

BY-LAWS OF CLAY RURAL WATER SYSTEM, INC.**INDEX**

ARTICLE I:	GENERAL PURPOSES
ARTICLE II:	NAME AND LOCATION
ARTICLE III:	SEAL OF CORPORATION
ARTICLE IV:	FISCAL YEAR
ARTICLE V:	GOVERNING BODY
ARTICLE VI:	MEMBERSHIP
ARTICLE VII:	MEETING OF MEMBERS
ARTICLE VIII:	DIRECTORS
ARTICLE IX:	MEETING OF DIRECTORS
ARTICLE X:	OFFICERS
ARTICLE XI:	DUTIES OF OFFICERS
ARTICLE XII:	BOARD OF DIR DUTIES
ARTICLE XIII:	DUTIES OF CORP-MEMBERS
ARTICLE XIV:	AMENDMENTS

BY-LAWS OF CLAY RURAL WATER SYSTEM, INC.

**ARTICLE I.
GENERAL PURPOSES**

This corporation is incorporated under the laws of the State of South Dakota and shall be known as the Clay Rural Water System, Inc.

The purposes for which the corporation is formed, and the powers which it may exercise are set forth in the Articles of Incorporation.

**ARTICLE II.
NAME AND LOCATION**

Section 1.

The name of the corporation is the Clay Rural Water System, Inc.

Section 2.

The principal office and place of business of this corporation shall be located at rural Wakonda, South Dakota, but the corporation may maintain offices and places of business at other places within or without the State as the Board of Directors may determine. (Amended 3/28/89)

**ARTICLE III.
SEAL OF CORPORATION**

Section 1.

The seal of the corporation shall have inscribed thereon the name of the corporation, the year of its organization and the words, Clay Rural Water System, Inc.

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 in each year and end on the succeeding 31st of December.

**ARTICLE V.
GOVERNING BODY**

Section 1.

This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first annual meeting in 1980 and thereafter as set forth in Article VIII of these By-laws. Such board will re-organize by electing a President, Vice-President, Secretary and Treasurer from their own number at the March monthly board of directors meeting. (Amended 5/7/13)

**ARTICLE VI.
MEMBERSHIP**

Section 1. Eligibility.

Membership in the corporation shall be limited to natural persons and other legal entities that:

- a. Are located within the area to be served by this corporation, a user of the System, and a bona fide resident of the service area;
- b. Are reasonably accessible from the corporation's designated pipeline location and that sufficient capacity exists;
- c. Have applied for membership on a form provided by the Board of Directors;
- d. Have agreed to pay the membership fee;
- e. Have entered into written agreements with this corporation for the purchase of water for domestic, municipal and other approved beneficial use as may from time to time be required by the Board of Directors; and
- f. Have been accepted for membership by the Board of Directors.
- g. No member of this corporation shall be entitled to more than one vote at meetings of the members or to hold more than one membership in the corporation. (Amended 3/28/09)

Section 2. Application

An eligible entity shall become a member of the Clay Rural Water System, Inc., by:

- a. Making such written application for membership as may be required by the Board of Directors;
- b. 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, or in the case of municipal members by entering into a Water Supply Contract with the Clay Rural Water System, Inc.,
- c. Paying the membership fees. No applicant shall become a member unless, and until, accepted for membership by the Board of Directors. No membership in the corporation shall be transferrable. (Amended 5/7/13)

- d. Agreeing to pay such supplemental fees as the Board may require.

Section 3. Fees

Membership in the corporation shall be evidenced by the execution of an Application for Water Service/Membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such agreement shall be signed by an authorized agent of the Corporation. No membership shall be issued for less than the membership fee fixed by the Board of Directors.

Section 4. Basis for Fee.

Membership fees shall be set by action of the Board of Directors.

Section 5. Termination of Membership

In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 1, 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 their membership by submitting a written Notice of Termination by certified mail to the member setting forth the grounds for termination of membership and mailed to the member's last known mailing address on record with the corporation. Any member, whose membership is so terminated for cause other than that of ceasing to be eligible, may appeal from the action of the Board of Directors within thirty days of the date of termination by mailing a Notice of Appeal to the Manager of the Clay Rural Water System. The date of termination for purposes of timing of the appeal shall be the date of the certified mailing of the Notice of Termination to the member, exclusive of the date of mailing. Upon receipt of a Notice of Appeal, the Manager of Clay Rural Water System shall within five (5) days, excluding Saturday, Sunday and holidays, notify the President of the Clay Rural Water System of the Notice of Appeal and the President shall immediately appoint an Arbitration Board to hear and decide the appeal. The Arbitration Board shall consist of one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member to the Bar of the State of South Dakota to act as chairman of the Arbitration Board. The President shall appoint the Arbitration Board within 5 days of receipt of the Notice of Appeal, exclusive of the date of mailing, from the System Manager, excluding Saturday, Sunday and holidays. The President shall convene the Arbitration Board and conduct the hearing within thirty (30) days of receipt of the Notice of Appeal, exclusive of the date of mailing, from the System Manager. The President shall notify the Arbitration Board members and the member-appellant of the date, time and location of the hearing on the appeal at least ten (10) days prior to the date of the hearing, exclusive of the date of mailing. The burden of proof at the hearing shall be upon Clay Rural Water System to show by a preponderance of the evidence that the member willfully failed to comply with the by-laws and other requirements, or willfully obstructed the purposes and proper activities of the corporation. (Amended 5/7/13)

Section 6. Compliance with Federal and State Law.

In accepting members and in managing the affairs of the corporation, no benefits, employment or membership shall be denied because of a person's race, color, creed or national origin. All federal and state laws and regulations relating to equal opportunity and antidiscrimination shall be complied with.

ARTICLE VII.
MEETING OF MEMBERS

Section 1. Annual Meeting.

The annual meeting of the members of this corporation shall be held within the counties of Clay or Union, State of South Dakota, during February through May in each year. The dates, times and locations of the annual meeting shall be determined by majority vote of the Board of Directors and may be changed from year to year. The Board of Directors has the discretion by majority vote to designate to hold an annual meeting at one central location at a specified time or hold the annual meeting at multiple locations in the corporation's service area during which the members shall have the opportunity to tour certain of the corporation's facilities and to vote on any matters presented by the Board of Directors, obtain a copy of the annual financial statement, the budget for the next fiscal year and the audit report for the previous fiscal year. (Amended 3/24/12)

Section 2. Special Meetings.

Special meeting of the members may be called at any time by (1) action of the Board of Directors or (2) by members of this corporation whenever a petition requesting such meeting is signed by at least five percent (5%) of the members and presented to the Secretary, or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice.

Notice of meetings of members of the Corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the corporation, at least ten days prior to the meeting. Such a notice shall state the nature, time and 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. Any written notice required to be sent to any member pursuant to the provisions of chapter 47-22 to 47-28 of the South Dakota Codified Law, inclusive, or these bylaws, may be sent by any reasonable means of transmission, including, but not limited to, traditional mail, hand delivery, email or electronic facsimile.

Section 4. Quorum.

Those attending any meeting of the corporation either at an annual meeting in one central location at a specific time, or one of the open house format meetings held in various locations in the corporation's service area, or a meeting held by means of electronic communication, or a special meeting shall constitute a quorum for the transaction of business at any meeting, provided that the meeting was called and notice was provided to members in the manner provided for in the corporation's Articles of Incorporation and Bylaws. (Amended 3/24/12)

Section 5. Rules of Order.

All meetings of the members of this corporation and all meetings of the Board of Directors and any committees or sub-committees operating thereunder shall be conducted in accordance with Roberts Rules of Order except in such cases and under such circumstances as are specifically excepted by these By-laws. (Amended 2/9/77)

Section 6. Vote.

Each member shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presentation to the Corporation, prior to or upon registration at each member meeting, of satisfactory certification entitling the

Bylaws Amended 2/28/17

person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as provided by law or by the Corporations Articles of Incorporation of the By-laws. Members may not cumulate their vote or vote by proxy. (Added 3/23/93) The Board of Directors shall have the option of allowing voting by mail supplemental to the right of voting in person on any matter submitted to a vote of the membership. In the event, such option is exercised, a ballot will be mailed to each member of record ten days in advance of the date the ballots are due. The ballot that is mailed to the member shall be mailed to the address of record maintained by the Corporation. The ballot shall contain a written statement of the matter submitted to the membership and shall specify the date the ballots are due to be returned to the election official and election committee. (Added 3/26/11)

Section 7. Voting by Members Without a Meeting.

The Board of Directors shall have the option of allowing system wide voting by mail and by electronic means by members supplemental to the right of voting in person on any manner submitted to a vote of the membership pursuant to the terms of South Dakota Codified Law 47-23-9 and without conducting a meeting. Any action that may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Corporation delivers a ballot to every member entitled to vote on the matter. The ballot shall contain a description of the proposed action; provide an opportunity to vote for or against or withhold a vote for, each proposed action; be delivered in the manner provided for in the Bylaws including, but not limited to, traditional mail, hand delivery, email or electronic facsimile; indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; and specify the time by which a ballot must be received in order to be counted.

Section 8. Electronic Meeting of Members.

An annual or special meeting of members does not need to be held at a geographic location and may instead be held by any means of electronic communication which allows the members to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to them, pose questions, and make comments. The Board of Directors may by resolution provide for such an electronic meeting of the members.

ARTICLE VIII DIRECTORS

Section 1. Composition.

The Board of Directors shall consist of nine members, as set forth below.

Section 2. Director Districts.

- a. For the purpose of the election of Directors, the System shall be divided into three districts by the Board of Directors. Each district shall be represented by three directors. The division of the districts shall be by township. (Amended 2/25/99).
- b. The Board of Directors shall review the membership in the districts annually and shall inform the members when notified of the annual meeting if there are any changes in district boundaries.

Section 3. Election Procedure.

The Board of Directors shall be elected by the members from each of the three voting districts for a three-year term. District Elections shall be held as close to the first Friday in March as is reasonably possible. Nominations and election of each director shall be made for each district only by members of each respective district. Before any

member may be nominated, they must submit a Notice of Intent to Seek Nomination for Director Position form to the Corporation Office not less than twenty days before the scheduled respective district election. Upon receipt of such Notice of Intent, and having found the same to be in order, the Secretary shall post such Notice of Intent at the Corporation office not less than twenty days prior to the respective district election. The Secretary shall mail with the notice of the district election, at least ten days before the date of the election, a statement of the number of directors to be elected and the names and addresses of the candidates. No nominations from the floor, nor late filed Notices, shall be permitted at any district election wherein a Notice of Intent Form has been filed; in the event, no Notice of Intent Forms have been filed, the vacancy shall be filled by the Board of Directors. Only members present at the District Election at the time the Chairman of the Election Board calls the meeting to order will be eligible to vote in said election.

No person shall be eligible or remain a director or to hold any position of trust in the Corporation who is not a member and a bona fide resident in the area served by the Corporation; who was employed or whose spouse was employed by the Corporation during any time within the past five (5) years or is currently employed by the Corporation. Individuals certified to represent members other than natural persons shall not be eligible to serve on the Board of Directors.

Newly elected Directors shall take their seat on the Board of Directors at the regular monthly March Board of Directors meeting. (Amended 5/7/13)

It is the intent of the provisions of this chapter to procure a speedy and correct determination of the true and actual count of all ballots cast at any election of the members of the corporation or the Board of Directors of the corporation, which ballots are valid on their face, and all provisions of this Section shall be liberally construed to that end.

- a. For the purpose of conducting any and all elections of the members of this corporation and the Board of Directors, there shall be appointed an Election Board as follows:
 1. Any election of the members of the corporation: The President shall appoint one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as chairman of the Election Board. Members of the Election Board shall be eligible to vote in the election they are supervising if they are qualified as a member of that district. A majority of the Election Board members present shall constitute a quorum. (Amended 3/29/08)
 2. For an election of the Board of Directors: The President will select two members of the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as Chairman of the Election Board. Members of the Election Board shall be eligible to vote in the election they are supervising if they are qualified as a member of the Board of Directors. (Amended 3/14/91).
 3. For an election of the Board of Directors or for any other election of the members of the corporation: no election shall be held in any district wherein there is no question to be submitted to the voters or wherein there are no opposing candidates for any office. (Added 3/26/11)
 4. Where there are no opposing candidates the Election Board shall issue certificates of election of the nominees, if any, in the same manner as to successful candidates after election. (Added 3/26/11)

- b. It shall be the duty of the Election Board to supervise and conduct the entire election proceedings of any election including the required notice of election of candidates, supervising the marking, filing, and counting of the official ballots or tallies, and the determination of the result of the voting. In the event that the election board shall determine that there was a tie vote in any election, they shall so certify and the results of the election shall be recounted as provided for under Section 3 (d) of this Article.
- c. If, within five (5) days after any election of the members of this corporation or the Board of Directors any three members of this corporation may file with the Officer in charge of the election a petition, duly verified by them, setting forth that they believe that the official returns from such election as to a specified candidate or as to a specified referred or submitted question are erroneous, the votes of such election as to the office or position specified or as to the question specified shall be recounted as provided for under Section 9 of this Article. (Amended 2/9/77).
- d. Whenever any recount has been requested as authorized under Section 3 (b) of this Article, the President of the board of Directors, or the Vice-President of the Board of Directors in case the requested recount is in the election of the President, shall immediately appoint a recount board which shall consist of a recount referee, who shall be a duly qualified member of the Bar of the State of South Dakota, and two members each from the three districts of the corporation.
- e. The presiding officer shall within 24 hours from receipt of a request or petition for recount as provided under Section 3 (c) of this Article give notice to the members of the recount board of their appointment to such board and the time and the place of the recount as prescribed to this Article, and, immediately after such appointment, he shall notify all candidates subject to recount of the names of the recount referee and the additional members of the recount board, and the time and place of the recount, which shall be within one week of the appointment of the recount board at the System office. Board members shall serve without compensation. Robert's Rules of Order shall apply with respect to all proceedings of the recount board. The recount shall proceed as expeditiously as reasonably possible until completed.
- f. Each candidate for any office, nomination, or position involved in any such recount may appear, personally or by a representative, and shall have full opportunity to witness the opening of all ballot boxes and the count of all ballots. If the recount is upon a referred or submitted question, any member of the corporation favoring either side as to such question may be present and represent such side who shall have full opportunity to witness the opening of all ballot boxes and the recount of all ballots.
- g. If any such candidate or any such representative, protests the ruling of such board as to any ballot, such ballot shall be adequately identified by the Board as an exhibit and segregated by the Board as a disputed ballot.
- h. At the conclusion of the recount, the undisputed ballot shall be returned to the ballot box and resealed, and the disputed ballots shall be securely sealed in a separate envelope. The recount board shall make a certificate, signed by at least 60 percent of such Board, setting forth the number of such disputed ballots and adequately identifying the envelope in which the same are sealed.
- i. The certificate as to the result of the recount and the certificate as the disputed ballots shall be returned to the election board and shall be preserved by the secretary of the Board of Directors as public records for at least one (1) year after such recount.

- j. When the certified results of the recount have been returned to the election board, the result determined on such recount shall be included in the official canvass in lieu of the result as determined by the official returns as to said disputed election.
- k. When a tie vote between candidates is found to exist on the basis of any such recount, and by reason of such tie vote, it cannot be determined who has been nominated or elected, it shall be the duty of the election board to fix a time and place for the drawing of lots by such candidates involved in such tie vote, giving reasonable notice of such time and place to each such candidates, and the winner of such disputed election shall be determined in drawing of lots in the manner directed by such election board, and the certificate or certificates of nomination or election shall be issued accordingly.
- l. The results of the determination of the election made by the above stated recount procedure shall be final and binding upon all parties to any disputed election and shall be appealed from only by a writ of certiorari as provided by SDCL 12-21-47. (Amended – 2/9/77).

Section 4. Terms.

Directors shall not serve more than four full three year terms. (Amended 7/23/09)

Section 5. Compensation.

Subject to Paragraph XIV of the Articles of Incorporation, compensation of officers may be fixed at any regular or special meeting of the members of the corporation.

Section 6. Removal.

Officers and directors may be removed from office in the following manner: Any member, officer or director may present charges against a director or officer by filing them in writing with the secretary of the corporation. If presented by a member, the charges must be accompanied by a petition signed by ten percent (10%) of the members of the corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a vote of a majority of those voting if a quorum is present. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges at least twenty (20) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the corporation. A vacancy in the board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the board of directors from among their number so constituted after the vacancy in the board has been filled. For the purpose of this section, the President of the Board of Directors shall be in charge of the meeting and shall designate someone from the Board of Directors to act as recorder to record, in detail, all remarks, and testimony and to accept and file all papers, documents and other pertinent items relating to the matter of removal of the director. If the director who is sought to be removed is the President, then the Vice-President shall be in charge.

Section 7. Vacancy.

If the position of Director should become vacant for any cause, the Board of Directors may choose a successor from the members of the District where the vacancy exists, who shall serve to the next regularly scheduled District election. The member elected shall serve for the remainder of the un-expired term as provided in the By-laws. (Amended 3/24/07)

**ARTICLE IX
MEETING OF DIRECTORS**

Section 1. Regular Meetings.

A regular meeting of the Board of Directors shall also be held monthly at such time and place in Clay or Union County, South Dakota, 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. (Amended 7/23/09)

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or by any three 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 of the directors calling the meeting shall fix the time and place, for the holding of the meeting. Special meetings, upon proper notice as otherwise provided in Section 3 may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

Section 3. Notice of Director's Meetings.

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 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 prepaid. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any written notice required to be sent to any member of the Board of Directors pursuant to the provisions of chapter 47-22 to 47-28 of the South Dakota Codified Law, inclusive, of these bylaws, may be sent by any reasonable means of transmission, including, but not limited to, traditional mail, hand delivery, email or electronic facsimile.

Section 4. Quorum.

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the director's 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 director's present at a meeting at which a quorum is present shall be the act of the Board of Directors. (Added 3/20/97)

Section 5. Electronic Meeting of Board of Directors.

An annual or special meeting of the Board of Directors does not need to be held at a geographic location and may instead be held by any means of electronic communication which allows the Directors to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to them, pose questions, and make comments. The Board of Directors may by resolution provide for such an electronic meeting of the Board of Directors.

Section 6. Action by Board of Directors Without Meeting by Written Unanimous Consent.

Any action required by chapters 47-22 to 47-28 of the South Dakota Codified Law, inclusive, to be taken at a meeting of the Board of Directors of the Corporation, or any action that may be taken by the Board of Directors of the Corporation, may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all the members entitled to vote with respect to the subject matter thereof. Such written consent and signature may be transmitted by any reasonable means including, but not limited to traditional mail, hand delivery, email, or electronic facsimile.

ARTICLE X OFFICERS

Section 1. Officers.

The officers of the Corporation shall be elected from the members of the Board of Directors and 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 of Treasurer may be held by the same person.

Section 2. Election.

The officers shall be elected annually, by and from the Board of Directors, at the regular monthly board meeting held in March. A vacancy in any office shall be filled by the Board of Directors for the unexpired term.

Section 3. Vacancy.

If the position of any Officer should become vacant for any cause, the Board of Directors may choose a successor from amongst the remaining members of the Board of Directors.

ARTICLE XI. DUTIES OF OFFICERS

Section 1. Duties of President.

The President shall preside over all meetings of the corporation and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all papers of the corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the corporation. The President shall perform such other duties as may be prescribed by the Board of Directors. (Amended 3/17/01)

Section 2. Duties of the Vice-President.

In the absence or disability of the President, the Vice-President shall perform the duties of the President provided, however, that in case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer.

The Secretary-Treasurer shall keep a complete record of all meetings of the corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the corporation. He shall sign all such papers pertaining to the corporation as he may be authorized or directed to do so by the board of Directors. He shall serve all notices required by law and by these By-laws and shall make a full report of all matters and business

pertaining to his office to the members at the annual meeting. He shall keep the corporate seal and membership, records of the corporation, complete and countersign and affix said corporate seal to all papers requiring seal. He shall keep a proper membership record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the corporation or the Board of Directors. Upon the election of his successor, the Secretary-Treasurer shall turn over to him all books and other property belonging to the corporation that he may have in his possession. He shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors. (Amended 3/17/01)

**ARTICLE XII.
BOARD OF DIRECTORS DUTIES**

The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and By-laws, shall exercise all of the powers of the association; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given full power and authority (to be exercised by resolution by a majority vote of the Directors) in respect to the matters and as hereinafter set forth.

- a. To pass upon the qualifications of members and to cause to approve membership. (Amended 3/17/01)
- 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 not be inconsistent 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, in their discretion, may be deemed 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, an audit of the books and accounts of the corporation by a competent public auditor or accountant. The report prepared by such auditor or 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, and the Board may establish one or more classes of users and shall not discriminate within the class.
- 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 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 by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks.

- i. To levy assessments upon the members of the corporation. Notice of assessments so levied by the Board of Directors shall be mailed to each member at the address shown in the books of the corporation, at least thirty (30) days prior to the final due date for payment thereof. In the event, any assessment is not paid when due, the Board of Directors shall have the option to either declare the delinquent membership forfeited, or to bring suit in a court of competent jurisdiction for recovery of the amount of the delinquent assessments as a contract obligation, upon giving the delinquent member thirty (30) days written notice by mail at the address shown in the books of the corporation, of the intended action, if payment is not made prior to that time.

**ARTICLE XIII.
DUTIES OF CORPORATION AND MEMBERS**

Section 1. Distribution System.

The corporation will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to each member of the corporation, at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the corporation shall be placed. The corporation will also install a cut-off valve in each service line from its main distribution line or lines, such cut-off valve to be owned and maintained by the corporation, and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

Section 2. Service line.

Each member shall be entitled to a service line or line for which he shall pay a fee fixed by the Board of Directors. The water delivered through such service lines will be metered.

Section 3. Water Rates.

The Board of Directors shall determine the water rate to be charged each member, and shall notify each member of the amount of such charges and the dates for the payment thereof. The Board of Directors shall determine whether members shall be charged a connection fee, and the amount of the fee. A member to be entitled to the delivery of water shall pay such charges at the office of the corporation at or prior to the dates fixed by the Board of Directors. The failure to pay water charges duly imposed shall result in penalties to be determined by the Board of Directors.

Section 4. Application.

The Board of Directors shall be authorized to require each member to enter into an Application for Water Service/Membership which shall embody the principles set forth in the foregoing sections of this article.

Section 5. Shortage of Water.

In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the corporation may prorate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering use of water for commercial, agricultural or industrial purposes; provided, that if at any time the total water supply shall be insufficient to meet all of the needs of the members for domestic, livestock, commercial, agricultural or industrial purposes, the corporation must first satisfy all of the reasonable needs of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for domestic and livestock purposes before supplying any water for commercial or industrial purposes; and, provided further, that

where a members has more than one service line, the corporation may cut off the flow of water to the non-domestic service lines until such time as the supply of water from the system is sufficient to meet the needs of all of the members for domestic, livestock, and garden purposes. During such periods of shut-off of additional service lines there shall be no minimum fee charged to the members having such additional service lines and the cost, if any, of resuming the flow of water to such additional service lines shall be borne by the corporation.

Section 6. Books and Records of Proceedings and Members.

The corporation shall keep current and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Directors and Committees having any authority of the Board of Directors; and shall keep at its principal office a record of the names and addresses of its members entitled to vote. The records required by this section may be kept in electronic format.

ARTICLE XIV. AMENDMENTS

Section 1. These By-laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-laws, as to effect a fundamental change in the policies of the corporation. Notice of any amendment to be made at a special meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

Original Bylaws approved by majority action of the Board of Directors of the Clay Rural Water System, Inc., on March 1, 1976.

APPENDIX A ADOPTED 1/12/77

Article V, Section 1 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first regular annual meeting in 1978 and at each annual meeting thereafter as set forth in Article VIII of these By-laws. Such board shall meet immediately after the adjournment of the annual meeting of the members and organize by electing a President, Vice-President, Secretary and Treasurer from their own number.

APPENDIX B ADOPTED 2/9/77

Article VII of the By-laws of the Clay Rural Water System, Inc. shall be amended by adding the following new Section #6.

Section 6. All meetings of the members of this corporation and all meetings of the Board of Directors and any committees or sub-committees operating thereunder shall be conducted in accordance with Roberts Rules of Order except in such cases and under such circumstances as are specifically excepted by these By-laws.

APPENDIX C
ADOPTED 2/9/77

Article VIII of the By-laws of the Clay Rural Water System, Inc. shall be amended by adding the following new Section #8 and Section #9.

Section 8:

- a. It is the intent of the provisions of this chapter to procure a speedy and correct determination of the true and actual count of all ballots cast at any election of the members of the corporation or the Board of Directors of the corporation, which ballots are valid on their face, and all provisions of this Section shall be liberally construed to that end.
- b. For the purpose of conducting any and all elections of the members of this corporation and the Board of Directors, there shall be appointed an Election Board as follows:
 - (1) Any election of the members of the corporation: The President shall appoint one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as Chairman of the Election Board.
 - (2) For an election of the Board of Directors: The President will select two members of the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as Chairman of the Election Board.
- c. It shall be the duty of the Election Board to supervise and conduct the entire election proceedings of any election including the required notice of election, preparation and distribution of ballots, conduct the nomination and determination of candidates, supervising the marking, filing, and counting of the official ballots or tallies, and the determination of the result of the voting. In the event that the Election Board shall determine that there was a tie vote in any election, they shall so certify and the results of the election shall be recounted as provided for under Section 9 of this Article.
- d. If, within, five days after any election of the members of this corporation or the Board of Directors any three members of this corporation file with the Officer in charge of the election a petition, duly verified by them, setting forth that they believe that the official returns from such election as to a specified candidate or as to a specified referred or submitted question are erroneous, the votes of such election as to the office or position specified or as to the question specified shall be recounted as provided for under Section 9 of this Article.

Section 9:

- a. Whenever any recount has been requested as authorized under Section 8 of this Article, the President of the Board of Directors, or the Vice-President of the Board of Directors in case the requested recount is in the election of the President, shall immediately appoint a recount board which shall consist of a recount referee, who shall be a duly qualified member of the Bar of the State of South Dakota, and two members each from the three districts of the corporation. If the disputed election is for a position on the Board of Directors, then each candidate shall select one of the members so appointed from his district. If the dispute involves more than two candidates, each candidate shall have the right to designate one member on the recount board. All members of the recount board shall act in good faith and impartially with regard to their powers and duties under this article.
- b. The presiding officer shall within 24 hours from receipt of a request or petition for recount as provided under Section 7 of this Article give notice to the members of the recount board of their appointment to such board and the time and the place of the recount as prescribed in this Article,

and, immediately after such appointment, he shall notify all candidates subject to recount of the names of the recount referee and the additional members of the recount board, and the time and place of the recount.

- c. There shall be no compensation or expenses paid to any member of the recount board.
- d. Upon receiving notice that a recount is to be conducted and the appointment of the recount board, the recount board shall convene in the business office of the corporation or a designated alternate location, within 72 hours from receipt of notice of the appointment of the recount board at 10:00 o'clock a.m. and shall proceed with the recount.
- e. All questions arising on such recount shall be determined by majority vote of such board, and at least one member from each district and the referee or a person duly appointed by said referee, must be present at all times.
- f. It shall be the duties of any person or official having custody of the ballot boxes containing the ballots to be recounted to produce the same before such board for the purpose of such recount upon notice so to do the recount referee.
- g. The recount shall proceed as expeditiously as reasonably possible until completed.
- h. Each candidate for any office, nomination, or position involved in any such recount may appear, personally or by a representative, and shall have full opportunity to witness the opening of all ballot boxes and the count of all ballots. If the recount is upon a referred or submitted question, any member of the corporation favoring either side as to such question may be present and represent such side who shall have full opportunity to witness the opening of all ballot boxes and the recount of all ballots.
- i. If any such candidate or any such representative, protests the ruling of such board as to any ballot, such ballot shall be adequately identified by the Board as an exhibit and segregated by the Board as a disputed ballot.
- j. At the conclusion of the recount, the undisputed ballot shall be returned to the ballot box and resealed, and the disputed ballots shall be securely sealed in a separate envelope. The recount board shall make a certificate, signed by at least 60 percent of such Board, setting forth the number of such disputed ballots and adequately identifying the envelope in which the same are sealed.
- k. The certificate as to the result of the recount and the certificate as the disputed ballots shall be returned to the election board and shall be preserved by the secretary of the Board of directors as public records for at least one year after such recount.
- l. When the certified results of the recount have been returned to the election board, the result determined on such recount shall be included in the official canvass in lieu of the result as determined by the official returns as to said disputed election.
- m. The determination, as provided in this section, of a corrected and changed result upon a recount as to any nomination or election or referred or submitted question shall have the effect of superseding and rendering null and void the result as found upon the original canvass.
- n. When a tie vote between candidates is found to exist on the basis of any such recount, and by reason of such tie vote, it cannot be determined who has been nominated or elected, it shall be the duty of

the election board to fix a time and place for the drawing of lots by such candidates involved in such tie vote, giving reasonable notice of such time and place to each such candidates, and the winner of such disputed election shall be determined by drawing of lots in the manner directed by such election board, and the certificate or certificates of nomination or election shall be issued accordingly.

- o. The results of the determination of the election made by the above stated recount procedure shall be final and binding upon all parties to any disputed election and shall be appealed from only by a writ of certiorari as provided by SDCL 12-21-47.

APPENDIX D
ADOPTED 12/14/77

Article V, Section 1 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first annual meeting in 1979 and at each annual meeting thereafter as set forth in Article VIII of these By-laws. Such board shall meet immediately after the adjournment of the annual meeting of the members and organize by electing a President, Vice-President, Secretary and Treasurer from their own number.

APPENDIX E
ADOPTED 2/14/79

Article V, Section 1 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first annual meeting in 1980 and at each annual meeting thereafter as set forth in Article VIII of these By-laws. Such board shall meet immediately after the adjournment of the annual meeting of the members and organize by electing a President, Vice-President, Secretary and Treasurer from their own number.

APPENDIX F
ADOPTED 3/28/89

Article II, Section 2 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

The principle office and place of business of this corporation shall be located at Wakonda, State of South Dakota, but the corporation may maintain offices and places of business at other places within or without the State as the Board of Directors may determine.

APPENDIX G
ADOPTED 3/28/89

Article VII, Section 4 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

Three (3%) percent of the membership shall constitute a quorum for the transaction of business at any meeting. Unless such quorum is present, no business shall be transacted. If, however, such quorum shall not be present at any regular or special meeting, the members present shall have power to adjust the meeting from time to time without notice other than announcement at the meeting, until a quorum is present. Any business may be transacted which might have been transacted at the meeting as originally called.

APPENDIX H
ADOPTED 3/22/90

Article VIII, Section 2 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

The Board of Directors shall be elected at the regular annual meeting and serve their respective terms until their successors shall be elected and qualified. At the first annual meeting of the members, a director shall be elected from each of the three districts for a one year, two year, and three-year term. Thereafter, all directors shall be elected from the members to serve for a term of three years each from their respective districts. Nominations and election of each director shall be made for each district only by members of each respective district. No person shall be eligible or remain a director or to hold any position of trust in the Corporation who is not a member and a bona fide resident in the area served by the Corporation.

APPENDIX I
ADOPTED 3/14/91

Article VIII, Section 2 of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

The Board of Directors shall be elected at the regular annual meeting and serve their respective terms until their successors shall be elected and qualified. At the first annual meeting of the members, a director shall be elected from each of the three districts for a one year, two year, and a three-year term. Thereafter, all directors shall be elected from the members to serve for a term of three years from their respective districts. Nominations and election of each director shall be made for each district only by members of each respective district. Before any member may be nominated, they must be present at such District Election or have given written consent, presentable to the Chairman of the Election Board prior to nomination, by a proxy. Only members present at the District Election at the time the Chairman of the Election Board declares nominations closed will be eligible to vote in said election. No person shall be eligible or remain a director or to hold any position of trust in the Corporation who is not a member and a bona fide resident in the area served by the Corporation.

APPENDIX J
ADOPTED 3/14/91

Article VIII, Section 8 (b)(1) of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

Any election of the members of the Corporation: The President shall appoint one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as chairman of the Election Board. Members of the Election Board shall be eligible to vote in the election they are supervising if they are qualified as a member of that district.

APPENDIX K
ADOPTED 3/14/91

Article VIII, Section 8, (b)(2) of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

For an election of the Board of Directors: The President will select two members of the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as chairman of the Election Board. Members of the Election Board shall be eligible to vote in the election, they are supervising if they are qualified as a member of the Board of Directors.

APPENDIX L
ADOPTED 3/14/91

Article XII, Distribution of Surplus Funds, of the By-laws of the Clay Rural Water System, Inc. shall be deleted:

Section 1. It is not anticipated that there will be any net income. If there should be any, then at the end of the fiscal year, after paying the expenses of the corporation for operation and otherwise, after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board of Director's may deem proper and after providing for payments on interest and principal of obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, and the net earnings shall

be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the system and property of the corporation and for such other purposes as the Board of Director's may determine to be for the best interests of the corporation, the said surplus fund or any portion thereof may from time to time at the discretion of the Board of Director's be distributed to the members as provided in the By-laws, on the basis of the assessments and charges made and levied against and paid by such members during the year.

Section 2. Any part or the whole of such appointment may be credited at the discretion of the Board of Director's to the indebtedness of the members, should any exist, and in such case, the member shall be notified in writing of the amount so applied.

APPENDIX M
ADOPTED 3/23/93

Article VII, Section 7, of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

Each member shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon presentation to the Corporation, prior to or upon registration at each member meeting, of satisfactory certification entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as provided by law or by the Corporations Articles of Incorporation or the By-laws. Members may not cumulate their votes or vote by proxy.

APPENDIX N
ADOPTED 3/23/93

Article VIII, Section 2, of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

The Board of Directors shall be elected at the regular annual meeting and serve their respective terms until their successors shall be elected and qualified. At the first annual meeting of the members, a director shall be elected from each of the three districts for a one year, two year, and three-year term. Thereafter, all directors shall be elected from the members to serve for a term of three years each from their respective districts. Nominations and election of each director shall be made for each district only by members of each respective district. Before any member may be nominated, they must be present at such District Election or have given written consent, presentable to the Chairman of the Election Board prior to nomination, by proxy. Only members present at the District Election at the time the Chairman of the Election Board declares nominations closed will be eligible to vote in said election. No person shall be eligible or remain a director or to hold any position of trust in the Corporation who is not a member and a bona fide resident in the area served by the Corporation. Individuals certified to represent members other than natural persons as described in Article VII, Section 7, shall not be eligible to serve on the Board of Directors.

APPENDIX O
ADOPTED 3/20/97

Article VII (1) of the By-laws of the Clay Rural Water System, Inc. shall be added to read:

Section1. Regular Meetings. A regular meeting of the Board of Directors shall 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 in Clay County, South Dakota, 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. Special meetings of the Board of Directors may be called by the President or by any three 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 of the directors calling the meeting shall fix the time and place, for the holding of

the meeting. Special meetings, upon proper notice as otherwise provided in Section 3 may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

Section 3. Notice of Director's Meetings. 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 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 prepaid. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the directors is present at said meeting, a majority of the director's 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 director's present at a meeting at which a quorum is present shall be the act of the Board of Directors.

APPENDIX P
ADOPTED 2/25/99

Article VII, Section 4, of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

Section 4. Twenty members shall constitute a quorum for the transaction of business at any meeting. Unless such quorum is present, no business shall be transacted. If, however, such quorum shall not be present at any regular or special meeting, the members present shall have power to adjust the meeting from time to time without notice other than announcement at the meeting, until a quorum is present. Any business may be transacted which might have been transacted at the meeting as originally called.

APPENDIX Q
ADOPTED 2/25/99

Article VIII, Section 6, of the By-laws of the Clay Rural Water System, Inc. shall be amended to read:

Section 6. For the purpose of election of Directors, the System shall be divided into three districts by the Board of Directors. The division of the districts shall be by townships.

APPENDIX R
ADOPTED 3/17/01

Article VI, Section 1, Section 2a., 2 b., 2 c., 2d., Section 3, Section 5; Article IX, Section 1a.; Article X, Section 1, Section 3, of the Bylaws of the Clay Rural Water System, Inc. deletes all reference to the issuing of membership certificates.

APPENDIX S
ADOPTED 3/24/07

Article VIII, Section 3, of the Bylaws of the Clay Rural Water System, Inc. shall be amended to read:

Section 3. If the office of Director or Officer should become vacant for any cause, the Board of Directors may choose a successor from the members of the District where the vacancy exists, who shall serve to the next regularly

scheduled District election. The member elected shall serve for the remainder of the un-expired term as provided in the Bylaws.

APPENDIX T
ADOPTED 3/29/08

Article VIII, Section 2, of the Bylaws of the Clay Rural Water System, Inc. shall be amended to read:

Section 2. The Board of Directors shall be elected at the regular annual meeting and serve their respective terms until their successors shall be elected and qualified. At the first annual meeting of the members, a director shall be elected from each of the three districts for a one year, two year, and three-year term. Thereafter, all directors shall be elected from the members to serve for a term of three years each from their respective districts. Nominations and election of each director shall be made for each district only by members of each respective district. Before any member may be nominated, they must submit a Notice of Intent to Seek Nomination for Director Position form to the Corporation Office not less than twenty days before the scheduled respective district election. Upon receipt of such Notice of Intent, and having found the same to be in order, the Secretary shall post such Notice of Intent at the Corporation office not less than twenty days prior to the respective district election. The Secretary shall mail with the notice of the district election, at least ten days before the date of the election, a statement of the number of directors to be elected and the names and addresses of the candidates. No nominations from the floor, nor late filed Notices, shall be permitted at any district election wherein a Notice of Intent Form has been filed; in the event, no Notice of Intent Forms have been filed, the vacancy shall be filled by the Board of Directors. Only members present at the District Election at the time the Chairman of the Election Board calls the meeting to order will be eligible to vote in said election. No person shall be eligible or remain a director or to hold any position of trust in the Corporation who is not a member and a bona fide resident in the area served by the Corporation. Individuals certified to represent members other than natural persons as described in Article VII Section 7, shall not be eligible to serve on the Board of Directors.

APPENDIX U
ADOPTED 3/29/08

Article VIII, Section 8(b)1, of the Bylaws of the Clay Rural Water System, Inc. shall be amended to read:

Section 8(b)1. Any election of the members of the corporation: The President shall appoint one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member of the Bar of the State of South Dakota to act as chairman of the Election Board. Members of the Election Board shall be eligible to vote in the election they are supervising if they are qualified as a member of that district. A majority of the Election Board members present shall constitute a quorum.

APPENDIX V
ADOPTED 3/28/09

Article VI, Section 1, 2(c), & 5 of the Bylaws of the Clay Rural Water System, Inc. shall be amended to read:

Section 1. The holders of membership must be a user of the System. In order to become a member, the user must have either paid a membership fee or executed a membership transfer form.

Section 2(c). No member of this corporation shall be entitled to more than one vote at meetings of the members or to hold more than one membership in the corporation.

Section 5. In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 1, 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 their membership. Any member, whose membership is so terminated for 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.

APPENDIX W
ADOPTED 7/23/09

Article V, Section 1 shall be amended to read: This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first annual meeting in 1980 and at each annual meeting thereafter as set forth in Article VIII of these By-laws. Such board shall meet after the adjournment of the annual meeting of the members and organize by electing a President, Vice-President, Secretary and Treasurer from their own number.

Article VII (1) Section 1 shall be amended to read: A regular meeting of the Board of Directors shall also be held monthly at such time and place in Clay or Union County, South Dakota, 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.

Article VIII, Section 5 shall be amended to read: Directors shall not serve more than four full three year terms.

APPENDIX X
ADOPTED 3/26/11

Article VII, Section 7 shall be added to read: The Board of Directors shall have the option of allowing voting by mail supplemental to the right of voting in person on any matter submitted to a vote of the membership. In the event, such option is exercised, a ballot will be mailed to each member of record ten days in advance of the date the ballots are due. The ballot that is mailed to the member shall be mailed to the address of record maintained by the Corporation. The ballot shall contain a written statement of the matter submitted to the membership and shall specify the date the ballots are due to be returned to the election official and election committee.

APPENDIX Y
ADOPTED 3/26/11

Article VIII, Section 8 shall be added to read:

3. For an election of the Board of Directors or for any other election of the members of the corporation: no election shall be held in any district wherein there is no question to be submitted to the voters or wherein there are no opposing candidates for any office.

4. Where there are no opposing candidates the Election Board shall issue certificates of election of the nominees, if any, in the same manner as to successful candidates after election.

APPENDIX Z
ADOPTED 3/24/12

Article VII, Section 1 shall be amended to read: The annual meeting of the members of this corporation shall be held within the counties of Clay or Union, State of South Dakota, during February through May in each year. The dates, times and locations of the annual meeting shall be determined by majority vote of the Board of Directors and may be changed from year to year. The Board of Directors has the discretion by majority vote to designate to hold an annual meeting at one central location at a specified time or hold the annual meeting at multiple locations in the corporation's service area during which the members shall have the opportunity to tour certain of the corporation's

facilities and to obtain a copy of the annual financial statement, the budget for the next fiscal year and the audit report for the previous fiscal year.

APPENDIX AA
ADOPTED 3/24/12

Article VII, Section 4 shall be amended to read: Those attending any meeting of the corporation either at an annual meeting in one central location at a specific time, or one of the open house format meetings held in various locations in the corporation's service area, or a special meeting shall constitute a quorum for the transaction of business at any meeting, provided that the meeting was called and notice was provided to members in the manner provided for in the corporation's Articles of Incorporation and Bylaws.

APPENDIX AB
ADOPTED 5/7/13

Article VI, Section 1 shall be amended to read: The holders of membership must be a user of the System and have paid a membership fee.

APPENDIX AC
ADOPTED 5/7/13

Article VI, Section 3 shall be amended to read: Memberships shall not be transferrable.

APPENDIX AD
ADOPTED 5/7/13

Article V, Section 1 shall be amended to read: This corporation shall be governed by a Board of Directors consisting of nine members to be elected by the members of the corporation at the first annual meeting in 1980 and thereafter as set forth in Article VIII of these By-laws. Such board will reorganize by electing a President, Vice-President, Secretary and Treasurer from their own number at the March monthly board of directors meeting.

APPENDIX AE
ADOPTED 5/7/13

Article VIII, Section 2 shall be amended to read: The Board of Directors shall be elected by the members from each of the three voting districts for a three-year term. District Elections shall be held as close to the first Friday in March as is reasonably possible. Nominations and election ... on the Board of Directors. Newly elected Directors shall take their seat on the Board of Directors at the regular monthly March Board of Directors meeting.

APPENDIX AF
ADOPTED 5/7/13

Article VI, Section 5 shall be amended to read: In case of the death of a member or if a member ceases to be eligible to hold membership as provided in Section 1, 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 their membership by submitting a written Notice of Termination by certified mail to the member setting forth the grounds for termination of membership and mailed to the member's last known mailing address on record with the corporation. Any member, whose membership is so terminated for cause other than that of ceasing to be eligible, may appeal from the action of the Board of Directors within thirty days of the date of termination by mailing a Notice of Appeal to the Manager of the Clay Rural Water System. The date of termination for purposes of timing of the appeal shall be the date of the certified mailing of the Notice of

Termination to the member, exclusive of the date of mailing. Upon receipt of a Notice of Appeal, the Manager of Clay Rural Water System shall within five (5) days, excluding Saturday, Sunday and holidays, notify the President of the Clay Rural Water System of the Notice of Appeal and the President shall immediately appoint an Arbitration Board to hear and decide the appeal. The Arbitration Board shall consist of one member from each of the three districts of the corporation, one member from the Board of Directors and a duly qualified member of the Bar of the State of South Dakota, said member to the Bar of the State of South Dakota to act as chairman of the Arbitration Board. The President shall appoint the Arbitration Board within 5 days of receipt of the Notice of Appeal, exclusive of the date of mailing, from the System Manager, excluding Saturday, Sunday and holidays. The President shall convene the Arbitration Board and conduct the hearing within thirty (30) days of receipt of the Notice of Appeal, exclusive of the date of mailing, from the System Manager. The President shall notify the Arbitration Board members and the member-appellant of the date, time and location of the hearing on the appeal at least ten (10) days prior to the date of the hearing, exclusive of the date of mailing. The burden of proof at the hearing shall be upon Clay Rural Water System to show by a preponderance of the evidence that the member willfully failed to comply with the by-laws and other requirements, or willfully obstructed the purposes and proper activities of the corporation.