

**SECOND AMENDED BY-LAWS
OF THE
NORTHWEST ARKANSAS CONSERVATION AUTHORITY**

Pursuant to the authority of Article VII, Section 7.02, of the Northwest Arkansas Conservation Authority Agreement, the Board of Directors of the Authority herewith adopts the following as the By-Laws of the Authority.

ARTICLE I.

OFFICES

The principal offices of the Authority shall be located in the State of Arkansas in Washington or Benton County.

ARTICLE II.

MEETINGS

Section 2.01. Meetings. A meeting may be called by any Board Officer or upon the direction of a majority of the members of the Board. The Board of the Authority shall meet at least quarterly. The board may, by majority vote, establish a regular meeting date and time. Once the date and time of the regular meeting is communicated to all Board members, no additional notice shall be thereafter required unless and until the date and time of the regular meeting is changed.

Section 2.02. Place of Meetings. The person or members of the Authority Board calling the meeting shall designate the place of the meeting. Meetings of the Authority Board shall take place in Benton or Washington Counties, Arkansas, unless there exists a bona fide reason for the location of a Board meeting outside of Washington or Benton Counties, Arkansas.

Section 2.03. Notice of Meeting. Notice of the meeting may be oral or in writing.

Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Notice shall be given by the member or members calling any meeting of the Board of the time and place of the meeting and good faith shall be exercised to provide a minimum of 48 hours prior notification of a meeting with the understanding that emergencies may arise requiring shorter notification.

Section 2.04. Open Meetings. All meetings of the Board shall be open to the public as provided by Arkansas law.

Section 2.05. Quorum. A quorum shall consist of a majority of the total Board membership and no vacancy in the membership of the Authority shall restrict the rights of a quorum to exercise all the rights and privileges or the duties of the Authority.

Section 2.06. Committees. Upon motion and passage at a duly constituted meeting, the Board may create such committees as it deems necessary for the proper exercise of its functions.

ARTICLE III.

OFFICERS

Section 3.01. Number. The officers of the Authority shall be a Chairman, a Vice Chairman, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Pursuant to Article VII, Section 7.01, of the Northwest Arkansas Conservation Authority Agreement, the offices of Secretary and Treasurer may be held by one person at the discretion of the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 3.02. Election and Term of Office. The officers of the Board shall be elected

annually by the Board of Directors at the first meeting of the Board of Directors held subsequent to January 1 of each year. Nothing shall prevent an officer from succeeding himself. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed as a member of the Board of the Authority or, if applicable, until the governmental entity he represents shall no longer be a member of the Authority.

Section 3.03. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Authority would be served thereby.

Section 3.04. Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3.05. The Chairman. The Chairman shall be the principal executive officer of the Authority and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Authority. He shall, when present, preside at all meetings of the Board of Directors. He may sign with the Secretary, or any other proper officer of the Authority so authorized by the Board of Directors, instruments which the Board of Directors has authorized to be executed, except in cases where signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Authority, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board of Directors from time to time.

Section 3.06. The Vice Chairman. In the absence of the Chairman or in the event of his death, inability or refusal to act, the Vice Chairman (in the event there be more than one Vice

Chairman, the Vice Chairmen in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman.

Section 3.07. The Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Board of Directors of the Authority in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Authority records; (d) keep a register of the post office address of each member of the Board of the Authority; (e) sign with the Chairman, or a Vice Chairman, 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 these By-Laws to some other officer or agent of the Authority or shall be required by law to be otherwise signed or executed.

Section 3.08. Treasurer. If required by the Board of Director, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Authority and shall receive and give receipts for the monies due and payable to the Authority from any source whatsoever and deposit all such monies in the name of the Authority in such banks, trust companies or other depositories as shall be selected by the Board. In general he shall perform all of the duties incident to the office of the Treasure and such other duties as from time to time may be assigned to him by the Chairman or by the Board of Directors.

Section 3.09. Salaries. The members of the Board of Directors shall receive no compensation, whether in the form of salary or per diem or otherwise, for or in connection with his

services as a Board member. The members of the Board of Directors shall be entitled to reimbursement of actual necessary travel and out-of-pocket expenses incurred on behalf of the Authority as authorized by the Board. Such expenses shall be reimbursed in accordance with procedures established by the Board of Directors.

ARTICLE IV

INDEMNIFICATION

Section 4.01. Indemnification Generally. Members of the Board shall be entitled to indemnification to the fullest extent permitted by law. The Authority shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including an action by or in the right of the Authority) by reason of the fact that he is or was a director, officer, employee, or agent of the Authority or is or was serving at the request of the Authority as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Authority, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Authority, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his

conduct was unlawful.

Section 4.02. Indemnification Following Successful Defense. To the extent that a director, officer, employee, or agent of the Authority has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1 of ARTICLE IV, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4.03. Indemnification Under Other Circumstances. Indemnification (other than under Section 2 of ARTICLE IV or as ordered by a court) shall be made by the Authority only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct in Section 1 of ARTICLE IV. Such determination shall be made:

- (a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties of such action, suit, or proceedings; or
- (b) If such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

Section 4.04. Indemnification of Expenses Prior to Conclusion of Action. Expenses incurred by a officer or director in defending a civil or criminal action, suit, or proceeding may be paid by the Authority in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Authority as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Section 4.05. Indemnification Not Exclusive. The indemnification and advancement of expenses provided or granted herein shall not be deemed exclusive of any other rights which those seeking indemnification or advancement of expenses may be entitled, either by statute, court ruling or otherwise including the provisions of the Articles of Incorporation, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 4.06. Purchase of Insurance. The Authority shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Authority, or is or was serving at the request of the Authority as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Authority would have the power to indemnify him against such liability under the provisions herein.

Section 4.07. Definitions. For the purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Authority" shall include any service as a director, officer, employee, or agent of the Authority which imposes duties on, or involved services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Authority" as referred to in this Article.

Section 4.08. Continuation of Indemnification. The indemnification and advancement

of expenses provided by, or granted herein, shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE V

CONTRACTS, CHECKS AND DEPOSITS

Section 5.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

Section 5.02. Checks and Drafts. All checks and drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority, shall be signed by such officer or officers, agent or agents, of the Authority in such a manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5.03. Deposits. All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositaries as the Board of Directors may elect.

Section 5.04. Fiscal Year. The fiscal year of the Authority shall begin on the first day of January in each year and end on the last day of December of the following year.

ARTICLE VI

WAIVER OF NOTICE

Whenever any notice is required to be given by any Member or Director of the Authority under the provisions of these By-Laws or under the provision of the Northwest Arkansas Conservation Authority Agreement, a waiver thereof in writing, signed by the person or persons

entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE VII.

CONSTRUCTION WITH AUTHORITY AGREEMENT

These By-Laws are intended to supplement the procedures, requirements and authorities set forth in that certain document entitled "Northwest Arkansas Conservation Authority Amended Agreement" (hereinafter referred to as "Agreement") executed and authorized to be executed by the member cities or such other amended agreement as may be executed in the future. The bylaws shall be construed in conjunction with the Agreement. Nothing contained herein shall authorize acts contrary to the Agreement or state law.

ARTICLE VIII.

AMENDMENTS

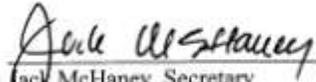
These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by a majority vote of the Board of Directors at any regular or special meeting of the Board of Directors, provided that the notice of the meeting states that the amendment will be considered.

ARTICLE IX.

GENDER NEUTRALITY

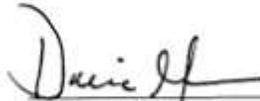
Despite the use of the male pronoun, these By-Laws are intended to be gender neutral.

AMENDED THIS 20th day of July, 2006.



Jack McHaney, Secretary

ATTEST:



Donnie Moore, Chairman