

**RURAL WATER DISTRICT NO. 3
BUTLER COUNTY, KANSAS
BY-LAWS**

**Article I
Name and Place of Business**

Section 1. The name of this corporation shall be Rural Water District No. 3, Butler County, Kansas.
Section 2. The principal office of this District shall be located in Butler County, Kansas.

**Article II
Corporate Powers**

Section 1. The corporate powers of this District shall be vested in the Board of Directors, hereinafter referred to as the Board.

**Article III
Purpose and Objectives**

Section 1. The purposes and objectives of this District are as follows:

- (a) To acquire water and water rights and to build and acquire pipe lines and other facilities, and to operate the same for the purpose of furnishing water for domestic, garden, livestock and other purposes to owners and occupants of land located within the District, and others as authorized by these Bylaws.
- (b) To borrow money and accept grant funds for the purposes aforesaid and in connection therewith to execute evidence of indebtedness, security instruments and appropriate covenants and agreements.
- (c) To hold such real and personal property as may come into its possession by will, gift, purchase, or otherwise, as authorized by law, and to acquire and dispose of such real

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right to vote, and each participating member shall be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed. There shall be no proxy voting, and no dual ownership of Benefit Units, for voting purposes. A participating member may be an individual, firm, partnership, association or corporation. A firm, partnership, association or corporation may vote by designating one of its members to vote on its behalf. No cumulative voting will be permitted.

Participating members shall be:
(a) Owners of land located within the District who have subscribed to one or more Benefit Units. Provided, payments of charges are current on at least one of the Benefit Units.

**Article VI
Benefit Units**

Section 1. The Board shall establish a fee for Benefit Units. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service can be established as determined by the Board of Directors. Additional Benefit Units shall be available only as capacity of the District's facilities permit, as determined by the Board of Directors. Subscriptions for Benefit Units shall be given preference and priority in order in which received by the Board of Directors. The Board may refuse the subscription for a Benefit Unit in favor of a particular tract of land located within the District, or impose special conditions on granting the same if in the judgment of the Board, the granting of said subscription and the furnishing of water pursuant thereto, would impair the service to other water users in that locality or be uneconomical, unfeasible and place an undue burden on the District. Any landowner who feels himself aggrieved by such denial, or imposition of special conditions, may appeal from the action of the Board to a vote of the members at the next regular meeting of the

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and personal property, including rights of way and easements, wherever located, and as may be necessary and convenient for the proper conduct and operation of the business of the District.

- (d) To establish rates and impose charges for water furnished to participating members and others.
- (e) To enter into contracts for the purpose of accomplishing the purposes of the District with any person or governmental agency.
- (f) To cooperate with any person or with any governmental agency in any undertaking designed to further the purposes of the District.
- (g) To do and perform any and all acts necessary or desirable for the accomplishment of the purposes of the District which may lawfully be done by such District under the laws of the State of Kansas.

**Article IV
Water Users**

Section 1. Water shall be supplied only to land located within the District. Provided, however, that the Board may make water available to the public for purchase at such distribution points as it may establish.
Section 2. No owner of land located within the District shall be eligible to become a water subscriber unless he has first subscribed and paid for one or more Benefit Units. Tenants occupying land located within the District may become water subscribers. Provided, that the owner, or someone on behalf of the owner, has subscribed and paid for one or more Benefit Units in favor of the land the tenant is occupying.

**Article V
Right to Vote**

Section 1. Only participating members shall have the

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members, or special meeting of the members called for such purpose: Provided, the decision of the Board shall stand unless 3/4ths of all participating members vote in favor of a motion to overrule the decision of the Board.

Section 2. Upon the purchase of Benefit Units, the owners of land shall designate the tract of land to which the Benefit Units shall be assigned. And the Benefit Unit shall not be transferred from one tract of land to another within the District, without the approval of the Board. The owner of lands subscribing for more than one Benefit Unit to be assigned to one tract of land shall at the time of said subscription designate as nearly as practical the location on said tract where he intends to utilize said Benefit Units and no major change in location shall be made without the approval of the Board. Benefit Unit Certificates shall be issued by the Board, signed by the Chairman and Secretary, showing name of owner, and tract of land to which the Benefit Unit is assigned, numbered consecutively in the order in which issued.

Section 3. The consideration of Benefit Units shall be considered donations to the District and shall not be refunded to subscribers, provided that the Board may authorize the refund of all or part of each consideration, if through no fault of the subscribers, the District is unable to supply water to the unit.

Section 4. Benefit Units shall follow the title of the land unless the owner of the land designates otherwise. Owners may transfer Benefit Units from one tract of land to another tract owned by them within the District, subject however to the approval of the Board. No transfer in ownership of Benefit Units shall be permitted without the approval of the Board. No transfer will be approved unless all charges against the Benefit Unit are paid. All transfers when approved shall be recorded in the books of the District. In the event the ownership of the land has changed and no request for transfer was initiated by the Benefit Unit owner,

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then the District shall consider the transfer of the Benefit Unit to the new owner upon proof of the ownership of the land. New owner shall pay transfer fee plus any delinquent charges.

Section 5. Each Benefit Unit shall entitle the owner one connection with the District's water system. Each connection shall serve only one residence or business establishment together with the necessary and usual non-business out-buildings. One Benefit Unit may not serve multi-family dwellings. In the case of multi-family dwellings, the landowner of record will be required to purchase separate Benefit Units to serve each family unit within the dwelling. One Benefit Unit may not serve multiple businesses within a business establishment. In the case of a business establishment which houses multiple businesses in one building, the landowner of record may be required to purchase separate Benefit Units to serve each of these businesses.)

Section 6. Failure to timely pay any charges or fees payable to the District, or violation of any of these Bylaws or the Rules and Regulations of the District, shall be cause for termination of water service. The Board shall provide for the procedure to be followed before water service is terminated as herein provided.

Section 7. Discontinuance of water service shall be made only in accordance with Rules and Regulations as prescribed by the Board of Directors of the District.

**Article VII
Election of Directors**

Section 1. The Board of this District shall consist of 6 members, all of whom shall be participating members of the District. At each annual meeting of the participating members, the participating members shall elect for a term of three years the number of Directors whose terms of office have expired.

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District or remove such agents and employees of the District for just cause, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, and fix their compensation and pay for faithful services. No Director shall be simultaneously employed by said District.

(b) To borrow from any source money, goods, or services and to make and issue notes and revenue bonds, and other negotiable and transferable instruments, and to apply for and expend grant funds obtained from the Federal or State Governments or any agency thereof, mortgages, and to do every act and thing necessary to effectuate the same.

(c) To prescribe, adopt and amend, from time to time, such equitable and uniform rules and regulations, as in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the District, and the guidance and control of its agents and employees.

(d) To fix charges to be paid by each water user for services rendered by the District to the member, the time of payment, and the manner of collection, and to establish equal rates.

(e) To require all officers, agents and employees, charged with the responsibility for the custody of any funds of the District to give adequate bond, the cost thereof to be paid by the District, and it shall be mandatory upon the Directors to so require.

(f) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District in the form of checks, and the person by whom the same shall be signed on behalf of the Chairman, with the power to change such bank or person signing such checks and the form thereof at will.

(g) Prepare annually an estimated budget for the coming year, adjust water rates, if necessary, to produce sufficient revenue required by such budget, cause an annual audit of the District records and accounts to be made by a licensed municipal public accountant or a competent certified public

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Section 2. Immediately following the annual meeting of the participating members, the Board shall meet and shall elect a Chairman, Vice Chairman, Secretary and Treasurer, from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of his or her successor unless sooner removed by death, resignation or for cause. The office of the secretary and treasurer may be held by one person.

Section 3. Any vacancy in the Board, other than from the expiration of a term of office, shall be filled by appointment by the remaining members of the Board. The disqualification of a Director as a participating member of the District, shall operate to disqualify him or her as a Director and to create a vacancy in the office of the Director.

Section 4. A majority of the Board shall constitute a quorum at any meeting of the Board.
Section 5. Any Director of the District may be removed from office for cause by a vote of not less than 3/4ths of the participating members of the District present at any annual or special meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him or her at least ten (10) days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed for cause by a majority vote of the Board.

**Article VIII
Powers and Duties of Directors**

Section 1. The Board, subject to the restrictions of law, and these By-laws, shall exercise all the powers of the District and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board shall have, and is hereby given, full power and authority in respect to the matters as hereinafter set out:

- (a) To select and appoint all agents and employees of the

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accountant, and make a report on said matters at each annual meeting of participating members.

(b) When a person is sued or prosecuted in a civil or criminal action in his or her capacity as an employee, officer or director of the District, such person shall be indemnified for such claim, including the reasonable cost of defense thereof so long as:

- (1) such person is successful in the defense of the claim, or the claim is settled; and
- (2) the court finds that such person's conduct fairly and equitably merits such indemnity.

**Article IX
Duties of Officers**

Section 1. Chairman. The Chairman, who shall be a member of the Board, shall preside over all meetings of the District and the Board, call special meetings of the District and the Board, perform all acts and duties usually performed by an executive and presiding officer, and shall sign all Benefit Unit Certificates and such other papers of the District as authorized to sign by the Board, provided the Board may authorize any person to sign checks, on behalf of the District, provided that all checks must be countersigned by the Treasurer. The Chairman shall perform such other duties as may be prescribed by the Board.

Section 2. Vice Chairman. In the absence or disability of the Chairman, the Vice Chairman, who shall be a member of the Board, shall perform the duties of the Chairman.

Section 3. Secretary. It shall be the duty of the Secretary, who shall be a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the District. He or she shall serve, or cause to be served, all notices required to be served by law or the By-laws of the District; and in case of his or her absence, inability, refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairman.

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