

BY-LAWS  
OF  
PERKINS COUNTY RURAL WATER SYSTEM, INC.

ARTICLE I.

General Purpose

This association shall be known as the PERKINS COUNTY RURAL WATER SYSTEM, INC., incorporated under the laws of the State of South Dakota.

The purpose for which the Corporation is formed and the powers which it may exercise are set forth in the Articles of Incorporation of the Corporation.

ARTICLE II.

Name and Location

Section 1. The name of the Corporation is the PERKINS COUNTY RURAL WATER SYSTEM, INC.

Section 2. The principal office and place of business of this Corporation shall be located at the Company Headquarters in the Town of Bison, South Dakota, but the Corporation may maintain offices in places of business at other places within or without the State as the Board of Directors may determine from time to time.

ARTICLE III.

Seal of the Corporation

Section 1. The Seal of the Corporation shall have

inscribed thereon the name of the Corporation.

Section 2. The Secretary shall have custody of the Seal.

Section 3. The impression of the Seal shall be made on all papers and documents requiring the signature of an executive officer of the Corporation.

#### ARTICLE IV.

##### Fiscal Year

The fiscal year of the Corporation shall begin the 1st day of January of each year and end on the 31st day of December in each year.

#### ARTICLE V.

##### Governing Body

This Corporation shall be governed by a Board of Directors consisting of nine (9) persons to be elected by the members of the Corporation from time to time and in such manner as hereinafter provided. Such Board shall meet immediately after the adjournment of the Membership Meeting or as soon thereafter as reasonably practicle and organize by electing a President, Vice-President, Secretary and Treasurer from their own number.

#### ARTICLE VI.

##### Membership and Certificates

Section 1. Membership in the Corporation shall consist of those persons, firms, associations, corporations or bodies poli-  
tic owning, controlling or occupying land situated within the

area to be served by the water system of the Corporation and reasonably accessible thereto, who have made application for membership in the Corporation, and who have agreed to pay such fees as shall be required by the Corporation from time to time, and enter into such Agreements with the Corporation for the purchase of water for domestic use as are required by the Corporation from time to time.

Section 2. A person, firm, association, corporation or body politic may become a member of PERKINS COUNTY RURAL WATER SYSTEM, INC., by:

- a. Making a written application for membership therein;
- b. Agreeing to purchase from the Corporation water for domestic use;
- c. Agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Corporation and any rules and regulations adopted by the Board of Directors; and
- d. Paying such hookup, connection or other fees as shall be established by the Board of Directors from time to time; provided, however, that no person, firm, association, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors. No member may hold more than one (1) membership in the Corporation, and no membership in the Corporation shall be transferable except as provided in these By-Laws.

ARTICLE VII.

Membership Certificates

Section 1. Membership in the Corporation shall be evidenced by enrolling the name of the member on the membership list maintained by the Corporation at the Corporation Headquarters.

Section 2. Transfers of membership shall be made only upon the books of the Corporation, only to persons eligible to become members and only with the approval of the Board of Directors and only then when the member transferring is free from indebtedness to the Corporation.

Section 3. No member of this Corporation shall be entitled to more than one (1) vote at meetings of the members. Every member, upon becoming a member of this Corporation, agrees to sign such Agreement for the purchase of water from the Corporation as may from time to time be provided and required by the Corporation, and shall pay therefor such rates as shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of water which the Corporation shall be required to furnish any one (1) member. Each member shall pay the Corporation such minimum amount per month, regardless of the amount of water consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Corporation as and when the same shall become due and payable.



Section 4. In case of the death of a member or if a member ceases to be eligible to hold membership as provided herein, or willfully fails to comply with these By-Laws and other requirements, or willfully obstructs the purposes and proper activities of the Corporation, the Corporation, through the Board of Directors, may elect to terminate his membership. Any member whose membership is so terminated for a cause other than that of ceasing to be eligible, may appeal from the action of the Board of Directors to a vote of the members at the next regular meeting of the members or special meeting of the members called for such purpose.

Section 5. A membership held in the name of a husband or a wife shall entitle either to exercise the voting privilege of said membership, but not both. Said membership would also qualify either the husband or the wife as a member for the purpose of running for the office of Director, but not both. When a membership is held by a partnership, corporation or association, the voting privilege may be exercised by a duly acknowledged voting delegate of said partnership, corporation or association.

#### ARTICLE VIII.

##### Meeting of Members

Section 1. Annual Meeting. The annual meeting of the members of the Corporation shall be held during the months of March, April, May or June of each year on the date selected by

the Board of Directors. The date, time and place shall be designated in the Notice of the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Corporation.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Directors or upon a written request signed by any five (5) Directors, by the President, or by ten percent (10%) or more of all of the members and it shall thereupon be the duty of the Secretary to cause Notice of such meeting to be given as hereinafter provided. Special meetings of the members must be held within sixty (60) days from the date of receipt of a special request therefor and shall be held at such time and at such place as shall be determined by the Board of Directors.

Section 3. Notice. Notice of meetings of members of the Corporation shall be given by Notice mailed to each member of record directed to the address shown upon the books of the Corporation at least ten (10) days prior to the meeting. Such Notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of Notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Section 4. Quorum. As long as the total number of members

does not exceed one thousand (1,000), ten (10) members, present in person, shall constitute a quorum. In case the total number of members shall exceed one thousand (1,000), twenty-five (25) members, present in person, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Section 5. Vote. Each member shall be entitled to one (1) vote. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy shall not be permitted.

#### ARTICLE IX.

##### Directors

Section 1. General Powers. The business and affairs of the Corporation shall be managed by a Board of nine (9) Directors, which shall exercise all of the powers of the Corporation except such as are by law, the Articles of Incorporation, or these By-Laws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office. The existing Board of Directors shall hold office for their terms or until their successors shall have been elected and shall have qualified. At the first annual meeting of members following the adoption of these By-Laws, three (3) Directors from District 1 and two (2) Directors from each of Districts 2 and 3 shall be

elected by secret ballot by and from the members; a Director from the Municipality of Lemmon and a Director from the Municipality of Bison shall be elected by the members. Immediately following the election, the Directors shall draw lots so that all of the Directors in each District and Municipality within the District, if any, shall be one (1), two (2) or three (3) year terms. For example, all Directors from District 2 and Lemmon could draw the two (2) year term. At each annual meeting thereafter, Directors shall be elected to succeed those Directors whose terms have expired, to serve for a term of three (3) years or until their successors have been elected and shall have qualified. Directors of the Corporation shall be referred to as "District Directors" and "Municipal Directors". A secret written ballot may be dispensed with and voting may be by voice when there are no more nominees than there are Director positions open.

Section 3. Qualifications. No person shall be eligible to become or remain a District Director who is not a member and a bona fide resident of the particular district which he is to represent, provided that a member whose water connection point is within a certain District, may reside in the Municipality of Bison or Lemmon. No person shall be eligible to become or remain a Municipal Director who is not a citizen and bona fide resident of the particular municipality which he is to represent. Upon establishing the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office.



Nothing contained in this Section shall affect, in any manner whatsoever, the validity of the action taken at any meeting of the Board of Directors.

Section 4. Voting Districts. The territory served or to be served by the Corporation shall be divided into three (3) districts in such a way as to give equitable representation to all members. In addition, the Municipalities of Bison and Lemmon shall be entitled to Director representation on the Board of Directors. The three (3) Director districts shall be as follows:

District No. 1 shall be made up of the townships of Horse Creek, Viking, Grand River, Castle Butte, Wilson, Duck Creek, Lodgepole, Barrett, Glendo, Sidney, Fredlund and Pleasant Valley.

District No. 2 shall be made up of the townships of White Butte, Trail, Liberty, Flat Creek, Lincoln, Burdick, Seim, Dewitt, Rock Ford, Anderson and Hudgins.

District No. 3 shall be made up of the townships of White Hill, Vail, Cash, Marsh, Field, Independence, Clarke, Whitney, Plateau, Strool, Scotch Cap, Bison, Rainbow, Meadow, Grand Central, Jones, Maltby, Richland, Vickers, Lone Tree, Chance, Easter, Wells, Antelope, Duell, Hall, Ada, Foster, Wyandotte, Highland, Brushy, Chaudoin, Moreau, Englewood, Sheffeild, Dillon, Beck, Bixby, Martin, Arrow Head, Vrooman, Mildrew, Deep Creek and Flint Rock.

Section 5. Nomination and Election of Directors - District Directors. Nominations for District Directors shall be made at the annual meeting of the membership. Only members and bona

fide residents from within a particular district shall be authorized to nominate a candidate for a District Director from within their district. All of the members of the Corporation shall be entitled to vote on the District Director candidates.

Municipal Directors. The Municipalities of Lemmon and Bison shall nominate their respective Municipal Director candidates, which candidates shall be submitted to the membership for approval at the annual meeting.

Section 6. Vacancies. If the office of District Director or officers shall become vacant for any cause, the remaining Directors may choose a successor, who shall serve to the next regular or special meeting of the members when the vacancy shall be filled. In the event the office of Municipal Director shall become vacant for any cause, the Municipality shall designate a successor, who shall serve to the next regular or special meeting of the members when the vacancy shall be filled.

Section 7. Election. Directors shall be elected by plurality vote of the members voting.

Section 8. Removal of Director by Members. Any member may bring charges against a Director and, by filing with the Secretary such charges in writing together with a Petition signed by at least ten (10%) percent of the members, may request the removal of said Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10)

days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting.

Section 9. Compensation. Directors shall not receive any salary for their services as Directors, except that by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors and for attendance at any other meeting on behalf of the Corporation which is authorized by the Board of Directors. No Director shall receive compensation for serving the Corporation in any other capacity, nor shall any close relative of a Director receive compensation for serving the Corporation, unless the payment and amount of compensation shall be specifically authorized by vote of the members of the service by such Director or close relative shall have been certified by the Board of Directors as an emergency measure.

## ARTICLE X.

### Meetings of Directors

Section 1. A regular meeting of the Board of Directors may

be held without notice immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meeting may be held without Notice, other than such resolution fixing the time and place thereof.

Section 2. Special meetings of the Board of Directors may be called by the President or by any five (5) Directors and it shall thereupon be the duty of the Secretary to cause Notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Written Notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such Notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director, at his address, as it appears on the records of the Corporation, with postage thereon fully prepaid.

Section 4. Five (5) members of the Board shall constitute a quorum for conducting business; provided, however, that if less than five (5) of the Directors are present at such meeting,



a majority of the Directors present may adjourn the meeting from time to time; and provided, further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting which a quorum is present shall be the act of the Board of Directors.

## ARTICLE XI.

### Officers

Section 1. The officers of the Corporation shall be a President, Vice-President, Secretary, Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. The officers shall be elected by ballot annually by and from the Board of Directors at the meeting of the Board of Directors held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Any officer or agent elected or appointed by

the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby.

ARTICLE XII.

Duties of Officers

Section 1. The President shall:

- a. Be the principal executive officer of the Corporation and, unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- b. Sign, with the Secretary, Certificates of Membership, the issue of which shall have been authorized by the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.
- c. In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 2. Vice President. In the absence of the

President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 3. Secretary. The Secretary shall be responsible for:

- a. Keeping the minutes of the meetings of the members of the Board of Directors in one (1) or more books provided for that purpose.
- b. Arranging for all notices to be given in accordance with the By-Laws or as is required by law.
- c. The safekeeping of the corporate records and of the seal of the Corporation and affixing the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws.
- d. Arranging for a complete copy of the Articles of Incorporation and By-Laws of the Corporation containing all amendments thereto to be maintained at the corporation's principal office.
- e. Signing with the President, legal documents authorized by the Board of Directors, unless the signing of such documents has been delegated to other of-

ficers, agents or employed personnel.

- f. Keeping a register of the names and post office addresses of all members to be kept up to date.
- g. Performing such other duties as are assigned to him by the Board of Directors.

Section 4. Treasurer. The Treasurer shall be responsible for:

- a. Custody of all funds and securities of the Corporation.
- b. The receipt of and issuance of receipts for all monies due and payable to the Corporation, and the deposit of all such monies in the name of the Corporation in such bank, or banks as are selected by the Board of Directors.
- c. Reviewing the annual financial audit of the Corporation's financial and accounting records and make any necessary recommendations to the Board of Directors.
- d. The general performance of all the duties incident to the office of Treasurer and such other duties as are assigned to him by the Board of Directors.

Section 5. The Treasurer and any other officer or agent of the Corporation charged with the responsibility for the custody of any of its funds or property shall give bond in such sum with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may require any other



such amount and with such surety as it shall determine. The expense of such bond shall be a legal obligation of the Corporation.

#### ARTICLE XIII.

##### Board of Directors - Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to-wit:

- a. To pass upon the qualifications of members and to cause to be issued appropriate Certificates of Membership.
- b. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services.
- c. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements and

- to do every act and thing necessary to effectuate the same.
- d. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as they, in their discretion, may deem essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
  - e. To order, at least once each year, within ninety (90) days after the close of the business year, an audit of the books and accounts of the Corporation by a certified public accountant. The report prepared by such certified public accountant shall be submitted to the members of the Corporation at their annual meeting.
  - f. To fix the charges to be paid by each member for services rendered by the Corporation to him, the time of payment and the manner of collection.
  - g. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the Corporation to give adequate bonds, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the Directors to so require.

h. To select one (1) or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation and the form of checks and the person or persons signing such checks and the form thereof at will.

#### ARTICLE XIV.

##### Non-Profit Operation

Section 1. The Corporation shall at all times be operated on a non-profit basis for the mutual benefit of its members. No interest or dividend shall be paid or payable by the Corporation on any capital furnished by its members.

Section 2. The Corporation will install, maintain, and operate a main distribution water pipeline or lines from the source of the water supply to its qualified members and patrons under such policies, rules and regulations as shall be adopted by the Board of Directors from time to time.

Section 3. The Board of Directors shall from time to time make such rules, regulations, policies and directives as shall be necessary for the efficient operation of a rural water system and shall generally be responsible for the efficient operation of said system.

Section 4. In the event of dissolution, the Board of Directors shall first pay lawful debts and liabilities of the

Corporation. Any remaining assets shall be transferred to any other or several non-profit like organizations or political subdivisions having one (1) or more purposes in common with this Corporation. If no such organization can be reasonably found, the remaining assets shall be distributed to the members and former members in proportion to the business they may have done with the Corporation. The Corporation shall make a reasonable effort to locate former members but shall not be obligated to include in the distribution former members who cannot be located.

#### ARTICLE XV.

##### Miscellaneous

Section 1. Membership in other organizations. The Corporation shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the Notice of which shall specify that action is to be taken upon such proposed membership or stock purchased; provided, however, that the Corporation may, upon the authorization of the Board of Directors, purchase stock in or become a member of any Corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural water systems, or of any other organization, when in the opinion of the Board of Directors such membership will promote the interests of the Corporation.

Section 2. Waiver of Notice. Any member or Director may waive in writing any Notice of a meeting required to be given by these By-Laws, either before or after such meeting. The atten-



dance of a member or Director at any meeting shall constitute a Waiver of Notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called or convened.

Section 3. Policies, rules and regulations. The Board of Directors shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-Laws, as it may deem advisable for the management of the business and affairs of the Corporation.

Section 4. Unless otherwise provided in these By-Laws, the rules of parliamentary procedure as provided in "Roberts Rules of Order" shall govern the conduct of all meetings of the Board of Directors and meetings of members of the Corporation.


#### ARTICLE XVI.

##### Amendments

These By-Laws may be repealed or amended from time to time by a majority vote of the Board of Directors present at any regular or special meeting thereof, provided that Notice of said proposed amendment or repeal is mailed to each Director at least ten (10) days prior to the meeting at which said amendment or repeal is to be considered. The Notice shall designate the general nature, purpose and effect of the proposed amendment or repeal.

Subscribed and sworn to before me this 26<sup>th</sup> day of  
February, 1993.

(SEAL)

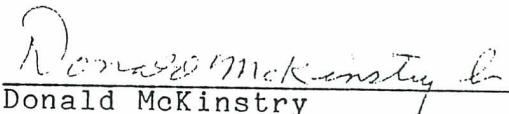
  
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Notary Public, State of South Dakota

My commission expires: February 16, 2001.

CONSENT TO ACT AS REGISTERED AGENT  
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DONALD McKINSTRY consents to act as the Registered Agent of  
PERKINS COUNTY RURAL WATER SYSTEM, INC.

DONALD McKINSTRY

  
\_\_\_\_\_  
Donald McKinstry  
P.O. Box 173  
Bison, South Dakota 57620