

**BY-LAWS
OF
HISEGA MEADOWS WATER, INC.
A Non-Profit Corporation**

ARTICLE I.

General Purposes

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.

This Corporation shall be known as Hisega Meadows Water, Inc., incorporated under the laws of the State of South Dakota.

ARTICLE II.

Name and Location

Section 1. The name of the Corporation is Hisega Meadows Water, Inc.

Section 2. The principal office and place of business of the Corporation shall be located at the P.O. Box ~~942~~ Rapid City, South Dakota, 57709, 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 Corporation shall not have a Corporate Seal Unless required by applicable law or adopted by the Board.

ARTICLE IV.

Fiscal Year

The fiscal year of the Corporation shall commence on January 1st and end on

December 31st of each year.

ARTICLE V.

Governing Body

This Corporation shall be governed by a Board of Directors consisting of five (5) Directors to be elected by the members of the Corporation from time to time in such manner as is hereinafter provided. Such Board shall meet immediately after the adjournment of the Annual Membership Meeting or as soon thereafter as is practical, not later than the next regularly scheduled Board Meeting, and shall organize by electing a President, Vice-President, Secretary, and Treasurer from their own number.

ARTICLE VI.

Membership Qualifications

Section 1. Membership in the Corporation shall consist of those persons, firms, associations or bodies politic owning land situated within the area to be served by the water system of the Corporation and reasonably accessible thereto, who have made application for membership in the Corporation, and who have agreed to pay such fees as shall be required by the Corporation, from time to time, and enter into such agreements with the Corporation for the purchase of water as are required by the Corporation from time to time.

Section 2. A person, firm, association, corporation or body politic shall become a member of HISEGA MEADOWS WATER, INC., by completing the following requirements:

- a. Making a written application for membership and/or service and having such application accepted by the Corporation.
- b. Agreeing to purchase water from the Corporation.
- c. Agreeing to comply with and be bound by Articles of Incorporation and By-Laws of the Corporation and any rules and regulations 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; provided, however, that no person, firm, association or corporation shall become a member unless and until he/she or it has been accepted for membership by the Board of Directors. No member may hold more than one (1) membership in the Corporation; and no membership in the Corporations shall be transferable except as provided in these By-Laws.

ARTICLE VII.

Membership

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

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

Section 3. No member of the Corporation shall be entitled to more than one (1) vote on each issue to be voted on at meetings of the members. Every member, upon becoming a member of the 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 member. Each member shall pay the Corporation such minimum amount per month, regardless of the amount of water consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him/her to the Corporation as and when the same shall become due and payable.

Section 4. If a member ceases to be eligible to hold membership as provided herein,

or willfully fails to comply with these By-Laws and other requirements, or willfully obstructs the purposes and proper activities of the Corporation, the Corporation, through the Board of Directors, may elect to terminate his/her membership. Any member, whose membership is so terminated for a cause other than that of ceasing to be eligible, may appeal from the decision of the Board of Directors to a vote of the members at the next regular meeting of the members or a special meeting of the members called for such purpose. Membership fees are non-refundable.

Section 5. A membership held in the name of a husband or a wife shall entitle either to exercise the nominating and 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 partnership, corporation, or association holds a membership, a duly acknowledged voting delegate of said partnership, corporation, or association may exercise the voting privilege.

ARTICLE VIII.

Meetings of Members

Section 1. Annual Meeting The Annual Meeting of the members of this Corporation shall be held in the month of April of each year on a date designated by the Board of Directors. The date, time and place shall be designated in the Notice of the Meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Corporation.

Section 2. Special Meetings Special Meetings of the members may be called by resolution of the Board of Directors or upon a written request signed by any three (3) Directors, by the President, or by twenty (20) 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.

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 Ten (10) percent of the membership votes, eligible to be cast, shall constitute a quorum for the transaction of business at any meeting. Quorums can be established by proxy. 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 adjourn the meeting without notice, other than announcement at the meeting, until a quorum is present. Once a quorum is established, any business may be transacted which might have been transacted at the meeting as originally called.

Section 5. Vote Each member shall be entitled to one (1) vote on each issue to be voted on. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy shall be allowed.

ARTICLE IX.

Directors

Section 1. General Powers The business and affairs of the Corporation shall be managed by a Board of five (5) Directors who 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 Directors shall be elected for a term of three (3) years, provided, however, that the initial terms of Directors are staggered so that two (2) Director terms shall expire in three (3) years; two (2) Director terms shall expire in two (2) years; and one (1) Director terms will expire in one (1) year. Each Director shall hold office for the term for which elected and until a successor shall have been elected and qualified.

Section 3. Nomination and Election of Directors Directors shall be nominated and

elected at the Annual Meeting. Whenever a vacancy in a Director position shall exist, nominations may be made from the floor at the Annual Meeting for candidates to fill the Director term. Any member or his/her spouse may nominate one (1) candidate for each Director position to be filled. Nominations shall remain open until no further nominations are received. In the event there are no more Director nominees than there are vacancies, the Director candidates may be elected by voice vote. In the event there are more Director nominees than there are vacancies, following the closing of nominations, members shall vote by secret written ballot for as many Directors as there are Director positions open. The Director candidates receiving the most number of votes shall be declared to be the elected Directors of the Corporation.

Section 4. Vacancies If the office of Director or officers shall become vacant for any cause, the remaining Directors may choose a successor, who shall serve to the next Regular or Special Meeting of the members when the vacancy shall be filled.

Section 5. Director Qualifications To qualify to serve as a Director of this Corporation, a person must meet the following requirements, to-wit:

- a. Must be a member of the Corporation.
- b. Must have a permanent residence in the service territory of the Corporation.
- c. Must not be financially involved in any competing enterprise.

ARTICLE X.

Meetings of Directors

Section 1. Annual Meeting The Annual 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 or as designated by the Board. Regular Meeting of the Board of Directors shall be held at least quarterly at such time and place as the Board of Directors may provide by resolution. Such regular meetings 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 (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.

Section 3. Notice Written notice of 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, by mail, by phone, electronically, or at the direction of the Secretary or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such Notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director, at his address, as it appears on the records of the Corporation, with postage thereon fully prepaid. A written waiver signed by the Director or Directors desiring to waive same, as provided herein, may waive written notice.

Section 4. Quorum Three (3) members of the Board shall constitute a quorum for conducting business, provided, however, that if less than three (3) of the Directors are present at such meeting, a majority of the Directors present may adjourn the meeting from time to time, and provided, further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting, which a quorum is present, shall be the act of the Board of Directors.

ARTICLE XI.

Officers

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

Sections 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 or as soon it may be conveniently held. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the members or until his successor shall have been elected and shall have qualified. The Board of Directors for the remaining portion of the term shall fill a vacancy in any office.

Section 3. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served.

ARTICLE XII.

Duties of Officers

Section 1. President The President shall:

- a. Be the principal executive officer of the Corporation and, unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- b. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law to be

otherwise signed or executed.

- c. In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 2. Vice-President In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all of the restrictions upon the President. The Vice-President shall also perform such other duties as, from time to time, may be assigned to him by the Board of Directors.

Section 3. Secretary The Secretary shall be responsible for:

- a. Keeping the Minutes of the Board of Directors in one (1) or more books provided for that purpose.
- b. Arranging all notices are made in accordance with the By-Laws or as required by law.
- c. The safekeeping of the Corporate records 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, telephone numbers and addresses of all members to be kept up to date.
- g. Insuring annual reports are filed with the Secretary of State and other reporting agencies.
- h. Performing such other duties as are assigned to him/her, by the Board of Directors.

Section 4. Treasurer The Treasurer shall be responsible for:

- a. Custody of all funds and securities of the Corporation.
- b. The receipt of and issuance of receipts for all monies due and payable to the Corporation, and the deposit of all such monies in the name of the Corporation in such bank, or banks as are selected by the Board of Directors.
- c. Reviewing the Corporation's financial and accounting records and making any necessary recommendations to the Board of Directors.
- d. Insuring required tax and financial reports are filed with appropriate reporting agencies.
- e. The Board of Directors assigns the general performance of all duties incident to the office of Treasurer and such other duties as to him.

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. Appropriate insurance may be substituted for bonds.

ARTICLE XIII.

Board of Directors – Duties

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

- a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe

such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services. Compensation of officers and directors may be discussed at any regular or special meeting by the members of the Corporation and shall be voted on by a mail ballot in accordance with Article VIII, Section 5. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board approval.

- b. 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.
- c. To prescribe, adopt and amend, uniform rules, regulations, policies, directives, fees and rates or other matters as they, in their discretion, may deem essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof.
- d. To require all officers, agents and employees charged with responsibility for the custody of any funds or property of the Corporation give bond in such sum and security as determined by the Board of Directors. The Corporation shall pay the cost of such bond. Appropriate insurance may be substituted for bonds.
- e. To select one (1) or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation and the form of checks and the person or persons signing such checks and the form thereof at will.

ARTICLE XIV.

Contracts, Loans and Deposits

Section 1. Contracts. The board of Directors may authorize any officer(s) or agents

(s), to enter into any contract or execute and deliver any instrument in the name of the Corporation, an on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loan shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances

Section 3. Deposits. All funds received by the Corporation shall be deposited in a timely manner to Corporate accounts in banks, trust companies or other depositories as designated by the Board of Directors.

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 shall install, maintain and or purchase/operate a public water system 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 or 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 may 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 in an equitable manner.

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, such 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 the case a member or Director shall attend a meeting for the express purpose of objecting to the transaction or any business on the grounds that the meeting was not lawfully called or convened.

Section 2. 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 3. Unless otherwise provided by Board policy, the rules of parliamentary procedure as provided in "Roberts Rules of Order" should govern the conduct of all meetings of the Board of Directors and meetings of the members of the Corporation.

ARTICLE XVII.

Indemnification of Officer and Directors

The Board of Directors shall establish a policy on the indemnification of Directors and Officers by the Corporation as may be permitted by the laws of the State of South Dakota: SDCL '47-22-65.1, '47-22-65.2, and '47-22-65.3 and amendments thereto.

ARTICLE XVIII.

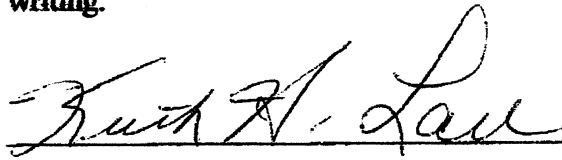
Nondiscrimination

Neither this Corporation, nor its Board of Directors, or members shall discriminate against any prospective member, water user, or person obtaining any water service or other service or utility, or lawfully using any service facility of the Corporation by reason of said person's race, color, creed, religion, sex, age, or natural origin.

ARTICLE XIX.

Amendments

These By-Laws may be altered, amended or repealed and new By-Laws be adopted by the membership at any Regular Meeting or Special Meeting, provided that each member has been given prior notice of the proposed By-Laws amendment or has waived same in writing.

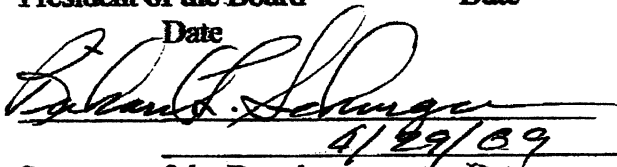


President of the Board

Date



Vice-President of the Board


4/29/09

Secretary of the Board

Date


4/29/09

Treasurer of the Board

Date

2-15-07