

**BY-LAWS
OF
KINGBROOK
RURAL WATER SYSTEM, INC.**



Current
(last amended and approved on May 11, 2021)

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OF
KINGBROOK RURAL WATER SYSTEM, INC.
(Approved May 11, 2021)**

ARTICLE I.

General Purposes

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

The purposes 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 KINGBROOK RURAL WATER SYSTEM, INC.

Section 2. The principal office and place of business of this Corporation shall be located at the company headquarters in Arlington, 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 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 the 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. The lack of an impression of the seal shall not, in and of itself, invalidate any document signed by an executive officer of the Corporation.

ARTICLE IV.

Fiscal Year

The fiscal year of the Corporation shall begin on the 1st day of January 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 seven (7) members to be elected by the members of the Corporation from time to time and in such a manner as is hereinafter provided.

ARTICLE VI.

Membership

Section 1. Membership in the Corporation shall consist of those persons, firms, associations, corporate entities, and bodies politic 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 who 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, corporate entity, or body politic may become a member of KINGBROOK RURAL WATER SYSTEM, INC., by:

- a. making a written or electronic application for membership therein;
- b. agreeing to purchase water from the Corporation 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, regulations or policies adopted by the Board of Directors; and
- d. paying such hook-up, connection or other fees as shall be established by the Board of Directors from time to time; regardless of the number of hook-ups a member has, 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 Enrollment

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, and only to a person, firm, association, corporate entity, or body politic eligible to become a member, and only consistent with such rules and politics as adopted by the Board of Directors from time to time.

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 therefore 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 the member to the Corporation 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 polities of the Corporation, or willfully obstructs the purposes and proper activities of the Corporation, the Corporation, through the Board of Directors, may elect to terminate the membership.

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, corporate entity, political subdivision or association, the voting privilege may be exercised by a duly acknowledged voting delegate of said entity.

ARTICLE VIII.

Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members of the Corporation shall be held once each calendar year at such time, on such day and at such place as may be designated by the Board of Directors from time to time. The annual meeting of the members may be held in person, via remote or electronic communication, or in another format approved by the Board of Directors such that the Board of Directors is able to reasonably count those in attendance and voting for purposes of establishing a quorum. 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. In case of emergency, meetings of the members may be cancelled or postponed.

Section 2. Special Meetings. Special meetings of the members may be called by resolution of the Board of Directors or by ten (10%) percent 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 special request therefore and shall be held at such time and at such place as shall be determined by the Board of Directors. Special meetings of the members may be held in person, via remote or electronic communication, or in another format approved by the Board of Directors. In case of emergency, special meetings of the members may be cancelled or postponed.

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. Twenty-five (25) members, present in person or via remote or electronic communication such that the Secretary of the Board of Directors is able to reasonably count those in attendance, shall constitute a quorum for Annual Meetings or Special Meetings of the members. In determining a quorum on a question submitted to a vote by mail, members present in person, via remote or electronic communication, or represented by mail votes, shall be counted. 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 on all issues presented to the membership. All questions shall be decided by a vote of a majority of the members voting thereon in person, through remote or electronic communication, or through mail, 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 seven (7) 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 Board of Directors shall hold office for their terms or until their successors shall have been appointed or elected and shall have qualified. The terms of Directors shall be for three (3) years. The terms shall be staggered. At each Annual Meeting, 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 shall have been elected and shall have qualified.

Section 3. Voting Districts. The territory served or to be served by the Corporation shall be divided into seven (7) districts in such way as to give equitable representation to all members. Each district shall be represented by one (1) Director. The seven (7) director districts shall be as follows:

District No. 1 shall be located in Hamlin County and consists of the following Townships, to-wit: T114N R53W; T114N R52W; T113N R55W; T113N R54W; T113N R53W; T113N R52W; and T113N R51W.

District No. 2 shall be located in Beadle, Clark, and Kingsbury County and shall consist of the following Townships, to-wit: T114N R57W; T114N R56W; T113N R58W; T113N R57W; T113N R56W; T112N R59W; T112N R58W; T112N R57W; T112N R56W; T112N R55W; T111N R59W; T111N R58W; T111N R57W; T111N R56W; T111N R55W; T110N R58W; T110N R57W; T110N R56W; T110N R55W; T109N R58W; T109N R57W; T109N R56W; 109N R55W.

District No. 3 shall be located in Kingsbury, Miner and Lake County and shall consist of the following Townships, to-wit: T112N R54W; T112N R53W; T111N R54W; T111N R53W;

T110N R54W; T110N R53W; T109N R54W; T109N R53W; T108N R55W; T108N R54W; T108N R53W; T107N R55W; T107N R54W; T107N R53W.

District No. 4 shall be located in Brookings County and shall consist of the following Townships, to-wit: T112N R52W; T112N R51W; T111N R52W; T111N R51W; T110N R52W; T110N R51W; T110N R50W; T109N R52W and T109N R51W.

District No. 5 shall be located in Brookings, Moody, Lake and Minnehaha County and shall consist of the following Townships, to-wit: T109N R50W; T109N R49W; T108N R52W; T108N R51W; T108N R50W; T108N R49W; T107N R52W; T107N R51W; T106N R52W; T106N R51W; T105N R52W; T105N R51W; T104N R52W; T104N R51W; and T103N R52W.

District No. 6 shall be located in Miner, Lake and McCook County and shall consist of the following Townships, to-wit: T106N R54W; T106N R53W; T105N R54W; T105N R53W; T104N R55W; T104N R54W; T104N R53W; T103N R55W; T103N R54W; T103N R53W; T102N R54W and T102N R53W.

District No. 7 shall be located in Hanson, Miner, McCook and Sanborn County and shall consist of the following Townships, to-wit: T108N R59W; T108N R58W; T108N R57W; T108N R56W; T107N R59W; T107N R58W; T107N R57W; T107N R56W; T106N R59W; T106N R58W; T106N R57W; T106N R56W; T106N R55W; T105N R58W; T105N R57W; T105N R56W; T105N R55W; T104N R58W; T104N R57W; and T104N R56W.

In the event a new member is added that does not reside in one of the above districts, the new member will be included in the closest adjacent district. If a member is located where it is difficult to determine the appropriate district, the Board of Directors shall assign the member to a district.

The Board of Directors shall be responsible for reexamining the apportionment of the Districts at least once every ten (10) years and shall submit such amendments or modifications to the members as they deem appropriate.

ARTICLE X.

Nomination and Election of Directors

Section 1. Nomination and Election. Subject to the limitations set forth below, whenever a vacancy in a Director's position shall exist by virtue of a Director's term expiring, any natural person who is a member in good standing of this Corporation and residing within the district in which the vacancy occurs, may become a candidate for the office of Director for such vacancy by filing at the Corporation Headquarters at least sixty (60) days prior to the date of the Annual Meeting, a Nominating Petition setting forth the name of the person so nominated for the office of Director, which petition must be signed by at least ten (10) members in good standing who also reside within the Director district in which the vacancy exists. A member in good standing that is a previous Kingbrook Rural Water System, Inc., employee may not become a Director for a period of five (5) years from the date of his or her employment end date and must not have been terminated from his or her employment for cause. Any former employee terminated for cause is ineligible from becoming a Director. No nominations shall be received from the floor at the Annual Meeting. At the Annual Meeting, the members present and voting shall select, by secret written ballot, a Director to fill the expired term in that district. Each member present and

voting shall be entitled to vote for one (1) Director nominee for each vacancy in each district. The Director candidate receiving the most votes in each district for which an election is held shall be declared to be the elected Director of the Corporation from the particular district. In the event there are no more Director nominees than there are vacancies, the Director candidates may be elected by voice vote at the Annual Meeting.

Section 2. Vacancies. If the office of Director 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.

ARTICLE XI.

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 decide. Such regular monthly meeting may be held without formal Notice. All meetings of Directors may be held in person or via remote or other electronic communication.

Section 2. Special meetings of the Board of Directors may be called by the President or by any three (3) 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. All special meetings of Directors may be held in person or via remote or other electronic communication.

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 the Director's address, as it appears on the records of the Corporation, with postage thereon fully prepaid.

Section 4. Quorum. Four (4) members of the Board shall constitute a quorum for conducting business; provided, however, that if less than four (4) 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 XII.

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 officers 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 possible. 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 the officer's successor shall have been elected or 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 judgement the best interests of the Corporation will be served thereby.

ARTICLE XIII.

Duties of Officers

Section 1. The President shall:

- a. Be the principal executive officer of the Corporation and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- b. Sign, with the Secretary, 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 any President, or in the event of the President's 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 may from time to time be assigned to the Vice-President by the Board of Directors.

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

- a. Keeping the minutes of the meetings of the members and 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 officers, 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 the Secretary by the Board of Directors.

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

- a. Arranging for the custody of all funds and securities of the Corporation.
- b. The receipt of an 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 making any necessary recommendations to the Board of Directors.
- d. The general performance of all duties incidental to the office of Treasurer and such other duties as are assigned to the Treasurer 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 officer, agent or employee of the Corporation to give bond in such amount and with such surety as it shall determine. The expense of such bond shall be a legal obligation of the Corporation.

ARTICLE XIV.

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 powers of the Corporation. It shall be the duty of each Director to participate in such activities as are deemed necessary to enhance the prestige of the Corporation, broaden its operation and fulfill its public obligation as a member of the community and the rural water program and in furtherance of all things, to devote reasonable time and attendance at meetings of affiliated organizations and in training sessions designed to assist and improve Directors and Officers in carrying out their duties.

ARTICLE XV.

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 XVI.

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 attendance 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.

Section 5. Electronic Notice, Documents and Actions. With the consent of a member, notice, dissemination of documents and actions may be completed by electronic means as determined by the Board of Directors and as allowed by Law. A document electronically sent or transmitted to a Member or former Member at the Member or former Member's last known electronic address is considered sent, received, transmitted, and effective on the date sent by the Corporation. A document electronically received or transmitted from a Member or former Member is considered sent, received, transmitted, and effective on the date received by the Corporation. If electronically delivered, such notice shall be deemed to be delivered when sent to the last known electronic address of the Member for which no non-delivery notice is returned. If addressed to an address shown in the Membership List, then a written or electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication sent to Members constitutes a notice, communication, or report to all Members: (1) residing at the address; (2) having the same address shown in the Corporate records. If a Member has reasonable access to appropriate hardware and software, then under such conditions as the Board of Directors, acting under policies of general application determines, and as allowed by law, the Member consents and agrees to (A) use, accept, send, receive, and transmit an electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an action, transaction, business, meeting, or activity with, for, or involving the Corporation; (B) electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Corporation; and (C) electronically give or confirm this consent and agreement.

ARTICLE XVII.

Amendments

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. Notice of any proposed amendment to be made at a special meeting or regular meeting of the members must be given at least ten (10) days before such meeting and must set forth the amendments to be proposed together with an explanation as to the effect thereof.