

LINCOLN COUNTY RURAL WATER SYSTEM, INC.

2020 ANNUAL MEETING OFFICIAL NOTICE

According to Article VII, Section 1, of the By-Laws, the Annual Meeting of the Lincoln County Rural Water System, Inc., will be held at 7:00 PM on Tuesday, March 17, 2020 at the American Legion Hall in Harrisburg SD. Registration will begin at 6:30 PM.

This newsletter announcement will serve as the official notice to all members.

The Annual Meeting is held so members can elect directors, review the financial status of the Corporation, vote on proposed Amendments to By-Laws or Articles of Incorporation (included in this newsletter), and vote on proposed resolutions.

As outlined in Article V of the By-Laws of Lincoln County Rural Water System, Inc., three petitions were successfully submitted. Incumbent Mike Perkinson for District 1, Incumbent Dan Fink for District 2, and Incumbent Roger Lamp for System At-Large. No nominations will be received from the floor at the Annual Meeting of the members.

All members are urged to attend the annual meeting. A one-time \$10 credit per member, (regardless of the number of memberships) will be applied to your water bill when you attend this meeting. This does not apply to tenants or renters.



Mike Perkinson



Dan Fink



Roger Lamp

FROM YOUR PRESIDENT - Joe Burns



Due to the unexpected loss of Merlyn Smeenk three months ago, I am the one writing this message from your president. Merlyn served 42 years as a director for the system and its members. He had a knowledge and understanding for LCRW history and knew how and why decisions were made that brought us to where we are today. As an example of his dedication, Merlyn served with my late father, who has been gone for 28 years, before serving with me for 20 years. He will be missed.

Unfortunately we also lost Barry Lankhorst who served as a director for about 3 years. Roger Lamp, a former director, and Dan Fink have been appointed to fill these vacancies. They both bring years of experience, and I would like to thank them for helping us out.

Serving on the LCRW board has allowed me the opportunity to get to know the directors, employees and members. It really is about the people. Know that we are ready to do our best, and often refer to the statement "What is best for the members".

I encourage you to attend the March 17, 2020 Annual Meeting for Lincoln County Rural Water. This meeting gives us the opportunity to show you how excited we are about the activities and changes we have planned for the system.

2019 ANNUAL MEETING MINUTES

MARCH 20, 2019 (DRAFT)

The Annual Meeting was called to order by President, Merlyn Smeenck at 7:00pm. Introductions of the staff included: Robin Dykstra, Manager; Claire Hotze, Office Operations; Nancy Oaks, Office Assistant; and Dan Schwarz, Dylan Manas, and Andrew Krege, Operators. Introductions of the Board of Directors included: Otto Hagedorn, Merlyn Smeenck, Chris Hofer, Mike Perkinson, Joe Burns, Larry Healy. Barry Lankhorst was absent. Jeff Fossum (SDARWS), Mary Pat Mullen (KMWF), and Larry Nelson, (Frieberg, Nelson & Ask) were also present.

Secretary/Treasurer, Otto Hagedorn, read the Proof of Mailing Notice. Copies of the Minutes of Last Year's Meeting were included in the Annual Newsletter, with additional copies available on the tables. Randy Hascall made a motion to approve the Minutes and Joe Dose seconded the motion. The 2018 Minutes were approved.

Mary Pat Mullen, Auditor, presented an explanation of the Comparative Audit Report for 2018-2017. Handouts reflecting assets, liabilities, cash flows, revenues and expenses, and a comparison of 2018-2017 change in net assets were reviewed. A motion was made by Roger Lamp and seconded by Rex Pommier to approve the Audit Report. Approved.

Larry Nelson, Attorney, conducted the election process. A petition for District II was handed in by Larry Healy. A motion to cast a unanimous vote was made by Rex Pommier and seconded by Gary Larson. Motion passed. A petition for District III was handed in by Otto Hagedorn. A motion to cast a unanimous vote was made by Randy Hascall and seconded by Bob Messner. Motion passed.

A Proposed Resolution for Amendment of By-Laws, Article V. – Governing Body, Section 1. Was presented by attorney Larry Nelson. A motion was made from the floor by Jon Klemme to change the length of time under #2 from a five (5) year period to a one (1) year period. Merlyn Smeenck call for open discussion from the floor following Jane Klemme's second. Additional input on reasons supporting a five (5) year period were provided by Robin Dykstra. Following no further discussion, President Merlyn Smeenck called for a voice vote for modifying the amendment, or leaving it as written. The motion to change the wording of the ballot amendment from five years to one year was defeated. Larry Nelson called for a vote on the amendment to the By-Law as written on the ballot. Ballots were tallied by the counting team of Virgil Sinning, Chris Hofer, and Larry Nelson. The vote was 27-Yes, 4-No, 2-uncast votes. Motion passed.

Proposed Resolution to Borrow Funds was read by attorney Larry Nelson. Questions were taken from the floor. Robin Dykstra provided additional information on future construction needs and revisions of main lines on the System. Ballots were tallied by the counting team of Virgil Sinning, Chris Hofer, and Larry Nelson. The vote by ballot was 30-Yes, 3-No. Motion passed.

Merlyn Smeenck called for Old Business. There was none. He then called for New Business. Questions were asked regarding recent flooding and the Minnesota Construction Project. Robin Dykstra provided information on water lines, costs, and engineering projections.

Board Vice President Joe Burns presented awards to Otto Hagedorn as a Friend of South Dakota Rural Water, to Chris Hofer for 20 years of service, for Nancy Oaks for 20 years of service, and for Larry Healy for 5 years of service.

A motion was made by Roger Lamp and seconded by Rex Pommier to adjourn the meeting at 7:45pm.

FROM YOUR MANAGER - Robin Dykstra



2020 greetings to all of you. I hope this annual newsletter helps you to get a better understand what is happening with your water system.

First, I would like to thank all of our employees for their hard work this past year. Dan has been with this system for 29 years, Claire and Andrew have been with us for almost 2 years, and Logan just started in February. I have been with Lincoln County Rural Water for almost 14 years. Time has gone fast.

Also, I want to thank our directors on the board. The members of the board are: Joe Burns and Mike Perkinson representing District 1, Larry Healy and Dan Fink of District 2, Otto Hagedorn and Chris Hofer of District 3 and Roger Lamp for the At large area. Roger and Dan were appointed to the board after the passing of Merlyn Smeenk and Barry Lankhorst.

As I just mentioned his past year LCRWS had two board members pass away. Barry Lankhorst, the At-Large director was on the board for about 2 ½ years. Merlyn Smeenk of District 2 served on the board for almost 42 years. Merlyn was president of the board when he passed away.

These past years the board of directors and staff have been working hard to prepare this water system for the future. This year is no different.

Our operators are continuing to update the water meters at your homes and businesses to prepare for the next meter reading system. These new meters help us to more accurately calculate water loss of the system.

We are continuing to physically locate our water mains and record the locations with GPS. We need to get more precise locations for better record keeping. It is more important now than ever before because the municipalities that border us are continuing to grow out into our system. Our plan is to put these GPS locates on a mapping system to aid in future locates for all of our employees now and into the future.

LCRWS has not used the reservoirs located at 61st and Cliff avenue for water storage since 2012. In the fall and winter of 2019, it was rezoned to office and listed for sale. The intentions are to sell this property to reinvest the funds into property the system will be able to use into the future.

These past few years we have come to the realization that we are growing out of the office building located at 201 Railroad in Harrisburg. We had considered putting additions on the building but felt we would not get our investment back out of it. We decided to sell our building in Harrisburg to move into a larger building to fit our growing needs.

In December LCRWS purchased a building at 27066 Henry Pl. We are remodeling 3000 square feet of this building for the office area leaving 7500 square feet for warehouse storage. Our hopes are to move into the building around April 1, 2020.

We have a project out for bids called the 2019 Mainline Improvement Project. This project will be for construction of about ½ mile of 16-inch water main and 3 ½ miles of 12-inch water main. The plan is for the board of directors to award the contract to the low bidder during the March 12 BOD meeting. This line extension will provide redundancy or in other words multiple ways to serve an area. This is important to prevent outages if a pipe is taken out of service for repairs. It will provide water for the new elementary school near 272nd St and Louise Ave. It will also prepare for demands on the water system in the area south of Sioux Falls.

This year the board of directors have been reviewing our Articles of Incorporation and our Bylaws to prepare for city density growth within our system. Included in this Annual Newsletter are the proposed changes to both. It is a lot of reading but it is an important step in preparing this water system for the future. Please read them, if you have questions please call to ask. And please come to the annual meeting to find out more about what is happening with your water system.

These proposed amendments were approved by the board, and are being submitted to you the members for approval and adoption at the annual meeting.

(Underlined text represents amended language)

AMENDMENT TO BY-LAWS

ARTICLE II. Name and Location

Section 2. The principal office and place of business of this corporation shall be located in Lincoln County, South Dakota, but the corporation may maintain offices and places of business at other places within or without the State as the Board of Directors may determine.

ARTICLE VI.

Section 2.

The Board of Director is authorized and directed to:

(a) Issue appropriate certificates of membership in the corporation to each of the aforesaid members who shall thereafter be entitled to all the privileges and benefits contemplated by the Articles of Incorporation by signing such agreements for the purchase of water for domestic use and other use as are required by the corporation. Additional members may be added if facilities and sufficiency of water are available and if said additional members otherwise comply with the Articles of Incorporation, By-Laws, and Policies of the Corporation. No person otherwise eligible shall be permitted to subscribe for or otherwise acquire membership in the corporation, if, in the sole discretion of the Board of Directors, the capacity of the Corporation Water System is inadequate to supply the water to the additional member without jeopardizing the necessary supply of water for the existing members. All applicants for membership will be required to comply with all state and local zoning and building permit requirements prior to the issuance of a certificate of membership. Water service will be initiated for members who have commenced the construction contemplated by such building permit within six (6) months of the issuance thereof, and water service will also be initiated if the Board of Directors determine that a parcel of property is being used in a manner which can be serviced by the water system, even if no structures requiring issuance of a building permit have been located thereon.

(d) No Class A member of this corporation shall be entitled to more than one (1) vote at meetings of the members even though he may hold more than one (1) of the membership certificates of the corporation. Every Class A member upon becoming a member of this corporation agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.

AMENDMENT TO BY-LAWS

A Class A membership terminates on the sale of the real property to which the membership is assigned, or on the termination of the lease to which the membership is assigned, or on the termination of the interest in the real property to which the membership is assigned. In the event of termination of the Class A membership, the member shall be reimbursed the deposit paid when the membership was issued, after the deduction of any amounts owed to the corporation for water delivered or other services provided to the Class A member by the corporation.

(e) No Class B member of this corporation shall be entitled to more than one (1) vote at meetings of the members even though he may hold more than one (1) of the membership certificates of the corporation. Every Class B member upon becoming a member of this corporation agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the corporation.

A Class B membership terminates on the sale of the real property to which the membership is assigned, or on the termination of the lease to which the membership is assigned, or on the termination of the interest in the real property to which the membership is assigned. In the event of termination of the Class B membership, the member shall be reimbursed the deposit paid when the membership was issued, after the deduction of any amounts owed to the corporation for water delivered or other services provided to the Class B member by the corporation.

The corporation may continue to use membership numbers assigned to the locations of terminated members.

Section 3. All terminations of Class A membership certificates or Class B membership certificates shall be made upon the books of the corporation.

Section 4. Each Class A member or Class B member agrees to sign such water user's agreements as the corporation shall from time to time provide and require.

Section 5. In case of death of a member or if a member ceases to be eligible to hold a membership, or willfully fails to comply with the Articles of Incorporation of the corporation or these By-Laws and other requirements, or willfully obstructs the purposes and proper activities of the corporation, the corporation, through the Board of Directors, may elect to purchase the membership certificate and terminate the membership upon tender to the member or the member's heirs or legal representative a membership refund as determined by the Board of Directors, less any indebtedness then due from him to the corporation. Any member whose 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 a vote of the members at the next regular meeting of the members or special meeting of the members called for such purpose.

In case of death of a member, the Board of Directors may issue the membership to the surviving spouse or successor in interest on terms and conditions approved by the board.

AMENDMENT TO BY-LAWS

In the case where a membership is terminated due to the sale of the real property where a membership is assigned, or due to the termination of a lessee's lease on the real property where a membership is assigned, or due to the termination of interest in the real property to which the membership is assigned and the assignment was not completed or documented in the corporation's membership records, the Board of Directors may, in its sole discretion, approve the issuance of such membership upon terms and conditions approved by the board.

ARTICLE VII. Meeting of Members

Section 1. The annual meeting of the members of this corporation shall be held at a location determined by the Board of Directors in the County of Lincoln, State of South Dakota at 7:00 o'clock p.m. on the third Tuesday in March of each year, if not a legal holiday, or, if a legal holiday, on the next business day following.

ARTICLE VIII. Officers and Directors

Section 1. The officers of the corporation shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

ARTICLE IX. Duties of Officers – Directors

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and 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 and as hereinafter set forth:

- e. To order, at least once a year, an 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 members of the corporation at their annual meeting. A member may request in writing a copy of the annual audit report and upon receipt of the written request the report shall be provided to the member.
- f. To fix the charges to be paid by each member for services rendered by the corporation to its members, the times of payment and the manner of collection.
- 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, and it shall be mandatory upon the directors to so require.

AMENDMENT TO BY-LAWS

i. To set membership fees and levy assessments on both the Class A members and Class B members. Notice of assessments so levied by the Board of Directors shall be mailed to each class of members upon which an assessment is levied at the address shown in the books of the corporation, at least thirty days prior to the final due date for payments thereof. In the event any assessment is not paid when due, the board of Directors shall have the option to either declare the delinquent Class A membership or Class B membership forfeited, or to bring suit in a court of competent jurisdiction for recovery of the amount of the delinquent assessments as a contract obligation, upon giving the delinquent Class A or Class B member thirty days written notice by mail at the address shown in the books of the corporation, of the intended action, if payment is not made prior to that time.

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 the President 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 the case of death, resignation, or disability of the President, the Board of Directors may declare the office vacant and elect a new President of the Board.

Section 3. Duties of the Secretary-Treasurer. The Secretary-Treasurer shall, at the principal office and place of business of the corporation, 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-Treasurer shall sign all membership certificates with the President and such other papers pertaining to the corporation as may be authorized or directed to do so by the Board of Directors. The Secretary-Treasurer shall serve all notices required by law and by these By-Laws. The Secretary-Treasurer shall have charge of the corporation seal and membership certificates, records of the corporation, complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. The Secretary-Treasurer shall keep a proper membership certificate record, showing the name of each member of the corporation and date of issuance, surrender, cancellation or forfeiture. The Secretary-Treasurer 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-Treasurer shall turn over all books and other property belonging to the corporation that the Secretary-Treasurer may possess. The Secretary-Treasurer shall also perform such duties with respect to the finances of the corporation as may be prescribed by the Board of Directors.

AMENDMENT TO BY-LAWS

ARTICLE XI. Duties of Corporation and Members

Section 1. The corporation will maintain and operate a main distribution pipe line or lines from the source of the water supply and service lines from the main distribution pipe line or lines to the property line of each member of the corporation, at which points, designated as delivery points, meters to be purchased, owned and maintained by the corporation, shall be placed. The Board of Directors of the corporation shall have sole discretion to determine who will pay the cost of mainline extensions. The cost of the service line or lines from the main distribution pipeline or lines of the corporation to the property line of each member shall be paid by the Class A member or Class B member. The Class A member or Class B member will also purchase and install a shut-off valve in each service line from the main distribution line or lines, such shut-off valve to be owned and maintained by the corporation and to be installed on some portion of the service line by the corporation. The corporation shall have the sole and exclusive right to use such shut-off valve to turn it on and off.

Section 2. Each Class A member and Class B member shall be entitled to one (1) service line for which the member shall pay a fee as determined from time to time by the Board of Directors. If additional service lines are desired by a member, the member shall be required to pay such fee therefore as is determined from time to time by the Board of Directors. The water delivered through such service lines will be metered, and the charges for such water shall be determined on the same basis as applies to the basic purchase of proper supplies and equipment, the net earnings 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. The surplus fund or any portion thereof may from time to time at the discretion of the Board of Directors be distributed to the members as provided in the By-Laws, on the basis of the assessments and charges made and levied against and paid by such members during the year, subject to any provisions of state or federal law regarding non-profit corporations.

Any part or the whole of such apportionment may be credited at the discretion of the Board of Directors to the indebtedness of the Class A member or Class B member, should any exist, and in such case, the Class A member or Class B member shall be notified in writing of the amount so applied.

AMENDMENT TO ARTICLES OF INCORPORATION

ARTICLE III.

The objects and purposes of this corporation are:

To acquire by appropriation or otherwise, and to lease, sell or dispose of water and water rights for domestic purposes and other lawful purposes.

ARTICLE IV.

The principal office and place of business shall be located in Lincoln County, South Dakota, as designated by the Board of Directors.

AMENDMENT TO ARTICLES OF INCORPORATION

ARTICLE IX.

If at any time during the fiscal year it appears in the judgment of the Board of Directors that the amount to be derived from the collection of water charges during such fiscal year will be insufficient for the payment of all costs incident to the operation and maintenance of the corporation's system and payment of the corporation's current indebtedness, the Board shall make and levy an assessment upon each member of each class of members so that the total of such assessment is sufficient, with the amount of water charges collected and reasonably anticipated to be collected, to fully pay the costs of operation any payments on said current indebtedness. A proportionate amount of the total of such assessment levied in any year shall be levied against each member in an amount equal to that portion which the number of service connections supplying each member bears to the total number of service connections served by the system of the corporation.

ARTICLE X.

Section 1. There shall be no capital stock issued by the corporation. Membership in the corporation shall be limited to persons, corporations, or bodies politic approved by the Board owning, leasing, or having other interest in real property, that is served by the water system of the corporation and reasonably accessible thereto.

The corporation shall have two classes of membership:

Class A member is a person or entity who is the owner of a membership certificate issued prior to April 1, 2020, or a membership certificate issued after April 1, 2020, for a location not served by a municipal sanitary sewer system.

Class B member is a person or entity who is the owner of a membership certificate receiving water service after April 1, 2020, for a location served by a municipal sanitary sewer system.

Applicants for membership in any class of membership must be approved by the Board, and upon payment of the membership fee as fixed in the Bylaws, shall be admitted to membership in that class of membership, provided that no person or entity, who is otherwise eligible for membership in a class of membership shall be admitted to membership in that class of membership if the capacity of the corporation's system or sources of water supply is required to meet the needs of existing membership classes.

Section 2. Each member, upon payment of the applicable membership fee, shall be entitled to have one service connection installed at a point which may be conveniently tapped for the supply of water to the land owned by the member, and upon payment of recurring water charges and also assessments, shall be entitled to a supply of water as available from the system of the corporation. Any person desiring more than one service connection shall be required to apply for and to pay a separate membership fee for each service connection authorized by the corporation.

AMENDMENT TO ARTICLES OF INCORPORATION

Section 3. There shall be an annual meeting of the members of the corporation to be held at such time and place as may be provided in the Bylaws. Each member shall be entitled to only one vote irrespective of the number of memberships held.

ARTICLE XI

The Bylaws of the corporation for the management of its affairs shall be adopted by the members of the corporation, and members will be empowered to amend or repeal the bylaws in accordance with the provisions thereof.

LINCOLN COUNTY RURAL WATER SYSTEM INC

PO BOX 36 HARRISBURG SD 57032

605-767-2966

www.lincolncoruralwater.com

office@lincolncoruralwater.com

As of April 1, 2020

our office will be located at:

27066 Henry Pl., Sioux Falls SD 57108

MEMBERSHIP TRANSFERS

Selling your home? Please contact us with the closing date for the sale.

When a property is sold, the membership does not automatically roll-over to the new owner. The membership transfer fee is \$500, with \$200 refundable when you sell. If you purchased your membership between 1/1/71 and 1/1/78 your refund will be \$150.

If you are selling the property yourself, please make sure the buyers are aware of this. Notify your realtors if they are handling the sale.

If you discontinue a membership and no longer pay minimums, the reinstatement fee will be \$1500 which includes a fee for system improvement/system upgrades, a \$200.00 deposit and a set cost of an 18" diameter meter pit including installation.

OPTIONAL

ACH AUTHORIZATION FORM

(Funds are deducted from checking or savings on or about the 8th of the month)

I (we) hereby authorize Lincoln County Rural Water System, Inc. to initiate entries to my (our) checking or savings account at THE FINANCIAL INSTITUTION listed below, and, if necessary, initiate adjustments for any transactions credited/debited in error. This authority will remain in effect until Lincoln County Rural Water System, Inc. is notified by me (us) in writing to either change accounting information or cancel it in such time as to afford Lincoln County Rural Water System, Inc. and THE FINANCIAL INSTITUTION a reasonable opportunity to act on it.

_____ Water Bill Account # _____

(Name - Please Print)

(Address - Please Print)

(Phone Numbers)

(Email Address - Paperless Yes No

Your statement will be e-mailed to you if you provide an address. You will need Adobe Reader to open the file. Go to www.adobe.com to get the download free. Run the program to download.

(Authorized Signature)

(Date)

(Name of Financial Institution)

(Address of Financial Institution - Branch, City, State, and Zip)

Financial Institution ABA Routing Number: _____

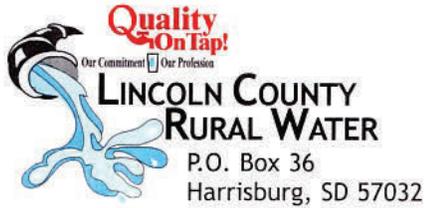
(9-Digit Number)

Vendor Checking or Savings Account Number: _____

PLEASE ATTACH A VOIDED CHECK TO ASSURE ACCURATE ACCOUNT INFORMATION

Please return to:

Lincoln County Rural Water System, Inc.
PO Box 36
Harrisburg SD 57032
Fax: (605) 767-5125
Email: office@lincolncoruralwater.com



**NON-WATERING
HOURS
NOON
TO
5:00PM**

Lincoln County Rural Water System, Inc is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to the U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.