

Wording in red is the possible changes to the wording in the current bylaws. The wording that is crossed out is going to be removed.

**BYLAWS
OF
GARRISON RURAL WATER DISTRICT**

ARTICLE I.

GENERAL PURPOSE

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

ARTICLE II.

NAME AND LOCATION

Section 1. The name of the corporation is the GARRISON RURAL WATER DISTRICT.

Section 2. The principal office of the corporation shall be located in County of McLean, and State of North Dakota.

ARTICLE III.

SEAL

Section 1. The seal of the district shall have inscribed thereon the name of the corporation, "Garrison Rural Water District".

Section 2. The seal may be used for causing it or a facsimile thereto be impressed or affixed or reproduced or otherwise.

ARTICLE IV.

FISCAL YEAR

Section 1. The fiscal year of the district shall be a calendar year, from January 1st to December 31st of each year.

ARTICLE V.

MEMBERSHIP

Section 1. Every person (which word as used herein includes any legal entity) who is a record owner of a fee or undivided fee interest, or having a substantial possessory interest, in a property served by the water system may become a member of the district upon signing such

applications and agreements for the purchase of water as may be provided and required by the district and upon the payment of such connection fee as may be imposed by the board of directors provided that only one membership at a time be held for each property served. A single membership may be issued to all persons owning or having a substantial possessory interest in the property. Only one membership may be held with respect to the property at one time. The board of directors shall cause to be issued appropriate certificates of membership, provided that membership shall not be denied because of the applicant's race, color, creed, or national origin. Membership may be denied if capacity of the district's water system is exhausted by the need of its existing members, or if the proposed use of the applicant is such that it would interfere with the existing uses previously authorized by the board of directors.

Section 1. A substantial possessory interest is one where the person or persons have a legal right to control and occupancy of a property but do not have the legal or the equitable ownership of the property. It may be under a lease or similar right of possession.

1. Before membership is allowed to one or more persons claiming such an interest, the district will obtain the application for membership from the owner of such property.

Section 2. Each member shall have only one membership regardless of the number of service connections he may obtain to serve his property. Each membership certificate shall represent one (1) vote. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the certificate is registered or by such person as the several persons may designate, but in no event shall more than one vote be cast with respect to any property.

Section 3. Membership shall be transferable, but the transfer will be effective only when approved by the BOD. The secretary, upon request, will make notice of the transfer upon the records of the district.

Section 4. When membership in the district is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property regardless of whether or not the certificate is surrendered to the district. Membership also may be terminated by action of the board of directors where the use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 5. In the event of member's property is divested other than by voluntary means, such member's membership will pass to the trustee, receiver, executor, or the like who will be

entitled either in person or through a designated representative to exercise all the rights incident to such membership, but subject to such duties and liabilities also applicable to the membership. The trustee, receiver, executor or the like may terminate such membership by written notice to such effect delivered or mailed to the secretary of the district. Upon the final disposition of such property rights, the owner thereof shall be entitled to membership in like manner as if the membership had been transferred to him by the original member as set forth in Section 4 above.

Section 6. Upon the transfer of membership, the district will not look to the successor in interest for the payment of any past due amounts. Membership will not be transferred until all balances are paid in full.

ARTICLE VI.

MEMEBERSHIP CERTIFICATES

Section 1. This district shall not have capital stock. Membership in the district shall be represented by membership certificates. Such certificates shall represent the right to use and enjoy the benefits of the district's water supply system upon the payment of necessary assessments, if any, and of reasonable charges based upon such use, provided such use and enjoyment are consistent with the rules, regulations, and contracts affecting the same as may from time to time be prescribed by the board of directors.

Section 2. A membership certificate shall be issued to each holder of fully paid membership, numbered consecutively in accordance with the order of issue, or bear on its face the following statements:

The membership certificate, No. _____, is issued and accepted in Accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and bylaws and amendments to the same of the Garrison Rural Water District.

ARTICLE VII.

MEETING OF MEMBERS

Section 1. The annual meeting of the members of the district shall be held in June of each year at a location in the County of McLean, State of North Dakota. The place, day and time of the annual meeting may be any other convenient place, day and time in the county

selected by the board of directors giving notice thereof to each member not less than ten (10) days nor more than thirty (30) days in advance thereof.

Section 2. Special meetings of the members may be called at any time by the action of the board of directors and such meeting must be called whenever a petition requesting such a meeting is signed by at least 20 members and presented to the secretary or 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 of meeting of members of the district, both regular and special, shall be given by notice to each member of record, directed to the address shown upon the books of the corporation, not less than ten (10) nor more than thirty (30) days prior to such meeting. Such notice shall state the nature, time, place and purpose of the meeting, but no failure of notice or meeting irregularly held, shall affect any proceedings taken thereat.

Section 4. Directors of this district shall be elected at the annual meeting of the members as provided in Article VIII., Section 1. No cumulative voting shall be allowed.

Section 5. The order of business at the regular meetings and so far as possible at all other meetings shall be:

1. Calling to order and proof of quorum
2. Proof of notice of meeting
3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Unfinished business
7. New business
8. Adjournment

ARTICLE VIII.

DIRECTORS AND OFFICERS

Section 1. The board of directors of this corporation shall consist of five (5) members, all of whom shall be members of the district. The board membership shall be established at the annual meeting. The directors shall serve a term of three (3) years.

Section 2. The board of directors shall meet within the same month of the annual meeting and shall elect a president and vice-president from among themselves, a secretary and a treasurer.

Section 3. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum shall, by majority vote, choose a successor who shall hold office until the next regular meeting of the members of the district, at which time the members shall elect a director for the unexpired term or terms, provided that the call of such regular meeting a notice shall be given.

Section 4. ~~A meeting of 20 members total of votes shall constitute a quorum. Voting by proxy shall not be permitted.~~ **Of the members present a quorum would be constituted with the majority of those members' votes. A quorum shall never be less than 5 members.**

Section 5. ~~Additional compensation of officers may be fixed at any regular or special meeting of the board of directors of the district; however, compensation of directors may not be changed without approval of the members.~~ **Each participating member seeking election to the board shall present a petition containing the signatures of ten (10) participating members. All petitions must be submitted to the secretary of the board or the nominating committee at least forty-five days before the election or by mail prior the election deadline established under the District's bylaws. Any participating member who submits a petition must be added to the ballot, provided they reside in the appropriate district and qualify to serve as a director under the district's bylaws.**

Section 6. 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 district. If presented by a member, the charges must be accompanied by a petition signed by ten (10%) of the members of the district. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by 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 other office held by the removed director in the district. A vacancy in the board thus created may immediately be filled by a vote of the

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 members so constituted after the vacancy in the board has been filled.

Section 7. That each board member shall receive one hundred dollars (\$100.00) compensation for each ~~regularly~~ **regular** monthly board meeting attended **and twenty-five dollars (\$25) per other District meeting attended** ~~as approved by the membership~~. **The compensation for the meetings is approved by the District membership.** Directors will also be reimbursed for mileage at the state rate, and other expenses approved by the board of directors.

ARTICLE IX.

DUTIES OF DIRECTORS

Section 1. The board of directors, subject to restrictions of law, the articles of incorporation, and these bylaws, shall exercise all of the powers of the district, and, without prejudice to or limitation upon their general powers, it is hereby expressly provide that the board of directors shall have, and are hereby given, full power and authority in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the board;

- A. To approve membership applications and to cause to be issued appropriate certificates of membership. The board may take binding commitments to issue membership certificates and to permit the connection of properties to the system in the future in cases involving proposed construction or may issue such certificates prior to the commencement of the proposed construction.
- B. To select and appoint all officers, agents or employees of the district, remove such agents or employees of the district, prescribe such duties and designate such powers as may not be inconsistent with these bylaws, 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 or nonnegotiable instruments evidencing indebtedness of the district; to make and issue mortgages, deeds of trust, pledges of revenue, trust agreements, security agreements and financing statements, and other instruments evidencing a security interest in the assets of the district; 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 its discretion, may be deemed essential or convenient for the

- conduct of the business and affairs of the district 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 district by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the district at their annual meeting. Copies of such audits and budgets shall be submitted to such parties as may be required by other agreements.
 - F. To fix and alter the charges to be paid by each member for services rendered by the district to the member, including connection fees where such are deemed to be necessary by the directors, and to fix and alter the method of billing, time of payment, manner of connection, and penalties for late or nonpayment of the same. The board may establish one or more classes of users. All charges shall be uniform and nondiscriminatory within each class of users.
 - G. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the district, and 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 district and to determine the manner receiving, depositing, and disbursing the funds of the district and the form of checks and the person or persons by whom the same shall be signed, with the power to charge such banks and the person or persons signing such checks and the form thereof at will.
 - I. To levy assessments against the members of the district in such manner and upon such proportionate basis as the directors deem equitable, and to enforce collection of such assessments by the suspension of water services or other legal methods. The board of directors shall have the option to suspend the service of any member who has not paid such assessment within thirty (30) days from the date the assessment was due, provided the district must give the member at least ten (10) days written notice at the address of the member on the books of the district of its intention to suspend such service if the assessment is not paid. Upon request of such assessments, any penalties applicable thereto, and a reconnection charge, if one is in effect, service will be promptly restored to such members.

ARTICLE X.

DUTIES OF OFFICERS

Section 1. Duties of President. The President shall preside over all meetings of the district and 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 membership certificates and such other papers of the district as the president may be authorized or directed to sign by the board of directors. The President may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the district. The President shall perform such other duties as may be prescribed by the board of directors.

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 the 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. The secretary shall keep a complete record of all meetings of the district and of the board of directors and shall have general charge and supervision of the books and records of the district; shall attest to the president's signature on all membership certificates and other papers pertaining to the district unless otherwise directed by the board of directors; shall serve, mail or deliver all notices required by law and by these bylaws and shall make a full report of all matters and business pertaining to this office to the members at the annual meeting or at such other time or times as the board of directors may require; shall keep the corporate seal and membership certificate records of the district, complete and attest all certificates issued and affix said corporate seal to all papers requiring seal; shall keep a proper membership certificate record, showing the name of each member of the district and date of issuance, surrender, transfer, termination, cancellation or forfeiture; shall make all reports required by law and shall perform such other duties as may be required of the secretary by the district or the board of directors. Upon the election of a successor, the secretary shall turn over to successor all books and other property belonging to the district that the secretary may have in their possession. The secretary shall also perform such duties with respect to the finances of the district as may be prescribed by the board of directors.

Section 4. Duties of the Treasurer. The treasurer shall keep complete financial books and records of the district and shall be authorized to counter-sign checks together with the

president of the district; shall perform all duties in respect to the finances of the district as may be prescribed by the board of directors.

Section 5. Duties of the Director. The director shall in general perform all the duties incident to the office of director and such other duties as from time to time may be assigned to the director by the board of directors.

ARTICLE XI.

BENEFITS AND DUTIES OF MEMBERS

Section 1. The district will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service line from the main distribution pipeline or lines to the property line or within 75 feet of the household of each member of the district, at which points, or other points designated as delivery points, meters to be purchased, installed, owned and maintained by the district shall.

Section 2. Each member may be permitted to have additional service lines ~~from~~ from the district's water system at the discretion of the board of directors upon proper application thereof and the tender of payment not to exceed the then existing connection charge.

Section 3. Each member may be permitted to purchase from the district, pursuant to such agreement as may be from time to time provided and required by the district, such water as is needed by him for domestic, commercial, agricultural, industrial or other purposes as a member may desire, subject, however, to the provisions of these bylaws and to such rules and regulations as may be prescribed by the board of directors. Each member shall be entitled to have delivered to him through his service lines only such water as may be necessary to supply the needs of each member, including family, business, agricultural or industrial requirements. The water delivered through each service line may be metered separately and the charges for such water may be determined separately, irrespective of the number of service lines owned by the member.

Section 4. 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 district 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.

Section 5. The board of directors shall determine the flat minimum monthly rate to be charged each member for a specified quantity of water. Such a flat minimum monthly rate to be payable irrespective of whether any water is used by a member during any month, the amount of additional charges, if any, for additional water which may be supplied the members, and the amount of penalty for late payments, and shall fix the date for the payment of such charges. A member to be entitled to the delivery of water shall pay such charges at the office designated by the district at or prior to the dates fixed by the board of directors. The failure to pay water charges duly imposed shall result in the automatic imposition of the following penalties.

- A. Nonpayment within twenty-five (25) days from the due date will be subject to a penalty of ten percent (10%) of the delinquent account, which percent may be charged at the discretion of the board of directors.
- B. Nonpayment within sixty (60) days from the due date will result in the water being shut off from the member's property without any notice hereof to such delinquent member. Upon the payment by the delinquent member of past due water charges, penalties therein, and any reconnection charge, such member shall be entitled to resumption of the water supply. During the time of such suspension of water to a member, such member shall have no right to vote in the affairs of the district.

Section 6. The board of directors shall be authorized to require each member to enter into water users agreements which shall embody the principles set forth in the foregoing provisions of these bylaws.

ARTICLE XII.

DISTRIBUTION OF SURPLUS FUNDS

It is not anticipated that there will be any surplus funds or net income to the district at the end of the fiscal year after provisions are made for the payment of the expenses of operation and maintenance and the funding of the various reserves for depreciation, debt retirement and other purposes, including those required by the terms of any borrowing transaction. In the event that there should exist such surplus funds or net income, they may be placed in an existing or new reserve account to be used for the early retirement of any outstanding indebtedness or to be used for the improvement and/or extension of the district facilities as the board of directors may determine to be in the best interests of the district and to the extent not otherwise provided for by any contractual arrangement. The occurrence in subsequent fiscal years of surplus funds

or net income after the requirements of the district as above mentioned, including if any, a reserve for improvements and extension of the facilities shall be taken into consideration by the board of directors in determining the water rates to be charged the members.

ARTICLE XIII.

AMENDMENTS

The bylaws may be repealed or amended by a vote of the majority of the members present at any regular meeting of the district, or at any special meeting of the district called for that purpose.

ARTICLE XIV.

RECORD KEEPING

The records of the district shall be maintained in such a manner to show each member's rights and interests in the assets and savings retained by the district.

ARTICLE XV.

DIRECTOR'S AND OFFICER'S LIABILITY REIMBURSEMENT

Each officer, director, staff member and person serving on a committee of this district shall be indemnified by the district against all costs and expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceedings in which there are made a party by reason of their being or having been a director, officer, staff member of committee representative of this district, whether or not they continue to be such at the time of incurring such cost of expense, except in relation to matters as to which he shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of his duties as such officer, director, staff member or committee representative. The right of indemnification hereunder shall not be exclusive of other rights to which any officer, director, staff member or committee representative shall be entitled as a matter of law. The foregoing shall not preclude the collection of insurance benefits that may be available.

We certify that the foregoing bylaws were duly adopted by the members on June 1, 2019, that the same are in full force and effect and have not been amended.

Given under our hands and seal of this corporation the 4th day of June 2019.

Garrison Rural Water District

By: _____
It's President

Attest: _____
It's Secretary

DRAFT