

RURAL WATER DISTRICT NO. 1
FRANKLIN COUNTY, KANSAS
BYLAWS

ARTICLE I
NAME AND PLACE OF BUSINESS

SECTION 1. The name of this corporation shall be Rural Water District No. 1, Franklin County, Kansas.

SECTION 2. The principal office of this District shall be located in Franklin County, Kansas.

ARTICLE 2
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 3
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 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 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 4
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 5
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.

Participating members shall be owners of land located within the District who have subscribed to one or more Benefit Units, provided payment of charges are current on at least one of the Benefit Units.

ARTICLE 6
BENEFIT UNITS

SECTION 1. The Board shall establish a unit price of said Benefit Units. Each Benefit Unit shall carry with it the obligation of paying minimum monthly water charge from the time service capability is 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 an undue burden on the District.

SECTION 2. Upon 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.

SECTION 3. The consideration paid for Benefit Units shall be considered donations to the District and shall in no event and under no circumstances be refunded to the subscribers.

SECTION 4. Benefit Unit ownership shall be recorded in the records of the District. 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. In the event the ownership of the land has changed and no request for transfer was initiated by the Benefit Unit owner, then the District may consider the transfer of the Benefit Unit to the new owner upon proof of ownership of the land. In the event the land is

subdivided, the Benefit Unit shall be assigned to the tract where the residence or business it serves is located, or if none, then where the meter is located. 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 outbuildings.

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.

A Benefit Unit shall be subject to forfeiture any time that any minimum monthly charge or charge for metered water remains unpaid for six months or longer after becoming first due and payable. Forfeiture shall occur only in accordance with the following procedure:

Notice shall be given to the Benefit Unit owner at the owner's last known address by restricted mail, return receipt requested. Such notice shall state that the Benefit Unit is subject to forfeiture, the reason therefore, the date, time and place of the next regular meeting of the Board of Directors, and that the unit shall be subject to forfeiture by action of the Board of Directors at its next regular meeting unless the Benefit Unit owner appears and shows cause why the Benefit Unit should not be forfeited. If the Benefit Unit is not forfeited at that meeting, the same notice shall be given again before that Benefit Unit is forfeited.

ARTICLE 7 ELECTION OF DIRECTORS

SECTION 1. The Board of this District shall consist of seven (7) members, all of whom shall be participating members of the District. The Directors shall be elected for terms of three years, and shall serve until the expiration of the term for which they were elected. 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.

SECTION 2. The Board shall meet and shall elect a Chairperson, Vice Chairperson, Secretary and Treasurer from among themselves, each of whom shall hold office for a term of one year 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. A Board member may become disqualified to continue serving if his status as a participating member is terminated.

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 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 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 vote of five (5) of the members of the Board, and employees and agents discharged or removed from office or employment at any time by action of the Board.

ARTICLE 8
POWERS AND DUTIES OF DIRECTORS

SECTION 1. The Board, subject to the restrictions of law, and these Bylaws, 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 District or remove such agents and employees of the District for just cause, prescribe duties and designate such powers as may not be inconsistent with these Bylaws, and fix their compensation and pay for faithful services.
- (b) To borrow from any source money, goods, or services and to make and issue notes, and other negotiable and transferable 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 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 such user, the times of payment, and the manner of collection, and to establish equal rates for all subscribers. Charges to be so affixed include the assessing of any penalties and/or surcharges deemed advisable by the Board.
- (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 Chairperson, 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 accountant, and make a report on said matters at each annual meeting of participating members.

ARTICLE 9
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 District 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. S/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/her possession; maintain his/her records and accounts in such a manner that the true and correct condition of the business may be ascertained there from at any time; furnish the Board a current statement of the business 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/her successor all books, records, documents, and correspondence pertaining to the business of the District which may come into his/her possession; and to perform such other duties as may be prescribed by the Board.

ARTICLE 10
DUTIES OF OFFICERS

SECTION 1. Chairperson. The Chairperson, 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 such papers of the District as s/he may be authorized or directed to sign by the Board; provided the Board may authorize any person to sign checks or issue electronic payments, on behalf of the District. The Chairperson shall perform such other duties as may be prescribed by the Board.

SECTION 2. Vice Chairperson. In the absence or disability of the Chairperson, the Vice-Chairperson, who shall be a member of the board, shall perform the duties of the Chairperson.

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 of the District. The Board may designate a recording secretary to record minutes. S/he shall serve, or cause to be served, all notices required to be served by law or the Bylaws of the District; and in case of his/her absence, inability, refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairperson.

SECTION 4. Treasurer. The Treasurer, who shall be a member of the Board, shall cause all funds of the District, to be deposited in some bank designated by the Board as a depository, and cause payments to be paid out of the depository. In the case of a vacancy in the office of Treasurer, the Board of Directors may appoint the Manager as Treasurer. The Chairperson, the Treasurer or any authorized designee shall sign all checks and issue all electronic payments as authorized by the Board.

At each annual meeting of the District, the Treasurer shall submit for the information of the participating members a complete statement of accounts for the past year and shall discharge such other duties pertaining to the office as shall be prescribed by the Board, and shall give a good and sufficient bond in such amount as may be fixed by the Board.

ARTICLE 11
BOOKS AND RECORDS

SECTION 1. The books and records of the District shall be available for inspection and copying in accordance with the Kansas Open Records Act, as amended. The Board of Directors of the District shall establish a schedule of fees for the furnishing of records to the public as authorized by the Kansas Open Records Act.

ARTICLE 12
ANNUAL MEETING OF PARTICIPATING MEMBERS

SECTION 1. The annual meeting of the participating members of the District shall be held at some suitable location designated by the Board, on the 3rd Tuesday of February.

SECTION 2. Special meetings of participating members may be called at any time by the Chairperson or upon resolution of the Board, or upon written petition to the Chairperson 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 to each participating member of record at least ten (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 any 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 the transacting of business.

SECTION 5. The order of business at the regular annual 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

ARTICLE 13
BOARD MEETING

SECTION 1. The Board shall meet annually on the 3rd Tuesday of February immediately following the annual meeting of the participating members and may meet at such other times as may be determined by the Board, or upon call be the Chairperson or any two members of the Board. Unless otherwise designated by the Board, regular monthly Board meetings will be held on the 3rd Tuesday of each month.

ARTICLE 14
MANNER OF ELECTION AND VOTING

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

ARTICLE 15
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. 1, Franklin County, Kansas," which shall be in the custody of the Secretary.

ARTICLE 16
FISCAL YEAR

SECTION 1. The fiscal year of the District shall begin the first day of January of each year to December 31 of the same year.

ARTICLE 17
AMENDMENT

SECTION 1. These Bylaws 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 purposes of the District so as to impair its rights and powers under the laws of the State of Kansas, or to waive any requirements of bond or other provision for the safety and security of the property and funds of the District or its participating members, or to deprive any participating member or landowners of rights and privileges then existing, or to so amend the Bylaws 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 ten (10) days before such meeting and must set forth the amendments to be considered.

ARTICLE 18
BENEFITS AND DUTIES OF MEMBERS

SECTION 1. The Board of Directors of the District shall adopt and maintain a Water Conservation Plan approved by the Kansas Water Office. All water users of the District shall comply with the terms of that Plan as it may be amended from time to time.

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 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 of these Bylaws and such rules and regulations as may be prescribed by the Board. The water delivered to each participating member shall be metered.

SECTION 3. The Board of Directors of the District shall adopt and maintain a Water Conservation Plan approved by the Kansas Water Office. All water users of the District shall comply with the terms of that Plan as it may be amended from time to time.

ARTICLE 19
NEPOTISM

SECTION 1. In regard to the selection of Board Members to the Franklin County RWD#1, all attempts will be made to prevent a nominee from being related to any current employee of the District. This prohibited relationship between Board member and employee includes spouse, children, mother, father, grandchildren, brother, sister, brother/sister-in-law, mother/father-in-law, son/daughter-in-law, nieces and nephews.

In the process of assessing the qualifications of any potential Board nominee to be voted on at the District's Annual Meeting, or filling a Board vacancy mid-term, this additional requirement of Board Member/Employee relationship will be examined as part of the nominee's ability to run for that position on the Board. Changes in the Board/Employee relationship caused by an Employee change, will be handled at the discretion of the Board, depending on the timing of the next Annual Meeting; but the desired resolution will be to return to a non-relational condition as soon as reasonable.

ARTICLE 20
[RESERVED]

ARTICLE 21
PRINTING

SECTION 1. After adoption, these Amended Bylaws shall be prepared in pamphlet form, and a copy thereof shall be available upon request of any participating member.

AFFIDAVIT

STATE OF KANSAS)
)ss:
FRANKLIN COUNTY)

David Alderman, David Kaub, Lyle Sundstrom, Keith McAdoo, John Steinman, Shirley Gilges and Gary Williams being first duly sworn, deposes and states for him/herself, that s/he is a Director of Rural Water District No. 1, Franklin County, Kansas, that the foregoing Amended Bylaws were adopted at a meeting of participating members of said District, duly held on Sixteenth day of February, 2016, at 6:30 P.M. There were eleven participating members present in person and the vote for the adoption of the Amended Bylaws was unanimous.

Subscribed and sworn to before me this _____ day of _____, 2016.

Notary Public
My commission expires:
