

**AMENDED BY-LAWS  
FOR  
CHAPEL LANE WATER COMPANY**

**ARTICLE 1.  
Identification**

Section 1.01. Name. The name of the Corporation is Chapel Lane Water Company.

Section 1.02. Registered Office and Registered Agent. The address of the registered office of the Corporation is Post Office Box 2536 Rapid City, South Dakota 57709, and the name of the registered agent at this address is the current president.

Section 1.03. Seal. The seal of the Corporation shall be circular in form and mounted upon a metal die, suitable for impressing the same upon paper. On the seal shall appear the words: "Chapel Lane Water Company, South Dakota". In the center of the seal shall appear the words: "Corporate Seal".

Section 1.04. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December one year later.

**ARTICLE 11.  
Membership, Hookups and Voting Rights**

Section 2.01. Membership. Membership in the Corporation shall consist of every person, group of persons or legal entity recognized as the record owner of a platted lot, single family dwelling, condominium unit, townhouse or apartment complex within Chapel Lane Subdivision, Chapel Valley Subdivision and. the High Place Subdivision, Pennington County, South Dakota, which subdivisions are hereinafter referred to as the service area.

Section 2.02. Voting Rights Membership voting rights are appurtenant to each platted lot. The owner of a platted lot shall be entitled to one (1) vote per platted lot. If there is more than one (1) owner of a platted lot, each of whom is the owner of a single or multiple-family residence, then each owner is entitled to one (1) vote. If there are co-owners of a platted lot, single family dwelling, townhouse, condominium or apartment complex and they are unable to agree on the manner in which their one (1) vote will be cast, then that vote may not be cast or counted. The purpose of this section is to equalize voting for future assessments and other important questions.

Section 2.03. Water Hookups. The rights of members to water service are appurtenant to each platted lot, single-family dwelling, townhouse, condominium unit or apartment complex the service area. Each platted lot, single family dwelling, townhouse, condominium unit or apartment complex shall be entitled to one (1) — water service hookup. The cost of this hookup or any subsequent hookups shall be borne by the record owner/contactor. Each water hookup shall conform to the specifications detailed in the Rules and

Regulations as established by the Board of Directors, as attached hereto and incorporated herein by reference, and/or city, county and state specifications/building codes.

Section 2.04. Water Service. Water service shall not be denied any bona fide member of the service area unless that member fails to pay fees due and/or the monthly water service charge as set by the Board of Directors, and/or that member abuses water use privileges or property owned or controlled by the Chapel Lane Water Company.

Section 2.05. Owner. Owner refers to the owner as shown on the books of the Register of Deeds, Pennington County, South Dakota The term "owner" shall include purchaser under contract.

Section 2.06. Transfer of Membership. The corporation shall register a transfer of membership when the ownership of any platted lot, single family dwelling, townhouse, condominium unit or apartment complex within the service area is transferred.

Section 2.07. New Members. Written notification of the intent to expand the membership must be received by the Corporation and the Board of Directors 60 days prior to the start of construction of a single-family dwelling, townhouse, condominium unit and/or apartment complex seeking new membership through a hookup with the existing service area The service area of the Corporation may be extended and new members received by the Corporation upon a two-thirds vote of approval by the Board of Directors. The intent and purpose of this section is that no extension of the service area will be permitted unless that extension of water service:

- (1) shall be made without expense to the Corporation;
- (2) shall not in any manner cause an increase in monthly water service charges to present members;
- (3) shall not in any manner diminish. or jeopardize the quality or quantity of present and future water and/or water service available to present members, as there is a limited pumping capacity available;
- (4) shall conform to the Rules and Regulations as stated by the Board of Directors and/or city, county and state specifications/building codes.

## **ARTICLE 111.**

### **Meetings of Members**

Section 3.01. Place of Meetings. Meetings of the members of the Corporation shall be held at the of the Corporation or other appropriate place.

Section 3.02. Annual Meeting. The annual meeting of the members shall be held on the third Wednesday in February at 7:30 p.m., if this day is not a holiday, and if a holiday, then on the first following day that is not a legal holiday. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Corporation.

Section 3.03. Special Meetings. Special meetings of the members may be called by the President, the Board of Directors, or members whose aggregate voting rights consist of not less than one-tenth of all votes entitled to be cast at the meeting.

Section 3.04. Notice of Meetings--Waiver. Written notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the officer or persons calling the meeting, to each registered member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the registered member at his address as it appears on the books of the Corporation, with postage on it prepaid. Waiver by a member in writing of a notice of a membership meeting shall be equivalent to the giving of such notice. Attendance by a member without objection to the notice, whether in person or by proxy, at a membership meeting shall constitute a waiver of notice of the meeting,

Section 3.05. Quorum. Ten (10) percent of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum at a meeting of the members. If the membership present at a duly organized meeting constitutes a quorum at the start of that meeting, then the members present may continue to do business until adjournment regardless of the number of members withdrawing prior to the completion of business of the adjournment of the meeting.

Section 3.06. Closing of Transfer Books and Fixing Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members, or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the Board of Directors of the Corporation may provide that the membership transfer books shall be closed for a stated period but not to exceed, in any case, thirty (30) days. If the membership transfer books shall be closed for the purpose of determining members entitled to notice of or to vote at a meeting of members, the books shall be closed for at least ten (10) days immediately preceding the meeting. In lieu of closing the membership transfer books, the Board of Directors may fix in advance a date as the record date for such determination of members, such date, in any case, to be not more than thirty (30) days and in case of a meeting of members, not less than ten (10) days prior to the date on which the particular action requiring this determination of members is to be taken. If the membership transfer books are not closed and no record date is fixed for determination of members, the date on which the notice of the meeting is mailed shall be the record date for the determination of members. When a determination of members entitled to vote at any meeting of members has been made as provided in this section, the determination shall apply to any adjournment thereof.

Section 3.07. Voting List. The Secretary of the Corporation shall make or cause to be made from the membership transfer books a complete record of the members entitled to vote at the meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of votes entitled to be cast by the membership. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting for purpose thereof.

Section 3.08. Proxies. A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney-in-fact No proxy shall be valid after sixty (60) days from the date of its execution unless otherwise provided in the proxy.

**ARTICLE IV.**  
**Board of Directors**

Section 4.01. Number, Tenure and Qualifications. There shall be not less than three (3), nor more than nine (9), members of the Board of Directors, who shall, be elected at large from the three subdivisions constituting the service area - Chapel Lane Village, Chapel Valley and High Place. The Board of Directors shall be the administrative board of the Water Company and shall conduct the business and manage the affairs of the Corporation. Beginning with the election of Board members at the next annual meeting of the membership after the adoption of these By-Laws, one-half of the Board shall be elected for a one-year term, and onehalf of the Board shall be elected for a two-year term on the Board. Thereafter, at each subsequent annual meeting, Board members elected to fill the expiring Board member terms shall be elected to a two-year term. No decrease in the number of Directors by amendment of this section shall have the effect of shortening the term of any incumbent Director. Members of the Board of Directors must be members of the Corporation.

Section 4.02. Election. Members shall place in nomination the names of persons interested in a seat on the Board of Directors at the annual membership meeting. The general membership will then vote on the nominees and seat the requited number of Directors as stipulated by Section 4.01.

Section 4.03. Vacancies. Resignations of Board members must be made in writing to the Board of Directors. If written notification of resignation is not received after two requests from the Board, the Board, by majority vote, may terminate the tenure of the resigning Board member and appoint a member to fill the vacancy. A. Board member may be appointed to fill any vacancy by a majority vote of the remainder of the Board, with the new member to serve the unexpired term of his/her predecessor. At the completion of his/her appointed term, the Board member will be eligible for election, as specified by Section 4.02.

Section 4.04. Place of Meeting. Meeting of the Board of Directors, annual, regular or special, shall be held within the city limits of Rapid City, South Dakota.

Section 4.05. Annual Meetings. The Board of Directors shall meet each year within thirty (30) days of the annual meeting of the members, for the purpose of organization, election of officers and consideration of any other business that may properly be brought before the members. Notice of this meeting to all members of the Board shall be the responsibility of the incumbent President of the Board of Directors,

Section 4.06. Meeting of the Board of Directors. Meetings of the Board of Directors shall be held on one day of each month – such day to be on a date that is mutually agreeable to the Board of Directs. Meetings of the Board of Directors may be held after written or oral notification or upon the call of the President or Secretary of the Corporation to each member of the Board. Such regular meeting shall be conducted from a agenda. Failure to hold the regular Board meeting during any given month shall not work a forfeiture or dissolution of the Corporation.

Section 4.07. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any one of the officers of the Corporation. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board called by them.

Section 4.08. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by statute, the Articles of Incorporation or the By-Laws.

Section 4.09. Action Without a Meeting. Any normal action that may be taken at a meeting of the Board of Directors or by a committee may be taken without a meeting if written consent setting forth the action to be taken shall be acknowledged by a majority of the Board or the committee before the action is taken. Emergency action may be taken by any member of the Board if the other Board members are notified within twenty-four (24) hours and a majority approves.

Section 4.10. Removal.

- a. If a Board member misses two (2) consecutive meetings or four (4) meetings during one year, the Board may send written notification to the member that he/she has been dropped as a member of the Board. Any Board member wishing reinstatement must apply to the Board in writing with his/her request within one (1) week from the time he/she receives notification from the Board. Reinstatement must be on the basis of a majority vote of the remainder of the Board members.
- b. Members of the Board of Directors may also be immediately removed at a special meeting called by the members of the Corporation for that purpose, provided that the meeting notice states that the purpose, or one of the purposes, of the meeting is removal of the named Director(s). A majority vote of the members present and qualified to vote shall be required to remove any Director. If so removed, that Director shall not be eligible for serving on the Board of Directors for 5 years after removal. (Adopted October 10, 2007)

Section 4.11. Indemnification. The Corporation shall indemnify any and all persons who may serve or who have served at any time as Directors or officers, or who at the request of the Board of Directors of the Corporation may serve or at any time have served as Directors or officers of another Corporation in which the Corporation at such time owned or may own shares of stock or of which it was or may be a creditor, and their respective heirs, administrators, successors and assigns, against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced) actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, or which may be asserted against them or any of them, by reason of being or having been Directors or officers or & Director or officer of the Corporation, or of such other such corporation except in to matters to which any such Director or officer or former Director or officer or person shall be adjudged in any action, suit or proceeding to be liable for his/her own negligence or misconduct in the performance of his/her duty. Such indemnification shall be in addition to any other rights to which those indemnified may be entitled to under any law, By-Law, agreement, vote of stockholders or otherwise.

Section 4.12. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment

shall preclude any Director from serving the Corporation in other capacity and receiving compensation therefore.

## **ARTICLE V.**

### **Officers**

Section 5.01. Officers. The officers of the Corporation shall consist of a President, Vice President, Secretary and Treasurer and such other officers and assistant officers and agents as may be deemed necessary by the Board of Directors, each of whom shall be elected by the Board of Directors at its annual meeting. Any two or more offices may be held by the same person, except the offices of the President and Secretary. Officers must be Directors of the Corporation. .

Section 5.02. Vacancies. Whenever any vacancies shall occur in any office by death, resignation or otherwise, the same shall be filled by the Board of Directors, and the officer so elected shall hold office until his/her successor is chosen and qualified.

Section 5.03. The President. The President shall have active executive management of the operations of the Corporation, subject, however, to the control of the Board of Directors. He/She shall preside at all meetings of the members and Directors, discharge all the duties that devolve upon a presiding officer, and perform such other duties as the By-Laws provide or the Board of Directors may prescribe.

Section 5.04. The Vice-President. The Vice-President shall perform all duties incumbent upon the President during the absence or disability of the President and shall perform such other duties as the By-Laws may provide or the Board of Directors may prescribe. .

Section 5.05. The Secretary. The Secretary shall attend all meetings of the shareholders and of the Board of Directors, and shall keep, or cause to be kept in a book provided for the purpose, a true and complete record of the proceedings of these minutes. He/She shall be custodian of the records and the seal of the Corporation and see that the seal is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized. He/She shall verify the giving of all notices and shall perform such other duties as the By-Laws may provide or the Board of Directors may prescribe.

Section 5.06. The Treasurer. The Treasurer shall keep or verify the keeping of accurate and complete records of account showing the precise financial condition of the Corporation. He/She shall be the legal custodian of all monies, notes, securities and other valuables that may come into the possession of the Corporation. He/She shall deposit all funds of the Corporation in some reliable bank or other depository designated by the Board of Directors. All accounts shall be kept in the name of the Corporation. He/She shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Corporation, and shall perform such other duties as the By-Laws may provide or the Board of Directors may prescribe. .

Section 5.07. Transfer of Authority. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may transfer the powers or duties of that officer to any other member of the Board of Directors, provided that a majority of the full Board of Directors concur.

## **ARTICLE VI.**

### **Rates**

Section 6.01. Annual review. The Board of Directors shall annually review the rate schedules for water service charges of the membership and at such times as are necessary for the orderly operation of the company for increasing or decreasing water service rates. In the event that the Board of Directors determines that an increase is necessary, the rate increase shall be proposed and adopted or rejected in the manner prescribed by this Article.

Section 6.02. Resolution for Increase. The Board of Directors, after determining that a rate increase is necessary for the prompt payment of operation expenses, debt service and reserve requirements, shall upon a two-thirds vote pass a resolution of intent clearly setting forth the new rate schedule proposed by the Board of Directors.

Section 6.03. Hearing. Immediately upon passage of a resolution of intent to increase the rates, the Board of Directors shall set a time and place for a membership hearing. The hearing date shall not be sooner than fifteen (15) days, nor later than thirty (30) days after the adoption of the resolution of intent to increase rates.

Section 6.04. Notice of Hearing. The Board of Directors, within five (5) days after the adoption of resolution of intent to increase rates, shall give notice to the membership by mailing to the billing address for each hookup a notice of membership hearing on rate increase. The notice shall clearly set forth a time and place for the hearing, the resolution of intent to increase rates, and a brief statement on the procedure for increasing water rates.

Section 6.05. Final Action. The Board of Directors, within thirty (30) days after the membership hearing, shall take final action on the rate increase. The Board of Directors may: (1) adopt a rate schedule as in the resolution of intent; (2) adopt a rate schedule as in the resolution of intent with amendments thereto; or (3) reject any rate increase, in which event the previous rates would remain effective, provided, however, that the Board of Directors shall not adopt a rate schedule, by amendment or otherwise, which would increase any member's water service charge above the maximum charges allowable under the resolution of intent to increase service rates as passed by the Board of Directors.

Section 6.06. Effective Date. If the rate increase is adopted in the proper manner, it shall become effective with the second billing period after final adoption unless: (1) the membership petitions for membership approval of the rate increase, as provided for hereinafter; or (2) the increase is deferred by the Board of Directors to a later date.

Section 6.07. Petition for Vote. On petition signed by members representing twenty five percent (25%) of the eligible voting rights in the Corporation, as determined and set forth in Article II herein, the rate increase schedule adopted by the Board of Directors shall be submitted to the membership for approval and must be approved by a simple majority of the members present and voting, either in person or by proxy, at a special meeting called for that purpose before such charges can be assessed against the respective members of the Corporation.

Section 6.08. Service of Petition: Hearing. A petition to refer the rate increase to the membership must be served on a duly-elected Director of the Corporation within thirty (30) days after the Board of

Directors shall have adopted the rate increase, and upon the serving of such petition, the Board of Directors shall, within thirty (30) days, call a special meeting of the membership for the purpose of submitting the rate increase to the membership for approval.

## **ARTICLE VII.**

### **Special Corporate Acts**

Section 7.01. Negotiable Instruments, Deeds and Contracts. All checks, drafts, notes, bonds, bills of exchange and order for the payment of money of the Corporation: all deeds, mortgages and other written contacts and agreements to which the Corporation shall be a party; and all assignments or endorsements of membership, registered bonds or other securities owned by the Corporation, shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by the President or by any two of the following officers who are different persons: Vice-President, Secretary or Treasurer. The board of Directors may, however, authorize any one of such officers to sign any of such instruments, for and on behalf of the Corporation, without necessity of counter-signature; may designate officers or employees of the Corporation, other than those named above, who may, in the name of the Corporation, sign such instruments. Any shares of stock issued by any other Corporation and owned or controlled by the Corporation may be voted at any shareholders meeting of the other corporation by the President of the Corporation, if he/she be present, or, in his/her absence, by the Vice President of the Corporation who may be present; and, in the event both the President and Vice-President shall be absent, then by such person as the President of the Corporation shall, by duly executed proxy, designate to represent the Corporation at such membership meeting.

Section 7.02. Power to Acquire Property or Privileges. The Board of Directors shall have the power to purchase, or otherwise acquire, for the Corporation, any property, rights or privileges which the Corporation is authorized to acquire, or which is necessary for the continued operation of the Corporation, at such price and on such terms and conditions and for such consideration as the Board of Directors shall from time to time see fit.

Section 7.03. Power to Acquire or Install Water Meters or to Encumber or Sell Any Interest in the Company. The Board of Directors shall not, without a majority vote of the members present and qualified to vote at the annual meeting or at a special meeting or as provided by state statute requirements:

1. Acquire, purchase or install water meters or other measuring devices on any member's property, or
2. Transfer, agree to transfer, encumber, or sell the Chapel Lane Water Company, or any part or interest or right therein, to any other person or entity, including to the City of Rapid City. (Adopted October 10, 2007)

## **ARTICLE VIII.**

### **Books and Records**

Section 8.01. Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, committees having and exercising any of the authority of the Board of Directors, and the membership committee, and shall keep at the principal office a record of the names and addresses of the members



entitled to vote. All books and records of the Corporation may be inspected by any member, or his/her agent or attorney for any proper purpose at any reasonable time.

#### **ARTICLE IX. Amendments**

Section 9.01. Amendment. The By-Laws of the Corporation may be altered, amended or repealed, and/or new By-Laws adopted by a majority of the members present and qualified to vote at the annual meeting, or at a special meeting called by a member of the Board of Directors or by petition of ten percent (10%) of the membership, if at least thirty (30) days written notice is given of the intention to alter, amend or repeal or to adopt new By-Laws at such meeting. (Adopted February 15, 1989).

#### **ARTICLE X.**

##### **Distribution of Surplus Funds**

Section 10.01. Surplus Funds. If there should be any surplus finds, then at the end of the fiscal year, after paying the expenses of the corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment and office fixtures and such other reserves as the Board of Directors deem proper and after providing for payments on interest and principal obligations and amortized debts of the corporation, and after providing for the purchase of proper supplies and equipment, the surplus funds shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending, and repairing the system and property of the corporation and for such other purposes as the Board of Directors may determine to be for the best interests of the corporation.

Section 10.02. Distribution of Funds. No dividend or distribution of funds or other property of the corporation shall be made until all debts are fully paid and then only on its final dissolution; nor shall any distribution be made except by a vote of the majority of the members of the corporation or a quorum thereof as provided by the By-laws. In the event of dissolution, distribution of any property or assets remaining after payment of debts and liabilities shall be distributed to all persons who are members during the period when such remaining assets and property were owned by the Chapel Lane Water Company. Said distribution shall be made proportionately according to the amount of patronage supplied by such members. (Adopted February 20, 1990).

Incorporated March 21, 1978

Revised August 21, 1980

Revised November 20, 1980

Revised May 20, 1982

Revised February 20, 1985

Revised February 15, 1989

Revised February 20, 1990

Revised October 10, 2007

Reviewed 8/13/2018 board meeting posted on website