

BY-LAWS  
OF  
PINE GROVE COMMUNITY WATER ASSOCIATION, INC.  
(Including Amendments through April 19, 2024)

ARTICLE I - GENERAL PURPOSES

The purposes for which this 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 this Corporation is the Pine Grove Community Water Association, Inc.

Section 2. The principal office of this Corporation shall be located in the City (Village) or 23884-Hart Ranch Rd. W., County of Pennington, State of South Dakota.

ARTICLE III - SEAL

Section 1. The seal of the Corporation shall have thereon the name "Corporate Seal" and South Dakota, as follows:

"Corporate Seal - South Dakota".

Section 2. The Secretary of the Corporation shall have custody of the seal.

Section 3. The seal may be used for causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IV - FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year beginning January 1 and ending December 31 of each year.

ARTICLE V - MEMBERSHIP

Section 1. Membership will be limited to those who obtain the organization's services, acquire a tangible interest in its assets in proportion to the business done with the organization and have a voice in its management.

Section 2. 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 Corporation upon signing such applications and agreements for the purchase of water as may be provided and required by the Corporation 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 may 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 a 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, sex, age, marital status, or national origin. Membership may be denied if capacity of the Corporation'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 existing uses previously authorized by the Board of Directors.

A. A substantial possessory interest is one where the person or persons having 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 to possession.

(1) Before membership is allowed to one or more persons claiming such an interest, the Corporation shall endeavor to obtain the application for membership from the owner of such property.

(2) Where membership is granted to one or more persons having a substantial possessory interest, the Corporation, as a condition to the membership, may require such applicant to post such collateral or bond as the Directors determine necessary to fully protect the Corporation from any additional risk that maybe involved to the Corporation by reason of the lack of legal ownership in the applicant.

Section 3. Each member shall have only one membership for each property served, which may be a joint membership, regardless of the number of service connections the member may obtain to serve the property. Each membership certificate shall represent one 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 4. Transfer of membership will be made only to a person who obtains a qualifying interest in the property. A. member will transfer membership in the Corporation to a successor in interest as part of the transaction whereby the member disposes of any interest to said property. The Secretary, upon request, will make note of such transfer upon the records of the Corporation but need not issue a new certificate to the successor in interest of the previous existing member.

Section 5. When membership in the Corporation 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 Corporation. Membership also may be terminated by action of the Board of Directors for nonpayment of fees or charges to be paid by a member for services rendered by the Corporation or 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 prejudice of the orderly operation of the system.



Section 6. The termination of the membership of any member shall not disqualify for membership any other person who has or obtains an interest in the property of the terminated member and who otherwise meets the requirements of these By-Laws.

Section 7. In the event a member's property interest 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 of the rights incident to 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 Corporation. 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 the owner by the original member as set forth in Section 4 above.

Section 8. Upon the transfer of a membership, the Corporation will not look to the successor in interest for the payment of any past due amounts. The Corporation will seek collection only from the individual who incurred such charges or assessments or from the property itself if a judgment lien had been duly perfected against such property.

Section 9. The membership fee is non-refundable, without any conditions or exceptions, and the member has no right to claim a refund.

## ARTICLE VI - MEMBERSHIP CERTIFICATES

Section 1. This corporation shall not have capital stock. Membership in the Corporation shall be represented by membership certificates. Such certificates shall represent the right to use and enjoy the benefits of the Corporation'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, and bear on its face the following statement:

"This certifies that I/we am/are a member(s) of the Pine Grove Community Water Association, Inc., a non-profit. Corporation and am/are issued this certificate which is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation, By-Laws, Amendments and Rules and Regulations from time to time adopted by the Pine Grove Community Water Association, Inc., and is subject to transfer or assignment as set forth in the Bylaws of the Association on file with the Secretary of the Association.

## ARTICLE VII - MEETINGS OF MEMBERS

Section 1. The annual meeting of the members of this Corporation shall be held at the City (Village) of Rockerville, County of Pennington, State of South Dakota, on such day and at such



time in the month of April each year as set forth in the notice given to each member in accordance with the bylaws. In the case of inclement weather, a secondary date, time, and location for the meeting will be arranged, in addition to the original annual meeting. This ensures that the annual meeting can still take place as planned and set forth by the Board of Directors. Refer to PGCWA's website at: [pinegrovewater.myruralwater.com](http://pinegrovewater.myruralwater.com) for the latest information.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent 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 of meetings of members of the Corporation, both regular and special, shall be given by notice mailed by first-class mail to each member of record, directed to the address shown upon the books of the Corporation, not less than ten (10) nor more than forty (40) days prior to such meeting. Such a 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. The presence of two or more members appearing in person or by written proxy at a meeting of members entitled to cast in their own right shall constitute a quorum at any regular or special meeting of the members. All proxies shall be in writing and filed with the Secretary. Such proxies may be general or restrictive. Proxies shall be revocable and shall not be valid beyond 11 months, nor after termination of a member's membership in the Corporation as provided in the Bylaws. No member may hold and vote more than two proxy votes at any meeting of the members.

Section 5. Directors of this Corporation shall be elected at the annual meeting of the members as provided in Article VIII, Section 1. No cumulative voting shall be allowed.

Section 6. The order of business at the regular meeting 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 seven members, all of whom shall be members of the Corporation. At each annual meeting, the members shall elect for a term of three years the number of Directors whose terms of office have expired. Each Director



shall hold office for the term for which elected and until a successor shall have been elected and qualified.

Section 2. The Board of Directors shall, no later than the next following scheduled meeting of the Board of Directors after the annual election elect a President, Vice-President, and Treasurer from among themselves and a Secretary who need not be a member of the Board of Directors, to replace as an officer any director whose term has expired or become vacant, each of whom shall hold such office for the term of their directorship unless sooner removed by death, resignation, or as to any officer by the Board of Directors for cause.

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 shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation, at which time the members shall elect a Director for the unexpired term or terms.

Section 4. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board. The affirmative vote of the majority of the Directors at a meeting at which a quorum is present shall be the act of the Board.

Section 5. Compensation of officers may be fixed only at any regular' or special meeting of the members of the Corporation. Directors shall receive no compensation for their services as such.

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 Corporation. If presented by a member, the charges must be accompanied by a petition signed by ten percent 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 of members 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 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.

## ARTICLE- IX – DUTIES OF DIRECTORS

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, and these By-Laws, shall exercise all of the powers 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 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 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, as described in the original water system or final engineering plan.
- B. To select and appoint all agents or employees of the Corporation, remove such agents or employees of the Corporation, 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 or non-negotiable instruments evidencing indebtedness of the Corporation; 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 Corporation; 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 Corporation 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 annual balance sheet showing profit and loss by a competent public accountant. The report prepared by such auditor or accountant shall be submitted to the members of the corporation at their annual meeting, together with a proposed budget for the ensuing year. Copies of such audits and budget 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 Corporation to the member, including connection or reconnection 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 nondiscriminating within each class of users.
- G. To terminate a member's membership in the Corporation for nonpayment of charges or fees due from the member for services rendered by the Corporation, provided that the delinquent member shall first be provided with thirty (30) days written notice of the nature and amount of the delinquency and the opportunity to cure any delinquency within the thirty (30) day period prior to the termination of membership.
- H. To require all of 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.



I. 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 and the form thereof at will.

J. To levy assessments against the members of the Corporation 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 service, termination of membership, judicial collection action, or other legal methods.

K. To purchase, lease, or sell real or personal property for the purposes of and in connection with the nonprofit purposes for which the Corporation was incorporated.

## ARTICLE X - 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 membership certificates and such other papers of the Corporation as 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.

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 a successor.

Section 3. Duties of the Secretary and Treasurer: The Secretary 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. The Secretary shall attest the President's signature on all membership certificates and other papers pertaining to the Corporation unless otherwise directed by the Board of Directors. The Secretary shall serve, mail, or deliver all notices required by law and by these By-Laws and shall make a full report of all matters pertaining to the office to the members at the annual meeting or at such other time or times as the Board of Directors may require. The Secretary shall keep the Corporate Seal and membership certificates issued and affix said Corporate Seal to all papers requiring a seal. The Secretary shall keep a proper membership record, showing the name of each member of the Corporation and the date of issuance, surrender, transfer, termination, cancellation, or forfeiture. The Secretary shall make all reports required by law and shall perform such other duties as may be required by the Corporation or the Board of Directors. Upon the election of a successor, the Secretary shall turn over to the successor all books and other property belonging to the Corporation that the Secretary may possess. The Treasurer shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors. These offices may be held by the same person.



## ARTICLE XI - BENEFITS AND DUTIES OF MEMBERS

Section 1. Prior to construction, the Corporation's Board of Directors shall approve all specifications for connections to the water system in accordance with Board of Director's then current adopted "Requirements for Residential Water Service", incorporated in these bylaws by this reference as if fully set forth herein. The Corporation will maintain and operate a main distribution pipeline or lines from the source of the water supply. The cost of the service line from the closest delivery point of the current main distribution pipeline, as designated and approved by the Corporation, to the property line and to the Corporation supplied and maintained meter pit purchased by Property Owner from the Corporation and then to the cistern of each member, shall be paid by the Property Owner, subject to Corporation inspection and approval prior to burial. The Corporation will furnish and install the necessary tapping components to the main distribution pipeline, furnish a curb stop and meter pit assembly at the expense of the Property Owner. Such tapping components, curb stop and meter pit assembly shall be owned and maintained by the Corporation. The Corporation shall be granted access and have the sole and exclusive right to the use of such tap, curb stop, meter pit assembly and inspection of the Property Owner's service line.

Section 2. The Corporation may, if the Board of Directors so determines, purchase the pipe for and install such portion of such service line or lines, the cost of which will, however, be paid by the individual members. In addition, each member shall pay such connection charge, if any, as may have been imposed by the Board of Directors before such member will be entitled to receive water from the system.

Section 3. Each member may be permitted to have additional service lines from the Corporation's water system in the discretion of the Board of Directors upon proper application therefor and the tender or payment not to exceed the then existing connection charge. The approval by the Board of Directors of additional service lines to an existing member may be made conditional upon such provisions as the Board of Directors determines necessary to protect the interests of other members and to allow for the orderly expansion and extension of the system. Each service line shall connect with the Corporation's water system at the nearest available place to the place of desired use by the member if the Corporation's water system has sufficient capacity to permit the delivery of water through a service line at the point without interfering with the delivery of water through a prior service line. If the Corporation's water system is inadequate to permit the delivery of water through a service line installed at such place without interfering with the delivery of water through a prior service line, then such service line shall be installed at such place designated by the Corporation.

Section 4. Each member shall be permitted to purchase from the Corporation, pursuant to such agreement as may from time to time be provided and required by the Corporation, such water as is needed for domestic, for household and culinary purposes, and agricultural for livestock watering and business, subject, however, to the provisions of these By-Laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered, through the member's service lines, only such water as may be necessary to supply the needs of each member, including the member's family, business and agricultural. The water



delivered through each service line and tap shall be metered separately, irrespective of the number of service line taps owned by a member. No member may re-sell water to any non-member or member and each water line tap shall serve only one single family residence or one business.

Section 5. 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 agricultural or business purposes by particular members and require adherence thereto or prohibit the use of water for agricultural and business purposes; provided, that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic, livestock, agricultural or business purposes, the Corporation must first satisfy all of the reasonable needs of the members for domestic, drinking, washing, sanitary, culinary and other ordinary household purposes only, before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for such domestic use and livestock purposes before supplying any water for other agricultural or business purposes; and, provided further, that where a member has more than one service line tap, 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 purposes as herein defined and livestock purposes.

Section 6. The Board of Directors may determine a monthly charge for each water line tap requested by a member in their application for expenses and development prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each member during the following calendar year for a specified quantity of water, such flat minimum rate to be payable irrespective 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 Corporation at or prior to the dates fixed by the Board of Directors. The failure to pay the monthly charge shall result in the member not being entitled to receive water services until the full amount of said monthly charges are paid or a termination of a member's membership in accordance with Article IX, Section 1G of these Bylaws.

Section 7. 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 By-Laws.

## ARTICLE XII - DISTRIBUTION OF SURPLUS FUNDS

Section 1. It is not anticipated that there will be any surplus funds or net income to the Corporation at the end of the fiscal year after provisions are made for the payment of the expenses for 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. The occurrence in subsequent fiscal years of surplus funds or net income above the requirements of the Corporation 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.

Section 2. The organization will provide services substantially at cost. Dividends shall not be paid on the basis of membership or shares of stock in the organization. All funds generated from the sale of water remaining at the end of the year in excess of those needed to meet current losses and expenses will be distributed to members in proportion to the amount of business done by them during the year or will be retained for such purposes as retiring indebtedness incurred in acquiring assets, expanding the organization's services, maintaining reserves for necessary purposes or reducing subsequent year's water rates. However, the organization will maintain records from which each member's rights and interest in the retained funds and assets acquired with such funds in proportion to the member's business with the organization can be determined at any time. Required records for this purpose include financial records that show the organization's revenues from all sources for each year and records, such as bills or receipts, showing the amount of each member's business annually with the organization.

Section 3. Funds which are generated from sources other than the sale of water may be distributed equally on a per tap basis by decision of the membership. In order to be eligible to receive any distribution, you must be an active member at the time a distribution is determined by the membership.

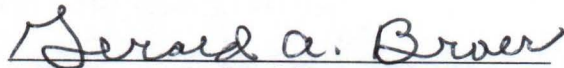
Section 4. Upon dissolution, after paying off all debts and obligations, members and former members will be entitled to receive their equitable share of all the proceeds remaining to the extent practicable as reflected by the record.

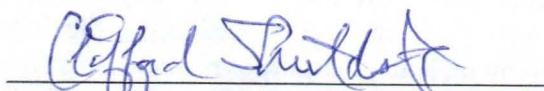
#### ARTICLE XIII - AMENDMENTS

These By-Laws may be repealed or amended as provided by the Statutes of the State of South Dakota.

We certify that the foregoing By-Laws are duly adopted by the members as amended through April 19, 2024, and the same are in full force and effect and have not been amended.

Given under our hands and seal of the Corporation this 21<sup>st</sup> day of May, 2024.

  
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President

  
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Secretary