

**RURAL WATER
DISTRICT
NO. 4**

Neosho County, Kansas

BY-LAWS

Including all amendments through February, 2002

Article I

NAME AND PLACE OF BUSINESS

Section 1. The name of this corporation shall be Rural Water District No. 4, Neosho County, Kansas.

Section 2. The principal office of this district shall be located in Neosho County, Kansas. (Amended 1991)

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 purpose 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 By-Laws.

(b) To borrow money from any Federal or State agency, or from any other source, and to secure said loans by mortgaging or pledging all of the physical assets and revenue and income of the District, including easements and rights of way.

(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 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 other 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 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. (Amended 1991)

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 all Benefit Units. (Amended, 1991)

Article VI
BENEFIT UNITS

Section 1. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service is available. The Board in its discretion may from time to time, if the capacity of the District's facilities permit, make additional Benefit Units available. Subscriptions for Benefit Units shall be given preference and priority in order in which received. 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 undue burden on the District. Any

landowner who feels himself aggrieved by such denial, or imposition of special conditions, any appeal from the action of the Board to a vote of the members, at the next regular meeting of the members, or special meeting of 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. (Amended 1991)

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 Units 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 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 paid for the Benefit Units shall be considered donations to the District and shall in no event and under no circumstances be refunded to the subscriber.

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 of land 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.

Section 5. Each Benefit Unit shall entitle the owner to not to exceed one line from the District's water system. Each line shall serve not to exceed one residence or business establishment together with the necessary and usual out-buildings.

Section 6. Failure to pay a bill by the first day of the month following the month in which the bill is rendered shall result in the disconnection of the service. Failure to pay for the meter charge and water usage for six consecutive months shall constitute a forfeiture of the Benefit Unit. Disconnected service will be reconnected within the six month period by paying all back charges, penalties, and reasonable labor charges to effect such reconnection: Provided further, that if the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the Secretary of the District has mailed or caused to be mailed, by registered or certified mail, notice of

such default of the tenant to the land owner at his last known address as shown on the books of the District. (Amended 1991)

Article VII

ELECTION OF DIRECTORS

Section 1. The Board of this District shall consist of nine 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 has expired. No Director shall be eligible to serve more than three consecutive terms. No Director shall serve as a director or employee of any other Rural Water District during his or her term of office. Any Director who begins employment with another Rural Water District or begins serving as a Director of another Rural Water District, shall be disqualified as a Director, and shall create a vacancy in the office of the Director. (Amended 1984-1991-1999-2001)

Section 2. For the purpose of electing members of the Board of Directors, the Water District shall be divided into four sub-districts and numbered one to four as shown in the attached plat of said district. Said plat being a part here-of. By a secret ballot, two Directors shall be elected from each of the said sub-Districts and one Director shall be elected from the Water

District At-Large. (Amended 1993)

(A) No nomination of a participating member shall be accepted unless that member is present in person, or shall have made available to be presented in their behalf, signed, written acceptance of the nomination and a statement agreeing to serve if elected. (Adopted 1993)

(B) A motion to close the nominations shall not be accepted by the Chair until further nominations shall have been called for at least three times. (Adopted 1993)

(C) No Director shall be nominated for reelection if the election thereof will result in the Director serving more than nine consecutive years, either appointed or elected, on the Board. (Amended 1993)

Section 3. At the first regular meeting of the Board of Directors following the annual meeting of the participating members, the Board shall meet and 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 successor unless sooner removed by death, resignation, or for cause. The office of the secretary and treasurer may be held by one person. (Amended 1993)

(A) Newly elected members of the Board of Directors will

be installed and their terms of office will begin at the first regular meeting of the Board after the Annual Meeting. (Adopted 1993)

Section 4. Any vacancy in the board, other than from the expiration of a term of office, shall be fulfilled by appointment by the remaining members of the board. The disqualification of a Director as a participating member of the District shall disqualify him as a Director and create a vacancy in the office of Director. (Amended 1991)

Section 5. A majority of the Board shall constitute a quorum at any meeting of the Board.

Section 6. Any Director of the District may be removed from office for cause by a vote of not less than 3/4 of the participating members of the District in attendance at any annual or special meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him at least 10 days before such meeting, whether regular or special, and at the meeting have an opportunity to present witnesses and be heard in person in answer, thereto. Officers of the Board may be removed for cause by 2/3 of the members of the Board, and employees and agents may be discharged or removed from office or employment at any time by action of the Board.

Section 7. Any Director of the District may be removed by a majority vote of the Directors on the Board at any meeting of the Board provided that the Director has missed more than two scheduled meetings of the Board within a twelve month period prior to the meeting that a motion for removal is made. (Adopted 1984-Amended 1991)

Article VIII

POWERS AND DUTIES OF DIRECTORS

Section 1. The board, subject to the restriction 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 hereinafter set out:

(A) To select and appoint all agents and employees of the District or to remove such agents and employees for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, and fix their compensation and pay for faithful service.

(B) To borrow from any source money, goods, or services and to make and issue notes, and other negotiable and transferrable instruments, mortgages,

deeds of trust and trust agreements, 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 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 him, the time of payment, and the manner of collection, and to establish equal rates for farm members, and non-farm members according to the amount of services furnished.

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

Article IX

POWERS AND DUTIES OF MANAGER

Section 1. The Board may employ for the District, a manager, who shall have charge of the business of the Association under the general control, supervision and direction of the Board. No Director shall serve as manager. Subject to the approval of the Board, the manager shall employ, supervise and dismiss all agents and employees of the district and fix their compensation. He shall also, so far as practical, conduct the business in such a way that all patrons receive equal service and treatment, deposit in a bank selected by the Board, all money belonging to the District, which comes into his possession; maintain his

records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time; furnished the Board a current statement of the business and affairs of the District at each scheduled meeting of the Board and at the end of each fiscal year and at such other times and in such forms as the Board may direct; carefully preserve and turn over to his successor all books, records, documents, and correspondence pertaining to the business of the District which may come into his possession; and to preform such other duties as may be prescribed by the Board.

Article X

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 preformed by an executive and presiding officer, and shall sign all Benefit Unit Certificates and such other papers of the District as he may be authorized or directed 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 other such 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 preform the duties of the Chairman.

Section 3. **Secretary.** It shall be the duties 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 the District. He shall serve, or cause to be served, all notices required to be served by law or By-Laws of the District; and in the case of his absence, inability, refusal, or neglect to do so, than such notices may be served by any member of the Board directed by the Chairman.

Section 4. **Treasurer.** The Treasurer, who shall be a member of the Board, shall receive and account for all funds of the District, shall deposit the same in some bank designated by the Board as a depository, and pay the amounts, or cause them to be paid out of the depository only on the checks of the Chairman, or someone authorized to sign on the Chairman's behalf, countersigned by the Treasurer. At each annual meeting of the District, he shall submit for the information of the participating members a complete statement of his account for the past year and he shall discharge such other duties pertaining to his office as shall be scribed by the Board, and shall give a good and sufficient bond in such amount as may be fixed by the Board.

Article XI

BOOKS AND RECORDS

Section 1. The books and records of the District, and such papers as may be placed on file by vote of the District or Directors shall during all reasonable business hours, be subject to inspection of any landowner of the District.

Section 2. At the first meeting of the Board of Directors following the annual meeting of participating members, the Board shall read and make suggestions to assure that the minutes of the annual meeting are complete and correct. (Adopted 1993)

Section 3. A collection of Rules and Regulations to guide and direct the day to day operation of Rural Water District No. 4 is hereby established. This collection of instructions shall be called POLICY. (Adopted 1993)

(A) Policy shall be adopted by a majority vote of an established quorum of the Board of Directors at any regular or special meeting, provided that a written copy of the proposed policy shall have been handed to in person or mailed to the last known address of each elected board member at least three days and not more than forty days before the vote is to be taken. (Adopted 1993)

(B) Policy items adopted shall be the rule and guide to the daily operation of this district and shall be in force until amended, replaced, or rescinded by action of the Board of Directors. (Adopted 1993)

(C) Compliance with established policy may be suspended by the Board in individual instances by the same vote required to establish policy. Nothing in this section shall be construed to limit or prevent the Board of Directors from taking any legal action on any matter that may come before it at any meeting, or for any Director, Officer, or Employee to take any legal action authorized by the Board or these By-Laws as the immediate response to any problem presented. (Adopted 1993)

Article XII

ANNUAL MEETING OF PARTICIPATING MEMBERS

Section 1. The annual meeting of the participating members of the district shall be held at some suitable location within the District designated by the Board on the third Thursday in February. (Amended 1967-1991)

Section 2. Special meetings of participating members may be called anytime by the Chairman or upon resolution

of the board, or upon written petition to the Chairman of the Board, signed by 51% of the participating members of the District. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of participating members of the District shall be given by mail to each participating member of record directed to the address shown upon the books of the District at least 10 days prior to the meeting. Such notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of a notice of annual meeting, regularly held, shall affect any proceeding taken thereat.

Section 4. The participating members present at any meeting of participating members shall constitute a quorum for the purpose of transacting business.

Section 5. The order of business at a regular meeting and so far as possible, at all other meetings shall be:

- (A) Call to order;
- (B) Proof of Notice of Meeting;
- (C) Reading and approval of minutes of last meeting;
- (D) Report of Officers and Committees;
- (E) Election of Directors ;
- (F) Unfinished Business;

- (G) New Business;
- (H) Adjournment

Section 6. In the event the Board decides to evaluate the feasibility of a Capital Improvement or Renovation which exceeds a cost expenditure of \$100,000, the Chairman of the Board shall be required to schedule a public hearing prior to a vote by the Board on the project and the Chairman shall notify the participating members by mail at least 10 days prior to the public hearing. (Adopted 1991) Amended 2000)

Article XIII

BOARD MEETINGS

Section 1 The Board shall meet annually on the third Thursday in February, immediately following the annual meeting of the participating members, and may meet at other such times as may be determined by the Board, or upon call by the Chairman or any two members of the Board. Notice of all meetings of the Board other than the annual meeting to be held on the third Thursday in February shall be by mailing a notice to the last known business or residence address of each Director, at least two business days before the holding of such meeting: Provided, however, that when all the Directors are present at any meeting, however called, or consent in writing that such meeting may be held, the

proceedings thereat shall be as valid as though the previous written notice aforesaid had been given. (Amended 1967-1991)

Section 2. No officer shall enter into an agreement or contract which would be binding upon the District without an opinion from the District's legal counsel and a majority vote of the Board of Directors.)Adopted 1991)

Article XIV

MANNER OF ELECTION AND VOTING

Section 1. At all meetings of the District, each participating member, qualified as stated in these By-Laws, shall be entitled to vote upon all propositions coming before the District. No cumulative voting shall be permitted and each participating member of the District shall have but one vote..

Article XV

SEAL

Section 1. The District shall have a corporate seal, consisting of a circle having in its circumference and face the words, :Rural Water District No. 4, Neosho and Labette County, Kansas," which shall be in the custody of the Secretary.

Article XVI

FISCAL YEAR

Section 1. The fiscal year of the District shall begin the first day of January of each year.

Article XVII

AMENDMENT

SECTION 1. These By-Laws may be repealed or amended by a vote of 3/4ths of the participating members present at any regular meeting of the District, or at any special meeting of the District called for that purpose except that the participating members shall not have the power to change the purpose of the District so as to impair its rights and powers under the laws of the State of Kansas, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its participating member or landowner of rights and privileges then existing, or to so amend the By-Laws as to affect a fundamental change in the policies of the District. Notice of any amendment to be made at any regular or special meeting of the participating members must be given at least 10 days before such meeting and must set forth the amendments to be considered.

Article XVIII

BASIS OF OPERATION

Section 1 The District shall at all times be operated on a non-profit basis for the mutual benefit of its Participating Members.

Article XIX

BENEFITS AND DUTIES OF MEMBERS

Section 1. The district shall install, maintain and operate a main distribution pipe line or lines from the source of water supply, and lines from the main distribution pipe line or lines, to the property line of each Participating Member of the district, at which point designated as delivery points, meters to be purchased installed, owned and maintained by the District shall be placed.

Section 2. Each participating member shall be entitled to purchase from the District, pursuant to such agreement as may from time to time be provided and required by the District and the Board, such water for domestic, livestock, garden and other purposes as a participating member may desire, subject, however, to the provisions as may be prescribed by the Board. The water delivered to each Participating Member shall be metered.

Section 3. In the event the total water supply shall be insufficient to meet all of the needs of the members and users, or in the event there is a shortage of water, the District may prorate the water available among the various members and users on such basis as is deemed equitable by the Board, and may also prescribe a schedule of hours, covering the use of water for garden uses and require adherence thereto, and prohibit the use of water for garden purposes if at any time the total water supply shall be insufficient to meet all of the needs of all of the Participating Members for domestic, livestock, garden and other purposes, and the District must first satisfy all of the needs of the Participating Members for domestic purposes before supplying any water for livestock purposes and must satisfy all the needs of the Participating Members for livestock purposes before supplying water for garden purposes.

Article XX

PRINTING

Section 1. After adoption, these By-Laws shall be prepared in pamphlet form, and a copy thereof shall be delivered to each Participating Member.

STATE OF KANSAS
COUNTY OF LABETTE SS

Jerald Magner, Marion Showalter, Wayne Patton, Charles R. Edwards, Frances Grillot, Glen K. Ewing, Lawrence E. Spielbusch, Fred Kane, and J. C. Diediker, first being duly sworn, depose and state, each for himself, that he is a Director of Rural Water District No. 4, Neosho and Labette County Kansas, that the forgoing By-Laws were adopted at a meeting of the landowners of said District, duly held on the 11th day of January, 1965, at 7:30 o'clock P.M. That there were 125 landowners present in person and that the vote for adoption of the By-Laws was unanimous.

/s/ Jerald Magner	/s/ Wayne Patton
/s/ Glen K. Ewing	/s/ Charles R. Edwards
/s/ J. C. Diediker	/s/ Francis Grillot
/s/ Lawrence E. Speilbusch	/s/ Marion Showalter
/s/ Fred Kane	

Subscribed and sworn to before me this 11th day of January, 1965.

/s/ Colleen Moore Notary Public
My Commission expires August 25, 1968