

**POLICIES AND GUIDELINES
OF
NORTH CENTRAL RURAL WATER CONSORTIUM II**

ARTICLE I.

Offices

The principal office of the parties to the joint powers agreement between North Prairie Rural Water District and Central Plains Water District in the State of North Dakota shall be located at Bismarck, North Dakota. The organization may have such other offices within the State of North Dakota as its Board of Directors may designate or as its business may require from time to time.

ARTICLE II.

Members

Section 1. Designation of Members: The initial membership of the organization shall consist of North Prairie Rural Water District and Central Plains Water District.

Section 2. Additional Members: Entities organized for a purpose of providing water services to rural patrons in areas proximate to or contiguous with existing Members of the corporation may apply for membership in the organization upon such terms and conditions as the Board of Directors of the organization may establish.

Section 3. Associate Members: Entities, organizations corporations, or governmental units interested in providing water services to rural residences and businesses may informally request to be designated as Associate Members of the organization. Upon the majority vote of the Board of Directors of the organization, such associate Members shall be established. Associate Members shall not be entitled to vote or participate monetarily in the affairs of the organization, but may be advised of certain activities and may attend meetings of the organization and the Board of Directors.

Section 4. Annual Meeting: The Annual Meeting of the Members shall be held during the month of January of each year, beginning with the year 2009, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday in the State of North Dakota, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

Section 5. Special Meetings: Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by two Directors.

Section 6. Place of Meeting: The Board of Directors may designate any place within the State of North Dakota as the place of meeting for any annual meeting or for any special meeting.

Section 7. Notice of Meeting: Written or printed 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 thirty (30) days before the date of the meeting, either personally, electronically or by mail, by or at the direction of the President or the persons calling the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon.

Section 8. Quorum: Attendance by one or more representatives of each of the Members of the organization shall constitute a quorum at a meeting of Members. If less than a quorum of the Members are represented at a meeting, the Members present may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal or enough Members to leave less than a quorum.

Section 9. Informal Action by Members: Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE III.

Board of Directors

Section 1. General Powers: The business and affairs of the organization shall be managed by its Board of Directors.

Section 2. Number Tenure and Qualifications: The number of Directors of the organization shall be six (6). Each Director shall hold office until the next Annual Meeting of Members and until his/her successor shall have been designated. In the event that new Members are admitted to the organization, three (3) additional Directors may be added to the Board for each new Member.

Section 3. Designation of Directors: Each Member of the organization shall appoint three (3) individuals to serve as its representatives on the Board of Directors, one of whom must be a manager. The Members shall provide the identities of such directors to the Secretary of the organization. Members may also select one (1) or more individuals to serve as alternate Members of the Board of Directors in the event that one or both of a Members designated directors cannot attend a meeting of the Board.

In addition, the Board shall include one representative from each separate project area located outside the territorial boundaries of North Prairie and Central Plains. Such Board Members shall be allowed to vote only with respect to matters related to their project area. Board Members referred to in this paragraph shall be appointed by a governmental body having jurisdiction over the particular project area and have a term of four (4) years.

Section 4. Regular Meetings: A regular meeting of the Board of Directors may be held immediately after, and at the same place as, the Annual Meeting of Members. The Board of Directors may provide, by resolution, the times and places for the holding of additional regular meetings.

Section 5. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any Director. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meetings of the Board of Directors called by them.

Section 6. Notice: Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally, electronically or mailed to each Director at his/her business address, by facsimile, or e-mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given electronically or by facsimile, such notice shall be deemed to be delivered when transmitted. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 7. Quorum: Attendance by one of the representative directors of each of the Members of the organization shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8. Manner of Acting: 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.

Section 9. Vacancies: Any vacancy occurring in the Board of Directors shall be filled by an appointment by the governing body of the Member that had been represented by the vacancy. Said Member shall notify the Secretary of the organization of the identity of the new director.

Section 10. Compensation: The Board of Directors may receive compensation for their services and travel, lodging, and meal expenses.

Section 10. Presumption Assent: A Director of the organization who is present at a

meeting or the Board of Directors at which action on any organizational matter is taken shall be presumed to have assented to the action taken unless his/her dissent shall be entered in the Minutes of the meeting or unless he/she shall file his/her written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by Registered Mail to the Secretary of the organization immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE IV.

Officers

Section 1. **Number**: The officers of the organization shall be a President, Vice-President, Treasurer and a Secretary.

Section 2. **Election and Term of Office**: The officers of the organization to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board or Directors held after each Annual Meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his/her successor shall have been duly elected and shall have qualified or until his/her death or until he/she shall resign or shall have been removed in the manner hereinafter provided.

Section 3. **Removal**: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the organization would be served thereby.

Section 4. **Vacancies**: A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. **President**: The President shall be the principal executive officer of the organization and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the organization. He/She shall, when present, preside at all meetings of the Members and of the Board of Directors. He/She may sign with the Secretary any deeds, mortgages, bonds, contracts, certificates or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by some other agent of the organization, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. **Vice-President**: In the absence of the President or the event of his/her death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all, the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to

him/her by the President or by the Board of Directors.

Section 7. Treasurer: The Treasurer shall: (a) Have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for money due and payable to the organization from any source whatsoever, and deposit all such money in the name of the organization in such banks, credit unions or other depositories as shall be selected by the Board of Directors; and (b) In general perform all of the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 8. Secretary: The Secretary shall (a) Keep the Minutes of the Members' and of the Board of Director's meetings in one or more books provided for that purpose; (b) See that all notices are duly given in accordance with the provision of these Policies and Guidelines or as required by law; (c) Be custodian of the records; (d) Keep a register of the post office address of each Member which shall be furnished to the Secretary by such Members; and (e) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 9. Salaries: The officers shall not receive any salaries for their services from the corporation.

ARTICLE V.

Amendments

These Policies and Guidelines may be altered, amended, or repealed and new Policies and Guidelines may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

The foregoing Policies and Guidelines of North Central Rural Water Consortium II were adopted and approved on _____ by the Members of the organization and one hereby reaffirmed this _____ by the members of the organization.

BY: _____

Its: President

BY: _____

Its: Secretary