the terms of the Certificate of Designation, and tenders herewith payment of the purchase price of such shares in full as calculated below.

2. Please issue a certificate or certificates representing said common shares in the name of the undersigned or in such other name as is specified below:

3. The undersigned represents it is acquiring the shares solely for its own account and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

(Signature)

(Date)

CONVERSION CALCULATION

of Preferred Shares Converted

Conversion Ratio

Conversion Price

of Common Shares Issuable

Total Amount of Conversion Price

MTC/ej/375651

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