

**BY-LAWS OF XENIA RURAL WATER DISTRICT  
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**BY-LAWS  
OF  
XENIA RURAL WATER DISTRICT**

**ARTICLE I  
GENERAL PURPOSES**

- 1.1 **Rural Water District.** The purposes for which this corporation is formed and the powers which it may exercise are as set forth in the Petition for Incorporation as a Rural Water District pursuant to Chapter 357A of the Code of Iowa, as well as in the Chapter 357A of the Code of Iowa and the Articles of Incorporation.

**ARTICLE II  
NAME AND LOCATION**

- 2.1 **Name.** The name of this corporation is the **Xenia Rural Water District**.
- 2.2 **Principal Office.** The principal office of this corporation shall be located at 23998 141<sup>st</sup> Street, Bouton, County of Dallas, State of Iowa or at such other location within the territory described in the corporation's Petition for Incorporation as a Rural Water District pursuant to Chapter 357A of the Code of Iowa as the Board of Directors may determine. The corporation may maintain additional offices and places of business at such other locations within the State of Iowa as the Board of Directors may determine.

**ARTICLE III  
SEAL**

- 3.1 **Seal.** The seal of the corporation shall have inscribed thereon the name of the corporation and the year of its organization.
- 3.2 **Custody of Seal.** The secretary of the corporation shall have custody of the seal.
- 3.3 **Use of Seal.** 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**

- 4.1 **Calendar Year Basis.** The fiscal year of the corporation shall be on a calendar year basis from January 1 through December 31.

**ARTICLE V  
MEMBERSHIP**

- 5.1 **Qualification and Classes.** Membership in the corporation will be limited to those persons who qualify pursuant to Chapter 357A.1 (3) and (4) of the Code of Iowa or who are otherwise qualified and admitted to membership as provided for in these By-Laws. The corporation shall have two classes of members: "Member" and "Participating Member".
- 5.2 **Member Defined.** "Member" means any owner of land which is located within the territory described in the corporation's Petition for Incorporation as a Rural Water District pursuant to

Chapter 357A of the Code of Iowa, or the occupant thereof or other person acting for the owner with the owner's written consent. The Board of Directors may require such proof, as it deems reasonable and necessary to establish that a person qualifies as a Member. A Member shall have only those limited voting rights established by Chapter 357A of the Code of Iowa.

- 5.3 Participating Member Defined. "Participating Member" means a Member who has subscribed to and paid the established fee for a least one benefit unit in the corporation's rural water district, in the manner provided in Chapter 357A of the Code of Iowa, and who owns land to which water services from the corporation are currently available. Subscription procedures and fees required in order to become a Participating Member shall be as established in these By-Laws, and by such other rules and regulations as may be established by the Board of Directors from time to time. In addition, to qualify as a Participating Member, a Member must execute the corporation's standard water user's agreement and must agree to such amendments or successor contracts as the corporation may implement in its standard operating procedures.
- 5.4 Voting Rights and Other Rights Generally Limited to Participating Members. Except in those limited circumstances where Chapter 357A of the Code of Iowa grants voting rights to a Member and except as otherwise provided in these By-Laws, rights, privileges and benefits of membership in the corporation shall be limited to Participating Members.
- 5.5 Single Vote Regardless of Number of Benefit Units. Each Participating Member of the corporation shall be entitled to a single vote at all annual and special meetings of the corporation, regardless of the number of benefit units, as defined by Chapter 457A of the Code of Iowa to which the Participating Member has subscribed.
- 5.6 Designated of Single Voting Participating Member. When more than one person holds the interest in a property served, the Participating Member's vote shall be exercised by the person in whose name the membership 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 one property and in no event shall any single Participating Member be entitled to more than a single vote.
- 5.7 Transfer. A participating membership may be transferred, but the transfer will be effective only when noted on the books of the corporation. Such transfer will be made only to a person who obtains a qualifying interest in the property served and who otherwise qualifies as a Participating Member. A Participating Member may transfer its membership in the corporation to its successor in interest as part of the transaction whereby it disposes of its interest in its real property and the successor in interest agrees to assume the Participating Member's obligations. The corporation may purchase all of the interest in a membership if such transfer is not agreeable to the Participating Member and its successor in interest. The secretary, upon request, will make note of such transfer upon the records of the corporation. The transferee must execute a new service contract.
- 5.8 Termination. When a participating membership in the corporation is not transferred, it shall terminate upon the disposition or other termination of the Participating Member's interest in the property. The participating membership also may be terminated by action of the Board of Directors where use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing Participating Members or to the detriment of the orderly operation of the system, either as is determined by the Board of Directors in its sole discretion.

- 5.9 Effect of Termination on Other Persons. Termination of the membership of any Participating Member shall not disqualify any other person for a participating membership, who has or obtains an interest in the property of the terminated Participating Member and who otherwise meets the requirements of Chapter 357A of the Code of Iowa, these By-Laws and such rules and regulations as may be established from time to time by the Board of Directors.
- 5.10 Effect of Involuntary Transfer of Property. In the event a Participating Member's interest in the property has been divested other than by voluntary means, the Participating 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, subject to the duties and liabilities of the participating membership. The trustee, receiver, executor or the like, may terminate such participating membership by written notice delivered or mailed to the secretary of the corporation. Upon the final disposition of the property rights, the owner thereof shall be entitled to a participating membership as if the participating membership had been transferred by the original Participating Member as set forth in Section 5.7 of these By-Laws so long as that owner is qualified to be a Participating Member and executes the necessary documents and contracts as may be required by the Board of Directors.
- 5.11 Purchase by Corporation. In the event of the death of a Participating Member or if a Participating Member ceases to be eligible to hold membership as provided in these By-Laws, or willfully fails to comply with these By-Laws and other rules and regulations as may be established by the Board of Directors, or willfully obstructs the purposes and proper activities of the corporation, the corporation, through the Board of Directors, may elect, but is not required, to purchase such Participating Member's membership and terminate the participating membership upon tender to the Participating Member of the Participating Member's heirs or legal representative the membership paid less any amounts due from the Participating Member to the corporation, whether by indebtedness, accounts receivable, Participating Member obligations, assessments, or any other obligations of the Participating Member or its benefit units. Any Participating Member whose participating membership is so terminated for cause other than that of ceasing to be eligible may appeal from the action of the Board of Directors to vote of the Participating Members at the next regular meeting of the Participating Members or a special meeting of the Participating Members called for such purpose.

## ARTICLE VI MEMBERSHIP

- 6.1 No Capital Stock. The corporation shall have no capital stock.
- 6.2 Membership. There shall be no membership certificates issued to Participating Members. Notwithstanding this fact, transfer of a participating membership is subject to the conditions and restrictions stipulated in the Articles of Incorporation, By-Laws and Minutes of the corporation as well as the Petition for Incorporation as a Rural Water District pursuant to Chapter 357A of the Code of Iowa as filed by the corporation. A Participating Member shall have the right to use and enjoy the benefits of the corporation's water supply system upon payment of all 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 established by the Board of Directors.

ARTICLE VII  
MEETINGS OF MEMBERS

- 7.1 Annual Meeting. The annual meeting of the Participating Members of the corporation shall be held at Xenia's Main Office 23998 141<sup>st</sup> Street Bouton, County of Dallas, State of Iowa, or such other location as may be established by the Board of Directors, between January 1 and May 1 of each calendar year. The place, day, and time of the annual meeting shall be established by the Board of Directors. Notice of the annual meeting shall be made by mailing written notice of the time and place of the annual meeting to each Participating Member and publication of such notice in a newspaper of general circulation in the county of the corporation's principal office, not less than 10 nor more than 30 days prior to each meeting.
- 7.2 Special Meetings. Special meetings of the Participating Members may be called at any time by action of the Board of Directors. Special meetings of the Participating Members may be called when a written request for such a meeting is made by any two or more directors or upon the receipt by the Board of Directors of a written petition requesting such a meeting where such a petition is signed by at least 10 percent of the Participating Members and presented to the secretary for filing with the corporation's books and records. The place, day and time of a special meeting of Participating Members shall be established by the Board of Directors, but shall be held within 30 days of receipt of the Director's request or Participating Members' petition. The purpose of every special meeting shall be stated in the notice thereof and no business shall be transacted at that special meeting except as is specified in the notice. Written notice of a special meeting shall be made by mailing written notice of the time, place and purpose of the special meeting to each Participating Member and publication in the county of the corporation's principal office not less than 10 nor more than 30 days prior to such special meeting.
- 7.3 Proxy and Absentee Voting. Except where Chapter 357A of the Code of Iowa requires a vote of Members present at a meeting, votes of Members and votes of Participating Members, including for election of directors, may be made by proxy or by absentee ballots. 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 for more than 11 months, nor after termination of membership. To be valid and counted, an absentee ballot shall be in the form prescribed by the Secretary, shall bear the full name of the Participating Member and the Participating Member's signature and must be received at the corporation's main office no later than three business days before the meeting.
- 7.4 Quorum. A quorum for any meeting of Participating Members shall be satisfied if six or more Participating Members are present at the meeting in person or represented by proxy. The secretary shall certify the presence of a quorum and record votes cast by absentee ballot and by proxy as if cast in person.
- 7.5 Election of Directors/No Cumulative Voting. Directors of the corporation shall be elected at the annual meeting of Participating Members as provided in Section 8.1 No cumulative voting shall be allowed.
- 7.6 Agenda. The order of business at the regular meetings of Participating Members, and insofar as possible at all other meetings of Participating Members or Members, shall be as follows:
- a. Call to order and proof of quorum
  - b. Proof of notice of meeting
  - c. Reading and action on any approved minutes

- d. Reports of officers and committees
- e. Election of Directors
- f. Unfinished business
- g. New Business
- h. Adjournment

The Board of Directors shall prepare a tentative agenda for each meeting of Members or Participating Members.

#### ARTICLE VIII DIRECTORS AND OFFICERS

- 8.1 Number of Directors. The Board of Directors may consist of up to nine members, all of whom shall be Participating Members of the corporation. A Participating Member whose property is located in an expansion area not connected with the main water system may be elected to the Board of Directors, but no more than one member from each such expansion area may be elected and service on the board at any one time.
- 8.2 Staggered Terms. The Board of Directors shall divide its members into three classes to insure that staggered terms are served so that no more than three directors are elected in any year. At each annual meeting, the Participating Members shall elect the number of directors whose terms of office have expired. Those directors shall hold office for a term of three years and until a successor is elected and has qualified.
- 8.3 Meetings. The Board of Directors shall meet annually on the same day as, and immediately following the annual meeting of Participating Members, and may meet at such other times as it may determine, or upon call of the chairperson or any two directors.
- 8.4 Election of Officers. Within ten days of each annual meeting, the Board of Directors shall elect from among the Board, a chairperson, vice chairperson, secretary and treasurer for the ensuing year. Each such officer shall hold office until the next annual meeting or until their respective successors are elected and have qualified unless sooner removed by death, resignation or removal.
- 8.5 Vacancies. 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 for the unexpired term.
- 8.6 Quorum. A majority of the Board of Directors shall constitute a quorum at any meeting of the Board of Directors. The affirmative vote of the majority of directors at a meeting at which a quorum is present shall be an action of the Board of Directors.
- 8.7 Compensation. Compensation of officers may be fixed only at any annual or special meeting of the Participating Members of the corporation. Directors shall receive no compensation for their services, but shall be reimbursed for reasonable expenses incurred in connection with service rendered to the corporation.

- 8.8 Notice. Special meetings of the Board of Directors may be called at any time by the chairperson, or any two directors, on not less than 24 hours prior notice. Except as otherwise provided by the Articles of Incorporation, written notice may be delivered by mail, facsimile, telegram, cablegram or hand delivery, and public notice shall be given by posting the notice on a bulletin board at the principal office of the corporation. The purpose or purposes of such meeting of the Board of Directors need not be specified in the notice, or waiver of notice of such meeting but a tentative agenda shall be issued for any meeting. Notice also may be delivered by telephone or similar communications equipment, provided the corporation is not required to otherwise comply with Chapter 21 of the Code of Iowa.
- 8.9 Telephonic Meetings. Members of the Board of Directors or any committee thereof shall be deemed present in person at any meeting of the Board of Directors or the committee if a conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other is used.
- 8.10 Advisory Committees. By resolution adopted by a majority of the entire Board of Directors, the Board of Directors may designate an advisory committee of persons, who need not be directors, to counsel with the Board of Directors in respect of the affairs of the corporation. The advisory committee may make recommendations to the Board of Directors on matters pertaining to how objects and purposes for which the committee was formed and shall conduct its operations in the manner provided for committees of the Board of Directors, but shall not have or exercise any authority of the Board of Directors.
- 8.11 Removal From Office. Officers and directors may be removed from office in the following manner: Any Participating Member, officer, or director may present charges against the director or officer by filing them in writing with the secretary of the corporation. If presented by a Participating Member, the charges must be accompanied by a petition signed by fifteen percent (15%) of the Participating Members of the corporation. Such removal shall be voted on at the next regular or special meeting of the Board of Directors and shall be effective if approved by a vote of the 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 ten (10) days prior to the meeting, and shall have the opportunity at such meeting to be heard; 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 remove that person from any other office he or she holds in the corporation. A vacancy in the Board of Directors thus created shall immediately be filled by a vote of the majority of the members of the Board of Directors 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 by the Board of Directors after the vacancy in the Board of Directors has been filled. The new officer or director will serve the remaining term of office or seat in questions.



ARTICLE IX  
DUTIES OF DIRECTORS

9.1 General Duties and Powers. 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 its general powers or those powers granted under Section 357A.11 of the Code of Iowa, it is hereby expressly provided that the Board of Directors shall have, and is 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 of Directors:

- a. To approve membership applications. The Board of Directors may issue memberships to permit the connect-on of properties to the system upon completion of proposed construction prior to the commencement of the proposed construction. Membership privileges in such cases will be contingent on approval and completion of the proposed construction project.
- b. To select and appoint, employ, retain and remove all officers, agents, employees, attorneys, engineers and consultants of the corporation, to prescribe such duties and to designate such powers as may not be inconsistent with these By-Laws, to fix their compensation and to pay for their 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 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 rules and regulations as, in its discretion, may be deemed essential or convenient for the conduct of the business and affairs of the corporation and the guidance and control of its members, officers and employees, and to prescribe adequate penalties for the breach thereof.
- e. To order an annual audit of the books and accounts of the corporation by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the Participating Members of the corporation at their annual meeting, together with a proposed budget for the ensuing year. 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 corporation to the member, including connection fees where such are deemed to be necessary by the Board of Directors, and to fix and alter the

method of billing, time of payment, manner of connection and interest and penalties for late or nonpayment of the same. The Board of Directors may establish one or more classes of users. All charges shall be uniform and nondiscriminating 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 corporation to give adequate bonds, the cost thereof to be paid by the corporation.
- h. 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 form of checks and the person or persons by whom the same shall be signed, with the power to change such banks, procedures and the person or persons signing such checks.
- i. To levy assessments (in addition to the monthly charges for water service) against the Participating 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 or other legal methods. The Board of Directors shall have the option to suspend the service of any Participating Member who has not paid such assessment within 30 days from the date the assessment was due, provided the corporation must give the Participating Member at least 15 days written notice at the address of the Participating Member on the books of the corporation of its intention to suspend such service if the assessment is not paid. Upon payment of such assessments, any penalties applicable thereto, and a reconnection charge, if any, service will be restored to such Participating Member.

9.2 Interest of a Director in Transactions. No contract or other transaction shall be permitted between the corporation and any of its directors if such contract or other transaction would constitute an act of self-dealing or otherwise contravene any of the requirements of the Articles of Incorporation or applicable statutes and regulations.

No contract or other transaction between the corporation and one or more of its directors or any other corporation, firm, association, or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors (or a committee thereof) which authorizes, approves, or ratifies such contract or other transaction, or because his, her or their votes are counted for such purpose, if:

- a. The fact and the material aspects of such director's relationship or interest are disclosed or known to the Board of Directors or committee which authorizes, approves, or ratifies the contract or other transaction by a vote or consent sufficient for the purpose without counting the vote or consent of such interested director; and

- b. The contract or other transaction is fair and reasonable as to the corporation at the time it is authorized by the Board of Directors, a committee, or the Participating Members.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors (or a committee thereof) which authorizes, approves, or ratifies such contract or other transaction.

## ARTICLE X DUTIES OF OFFICERS

- 10.1 Duties of Chairperson. The Chairperson 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 such papers of the corporation as the chairperson 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 Chairperson shall perform such other duties as may be prescribed by the Board of Directors.
- 10.2 Duties of the Vice-Chairperson. In the absence or disability of the Chairperson, the Vice-Chairperson shall perform the duties of the Chairperson; provided, however, that in case of death, resignation, removal or disability of the Chairperson, the Board of Directors may declare the office of the Chairperson vacant and elect a successor.
- 10.3 Duties of the Secretary. 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 Chairperson's signature on all 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 and business pertaining to his or her office to the Participating Members at the annual meeting or at such time or times as the Board of Directors may require. The Secretary shall keep the corporate seal and membership records of the corporation. The Secretary shall keep a proper membership record, showing the name of each Participating Member of the corporation and date of issuance, surrender, transfer, termination, cancellation or forfeiture of a membership. 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 election of a successor, the Secretary shall turn over possession of all books and other property belonging to the corporation.
- 10.4 Duties of the Treasurer. The Treasurer shall be ultimately responsible to the Board of Directors for the financial affairs of the corporation. The Treasurer shall give a bond for the faithful discharge of the duties of the office in such sum and with such surety or sureties, as the Board of Directors shall determine. The Treasurer shall have the care and

custody of and be responsible for all the funds, securities, evidences of indebtedness and other valuable documents of the corporation, and deposit all such funds in the name of the corporation in such banks, or trust companies, or other depositories, or in such safe deposit vaults as the Board of Directors may designate. The Treasurer, or his or her designee as authorized by the Board of Directors, shall sign, make and endorse in the name of the corporation all checks, notes, drafts, bills of exchange, acceptances and other instruments for the payment of money, and pay out and dispose of same and receipt therefore, under the direction of the Chairperson or the Board of Directors. The Treasurer shall render a statement of the condition of the finances of the corporation at each regular meeting of the Board of Directors, and at such other times as shall be required and a full financial report at the annual meeting of the Participating Members. The Treasurer shall keep at the office of the corporation full and accurate books of account of all its business and transactions and such other books or account as the Board of Directors may require, and shall exhibit the same to any director of the corporation upon request.

## ARTICLE XI RURAL WATER SERVICE

- 11.1 Corporation's Lines. The corporation generally will install, maintain and operate a main distribution pipeline or lines from the source of the water supply and service lines from the main distribution pipeline or lines to the property line of each Participating Member of the corporation, at which points designated as delivery points, meters to be purchased, installed, owned and maintained by the corporation shall be placed. Exceptions to this general policy shall be made only upon approval of the Board of Directors. The cost of the service line or lines from the main distribution pipeline or lines of the corporation to the property line of each Participating Member shall be paid by the corporation. The corporation also may purchase and install a cutoff valve in each service line from its main distribution lines or lines, such cutoff valve to be owned and maintained by the corporation and to be installed on some portion of the service line owned by the corporation. The corporation shall have the sole and exclusive right to the use of such cutoff valve and to turn water service on and off. However, the provisions of this section shall not be construed to require the acquisition or installation of meters or cutoff valves where the Board of Directors determines under the circumstances of the system and the nature of the membership that the use of either or both such devices is impractical, unnecessary to protect the system and the rights of the Participating Members and/or economically or technically not feasible.
- 11.2 Customer Lines. Each contract customer who purchases water pursuant to Section 11.9 of these By-Laws and each Participating Member (together, for purposes of this Article XI, a "Customer") will be required at its own expense to install the service line or lines from the property line of the Customer to the Customer's dwelling or premises where service is used. The Customer will maintain such portion of such service line or lines, which shall be owned by the Customer, at Customer's own expense. The corporation may, if the Board of Directors so determines, purchase the pipe for the installation of such portion of such service lines or lines, the cost of which shall however, be paid by the

Customer. In addition, each Customer shall pay such applicable connection charge and membership fees, if any, as may have been imposed by the Board of Directors before such Customer will be entitled to receive water from the corporation.

- 11.3 Additional Lines/Connection Points. A customer may be permitted to have additional service lines from the corporation's water system at the discretion of the Board of Directors. Approval of an additional service line will not be granted unless a written application and payment not to exceed the then existing connection charge are made. Approval by the Board of Directors of additional service lines to an existing Customer may be made conditional upon such provisions as the Board of Directors may impose, in part, to protect the interests of other Customers and the Participating 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 site to the place of desired use if the corporation's water system has sufficient capacity to permit the delivery of water through a service line at that 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 as is designated by the corporation.
- 11.4 Usage. Each Customer may 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, commercial, agricultural, industrial or other purposes, except for crop irrigation and subject to the provisions of these By-Laws and to such rules, regulations, and contract provisions as may be prescribed by the Board of Directors. A Customer may use only such water as may be necessary to supply the needs of each Customer, including its 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 a Customer.
- 11.5 Limitations on Usage. If the total water supply shall be insufficient to meet all of the needs of the Customers or there is a shortage of water, the corporation may prorate the water available among the various Customers on such basis as is deemed equitable by the Board of Directors, and also may prescribe a schedule of hours limiting use of water for commercial, agricultural, industrial or non-essential domestic purposes by particular Customers and require adherence thereto or prohibit the use of water for commercial agricultural, industrial or non-essential domestic purposes. However, if at any time the total water supply is insufficient to meet all of the needs of all of the Customers for domestic, livestock, commercial, agricultural or industrial purposes, the corporation must first satisfy all of the reasonable needs of the Customers for essential domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of the members for domestic and livestock purposes before supplying any water for commercial or industrial purposes. Also, where a Customer has more than one service line, 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

Customers for domestic and livestock purposes. During such periods of cut off of additional service lines there shall be no minimum fee charged to the Customers having additional service lines and the cost, if any, of reactivating the water service to the point of connection of such additional lines shall be paid by the corporation.

- 11.6 Payment. The Board of Directors shall, with the consent of the Farmers Home Administration or its successor agency, so long as the latter shall either hold any obligations or insure any financing of the system, prior to the beginning of each calendar year, determine the flat minimum monthly rate to be charged each Customer during such calendar year for a specified quantity of water, such flat minimum monthly rate to be payable irrespective of whether any water is used by a Customer during any month, the amount of additional charges, if any, for additional water which may be supplied the Customers, the amount of penalty for late payments, and whether or not the Customer's water has been shut. The Board of Directors shall fix the date for the payment of such charges. Customers 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 in full water charges duly imposed shall result in the automatic imposition of the following penalties without prior notice:
- a. All payments made ten (10) days after the due date will be subject to a penalty of fifteen percent (15%) of the water usage charge.
  - b. All payments not made thirty (30) days after the due date will automatically result in the termination of water service to the user. Service will be restored on the first business day subsequent to the payment date of the balance due including a \$50.00 trip charge. For each subsequent disconnection of service, an additional amount in increments of \$25.00 will be added to the initial \$50.00 trip charge up to a maximum of \$100.00.
  - c. All payments not made sixty (60) days after the due date shall, at the sole discretion of the Board of Directors; result in termination of membership within the District.
  - d. If for any reason a balance should be due on an account, even if the monthly water payments are current, this balance may be subject to a monthly 1.5% finance charge. Payment of the balance must be received in the office or arrangements for payment must be made within thirty (30) days of notification or service may be subject to disconnection.
- 11.7 Water User's Agreement. The Board of Directors shall be authorized to require each Customer to enter into a water user's agreement which shall embody the principles set forth in the foregoing provisions of the By-Laws and such other provisions as the Board of Directors may direct.
- 11.8 Membership Cancellation/Discontinuance of Service. Membership may be canceled and/or water service discontinued by the corporation for any violation of any rule,

regulation, or condition of service and including but not limited to any of the following reasons:

- a. Misrepresentation in application as to the property or fixtures to be supplied or the use to be made of water.
- b. Resale or giving away of water.
- c. Waste or misuse of water due to improper or imperfect service pipes and/or fixtures or failure to keep the same in a suitable state of repair.
- d. Tampering with meter, meter seal, service, valves or equipment or permitting such tampering by others.
- e. Connections or cross-connections between a separate water supply and the corporation's water distribution system.

11.9 Contract Sales. If the capacity of the corporation's facilities permit, the corporation may sell water by contract to any city, other water district, or other person, private or public, not within the boundaries of the corporation, on rates and terms as approved by the Board of Directors.

## ARTICLE XII INDEMNIFICATION

12.1 Indemnification. To the full extent permitted by Chapter 357A of the Code of Iowa, this corporation shall indemnify each person made or threatened to be made a party to any threatened, pending or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of this corporation, by reason of the former or present capacity of the person as --

- a. a director, officer, employee or member of a committee of this corporation or,
- b. a director, officer, partner, trustee, employee or agent of another organization or employee benefit plan, who while a director, officer or employee of this corporation, is or was serving the other corporation at the request of this corporation or whose duties as a director, officer or employee of this corporation involved or involved such service to the other corporation, and against judgments, penalties, fines (including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan), settlements, and reasonable attorneys' fees and disbursements, incurred by the person in connection with the proceeding.

Indemnification provided by this section shall continue as to a person who has ceased to be a director, officer, employee or committee member, shall inure to the benefit of the heirs, executors and administrators of such person and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this

section. Any indemnification realized other than under this section shall apply as a credit against any indemnification provided by this section.

This corporation may, to the full extent permitted by applicable law from time to time in effect, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or a member of the committee of this corporation against any liability asserted against such person and incurred by such person in any such capacity.

- 12.2 Limitations and Qualifications. Indemnification under this Article XII shall be only to the extent permitted by Chapter 357A of the Iowa Code and shall not extend to any act or omission which:
- a. constitutes a breach of loyalty to the corporation;
  - b. is an act or omission not in good faith or which involves intentional misconduct or knowing violation of the laws; or
  - c. results from a transaction where the person seeking indemnification has derived an improper personal benefit.

#### ARTICLE XIII DISSOLUTION

- 13.1 Dissolution. Upon dissolution, after paying off all debts and obligations, Participating Members will receive their equitable share of all the proceeds remaining to the extent practicable as reflected by the records and pursuant to the corporation's By-Laws and rules and regulations.

#### ARTICLE XIV AMENDMENTS

- 14.1 Amendments by Participating Members. These By-Laws may be amended by Participating Members at any annual or special meeting of Participating Members.

#### ARTICLE XV MISCELLANEOUS PROVISIONS

- 15.1 Gender. The use of any gender in these By-Laws shall be deemed to be or include the other gender, and the use of the singular in these By-Laws shall be deemed to be or include the plural, wherever appropriate.
- 15.2 Headings. Section headings are for convenience and reference only and shall not alter or amend the express provision of these By-Laws.