

RURAL WATER DISTRICT NO. 4

SEDGWICK COUNTY, KANSAS

P.O. Box 555

Goddard, Kansas 67052

796-1100 (office)

794-8891 (emergency maintenance)

.....

BY-LAWS

RULES & REGULATIONS

.....

August 1, 2002

ORIGINAL FORMATION AFFIDAVIT

STATE OF KANSAS)
) SS:
SEDGWICK COUNTY)

<u>David L. Reida</u>	,	<u>Jessie Lee Pierson</u>
<u>Carl E. Kroeker</u>	,	<u>Marvin E. Taylor</u>
<u>C. R. Hamm Jr.</u>	,	<u>Joe R. Gibbens</u>
<u>Marvin E. Frankamp</u>	,	<u>Doris V. Phillips</u>

and Gerald P. Youngers, being first duly sworn, depose and state, each for himself, that he is a Director of Rural Water District No. 4, Sedgwick County, Kansas, that the foregoing By-laws were adopted at a meeting of the landowners of said District, duly held on the 25th day of October, 1984, at 7:00 o'clock p.m. That there were 85 landowners present in person and that the vote for the adoption of the By-laws was unanimous.

<u>David L. Reida</u>	<u>C. R. Hamm Jr.</u>
<u>Jessie Lee Pierson</u>	<u>Joe R. Gibbens</u>
<u>Carl E. Kroeker</u>	<u>Marvin E. Taylor</u>
<u>Marvin E. Taylor</u>	<u>Doris V. Phillips</u>
	<u>Gerald P. Youngers</u>

SUBSCRIBED AND SWORN to before me this 25th day of October, 1984.

Deanna F. Campbell
Notary Public

My Commission Expires: 5-12-87



Transfer and Application Processing Fees

The Board of Directors of the District shall from time to time establish reasonable charges to cover the legal and engineering costs incurred in processing for acceptance transfers and applications. Such charges shall be in addition to all other charges and in addition to the cost of the benefit unit. No transfer shall be approved and no application accepted until such charges are paid to the District. The Board of Directors of the District shall from time to time establish reasonable charges to cover the direct and indirect costs incurred for special services performed for members or required by the delinquency or failure to comply with the By-laws and Rules of the District or to enforce the By-laws and Rules of the District.

Applicants Having Excessive Requirements:

In the event an applicant whose water requirements are found to exceed the District's ability to supply it from existing plant without adversely affecting service to other consumers to an unreasonable extent, the District will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.

Connection with Private Water System

There shall be no physical connection between any private water system and the water system of the District. Representatives of the District shall have the right at all reasonable hours to enter upon consumer's premises for the purpose of inspection and enforcement of this provision. Violation of this provision shall constitute cause for disconnection of a consumer's service and forfeiture of his benefit unit.

Policies and Procedures

The Board of Directors may from time to time adopt operating policies and procedures of uniform application in further explanation of or in addition to the existing Rules and Regulations. The Board of Directors may also amend the Rules and Regulations from time to time as necessary. Copies of the Rules and Regulations, as revised and amended and copies of current policies and operating procedures are available for review during regular business hours at the office of the Rural Water District.

These revised Rules and Regulations were unanimously adopted at a meeting of the Board of Directors of Rural Water District No. 4, Sedgwick County, Kansas, at City Hall, Goddard, Kansas, held on February 29, 1996, with 8 members of the Board of Directors present.



Secretary

**RURAL WATER DISTRICT NO. 4
SEDGWICK COUNTY, KANSAS**

BYLAWS

Article 1

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

Section 2. The principal office of this District shall be located in Sedgwick County, Kansas.

Article 2

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

Article 3

Purposes 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 pipelines 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 authorized by these By-Laws.
- (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 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

Definitions

Participating member: owners of land located within the District who have subscribed to one or more Benefit Units.

Owners of land: one or more persons in whom title to real estate is vested, to include a person or persons owning an equitable interest in real estate by virtue of an installment purchase contract.

Article 5

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.

Section 3. An applicant for a Benefit Unit shall complete the application form provided by the District, and shall sign the Water User Agreement provided by the District at the time of application.

Article 6

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 the member may have subscribed: There shall be no proxy voting. 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. Provided, no participating member shall vote unless the payment of charges are current on at least one of the Benefit Units.

Article 7

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 or place an undue burden on the District or are otherwise deemed necessary or in the best interest of the District.

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 the 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 for 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 a part of such consideration, if through no fault of the subscriber 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 on 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, then the District shall consider the transfer of the Benefit Unit to the new owner upon proof of ownership of the land.

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.

Section 7. 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 the Benefit Unit is subject to forfeiture, the reason therefor, 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 8

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: The participating members shall elect for a term of three years the number of Directors whose terms of office have expired.

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 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 at least 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 majority vote.

Article 9

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, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, and fix their compensation and pay for services.
- (b) To borrow from any source money, goods, or services and to make and issue notes and revenue bonds, and other negotiable and transferrable instruments, mortgages, deeds of trust and trust agreements and to apply for and expend grant funds obtained from the Federal or State Governments or any agency thereof, 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 rates for 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 persons by whom the same shall be signed on behalf of the District, with the power to change such bank or persons signing such checks and the form thereof at will. All checks of the District shall require two authorized signatures.
- (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 and make a report on said matters at each annual meeting of participating members.
- (h) 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 10

Employees

Section 1. The Board may employ such employees, agents and contractors upon such terms as the Board of Directors sees fit. No Director shall be simultaneously employed by said District.

Article 11

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 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. 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 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 the Secretary's absence, inability, refusal or neglect to do so, then 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, in the event the Board employs a Manager, shall monitor and review (a) the receipts and deposits of District funds, and (b) the payments of the District's obligations, and shall separately report and account for all funds of the District. In the absence of a Manager, the Treasurer shall account for all funds of the District, and shall pay out of the depository only, on the checks of two authorized signers who have properly signed and countersigned. At each annual meeting of the District, the Treasurer shall submit for the information of the participating members a complete statement of the District's accounts for the past year and shall discharge such other duties pertaining to the Treasurer 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 12

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 according to law.

Article 13

Annual Meeting of Participating Members

Section 1. The annual meeting of participating members of the District shall be held at some suitable location within the District designated by the Board, not later than April 1 each year.

Section 2. Special meetings of Participating members may be called at any time by the Chairman or upon resolution of the Board, or upon written petition to the Chairman of the Board, signed by 51 percent 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 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 transacting business.

Section 5. The order of business at the 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 the last meeting;
- (d) Reports of officers and committees;
- (e) Election of Directors;
- (f) Unfinished Business;
- (g) New Business; (h) Adjournment.

Article 14

Board Meetings

Section 1. The Board shall meet annually immediately following the meeting of the participating members, and may meet at such or other 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, shall be by mailing a notice to the last known business or residence address of each Director, at least two days before the holding of such meeting; provided, however, that when all of 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. Members of the Board, or any committee designated by such Board, may participate in a meeting of the Board by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear one another, and such participation in a meeting shall constitute presence in person at the meeting.

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. 4, Sedgwick 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.

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 requirement 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 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 ten (10) days before such meeting and must set forth the amendments to be considered.

Article 18

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 19

Benefits and Duties of Members

Section 1. The District shall install, own, maintain and operate a water distribution system to the point of delivery which point shall be the discharge side of the water meter.

Section 2. Each participating member shall be entitled to purchase from the District, such water as the participating member may desire subject, however, to the provisions of these By-Laws and such rules and regulations 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 according to any water conservation plan approved by the Board.

Article 20

Printing

Section 1. After adoption, these Bylaws shall be prepared in pamphlet form, and a copy thereof shall be delivered to each participating member.

RURAL WATER DISTRICT NO. 4

SEDGWICK COUNTY, KANSAS

RULES AND REGULATIONS

These Rules are issued in compliance with Chapter 82a, Article 612 et seq., Kansas Statutes Annotated, as amended, and the Bylaws of the District and are designed to govern the supplying and taking of water service in a uniform manner for the benefit of the District and its members. They are subject to change from time to time. If a provision of the Rules conflicts with a provision of the rate schedule, the rate schedule will prevail. If any portion of these Rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

Definitions: The following expressions when used herein will have the meaning stated below:

Applicant: Any individual, firm, partnership, corporation or other agency owning land located within the District, applying for water service.

Benefit Unit: A right entitling the holder to one water service. If on constant flow line, a right entitling the holder to one water service and one water supply unit of one pint per minute.

Water Supply Unit: For constant flow users, a right entitling the holder to one pint of water per minute. The holder of a benefit unit on a constant flow line may purchase such additional water supply units as the Board of Directors may approve.

Board: The Board of Directors of Rural Water District No. 4, Sedgwick County, Kansas.

Consumer: Any individual, firm, partnership, corporation or other agency receiving water from the District's facilities and owning or occupying land located within the District in favor of which one or more benefit units have been subscribed and paid for.

Member: An owner of land located within the District who is the holder of one or more benefit units.

Point of Delivery: The point of delivery shall be at the discharge side of the water meter unless otherwise specified in the Application for Water Service and Water Users' Agreement.

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water. Service shall be considered as available when the District maintains the water supply at normal pressure at the point of delivery, in readiness for the consumer's use, regardless of whether or not the consumer makes use of it.

Application for Water Service and Water User's Agreement: The agreement or contract between the member/consumer and the District pursuant to which water service is supplied and accepted.

Water Service: A water service shall consist of facilities for supplying water to one residence or business establishment located on land within the District. A landowner must purchase a benefit unit and accept a water service for each residence or business establishment served.

GENERAL RULES

1. The supplying and taking of water will be in conformance with these Rules and the applicable rate schedule attached hereto, and filed with the Chief Engineer of the Division of Water Resources and the Secretary of the District: Provided, however, that such rate schedule is subject to change by action of the Board. Provided further, that if at any time the Board of Directors determines that the total amount derived from the collection of charges is insufficient for the payment of operating costs, emergency repairs, debt service, and a reasonable reserve, the Board shall increase the minimum water rate for the first month thereafter in an amount sufficient to pay such operating costs, emergency repairs, debt service, and to accumulate reasonable reserves.

2. Applicants for service shall make application to the District office. The applicant will deposit the purchase price for a benefit unit for each water service desired, and sign the standard Application for Water Service and Water User's Agreement and such shall be submitted to the Board of Directors, after legal and engineering review, for acceptance. No application for service shall be deemed accepted or create any rights in the applicant until the application is approved by the Board of Directors. The Board may impose conditions and/or limitations as part of the acceptance of an application.

3. Before installing a service extension and providing water available for use, the Board may require the applicant to pipe his home and be in readiness to accept service.

4. Before acceptance of any application or as a condition of the approval of any application, the Board may require an easement, in form and substance satisfactory to it, in recordable form, be granted to the District across the applicant's property for the extension, construction, operation and maintenance of the District's waterlines and appurtenances.

Service is for Sole Use of the Consumer

A standard water service connection is for the sole use of the applicant/member or the consumer and does not permit the extension of pipes to transfer water from one property to another, nor to share, resell, or sub-meter water to any other user or consumer. If an emergency or specific situation should make such an arrangement advisable, it shall be done only on specific prior written permission of the Board of Directors for the duration of the emergency or specific situation and upon such terms and conditions as may be required by the Board of Directors.

Agreements with Governmental and Public Bodies and Special Users

The District, through its Board of Directors, may make specific water service contracts with governmental units or agencies thereof, school districts, municipal corporations, multiple housing facilities including mobile home and trailer courts servicing residential users, and commercial users and other special users as determined by the Board differing from requirements set out in the rate schedule and these Rules and Regulations. For purposes of this section, commercial users will not include farms with family-size operations.

Right of Access

Representatives of the District shall have the right to enter upon consumers' premises to read, test and repair meters, control valves, and other appurtenances, inspect piping, confirm compliance with the By-laws, Rules and Regulations of the District, and all applicable State and Federal laws and regulations and to perform other duties for the proper maintenance and operation of service, or to remove its service equipment and shut off water upon discontinuance of service by consumers or as a result of Board action or as may be required by law or State and Federal regulation.

Continuity of Service

The District will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for other necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the District will not accept responsibility (and shall not be liable) for losses which might occur due to such necessary interruptions.

The District does not accept responsibility (and shall not be liable) for losses which might occur due to interruptions to service caused by storms, strikes, floods, line breaks or other causes beyond its control.

Telephone Meetings

Members of the Board, or any Committees designated by such Board, may participate in a meeting of the Board or of such Committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the

meeting can hear one another, and such participation in a meeting shall constitute presence in person at the meeting.

CONTROL EQUIPMENT

Meters or flow control valves or other required appurtenances will be furnished, installed, owned, inspected, tested and kept in proper operating condition by the District. A complete record of tests and histories of meters will be kept. Meter tests will be made according to methods of the American Waterworks Association by the District, as often as deemed necessary by its Board of Directors.

Meters or Flow Control Accuracy

Meters or flow control valves will be checked periodically at the direction of the Board of Directors by any means acceptable to the Board of Directors which assures reasonable accuracy. Service Meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowance limits of accuracy for billing purposes.

Meter or Flow Control Valve Locations

Meter or flow control valves will be set in meter wells at or near the user's property line. Float valves when used will be installed at the consumer's storage facility. Meters shall be set in an accessible place outside of buildings except where otherwise directed by the District. All meters shall be set horizontally and never connected into a vertical pipe. Meters set outside of a building shall be placed in a meter box furnished and installed by the District.

Bills

Water meters will be read by the District and a bill will be issued for water usage established by the meter reading each month. Each month's bill is due and payable immediately upon receipt and will be considered delinquent after the payment date indicated on the bill. Delinquent bills shall be subject to a late charge as established and published by the Board of Directors. Failure to pay a bill by the end of the month in which the bill was issued shall result in discontinuance of service and forfeiture of the benefit unit.

Forfeiture and Reconnection Charges

The forfeiture and reconnection charge for restoration of service and/or rescission of forfeiture, if such is authorized and approved under the provisions of the By-Laws of the District, after each suspension of service and/or forfeiture because of delinquent payment or for other infraction of these Rules or the District By-laws, shall be the unpaid amount charged to date against the consumer's benefit unit, plus interest or late charges at the rate then in effect as established by the Board of Directors, and such amount established by the Board to recover the direct and indirect costs incurred by the District arising out of, in the course of, or in connection with such forfeiture and/or reinstatement.

Requested Meter or Control Valve Tests

Meter or control valve tests requested by consumers will be performed without cost to the consumer if the meter or valve is found to be in excess of ten percent (10%) slow for valves or in excess of two percent (2%) fast. Otherwise the consumer for whom the requested test was made will be charged for the cost of making the test and replacing the meter or valve.

Water Leaks

The cost of inspection, testing and/or correction of all water leaks will be charged to and paid for by the benefit unit holder requesting the inspection unless the leak is found to be on the District's side of the meter.

Consumer's Responsibility

The consumer shall be responsible for any damage to service equipment installed by the District for his service on account of any cause other than normal wear and tear.

Change of Occupancy

It shall be the member's responsibility to anticipate changes of occupancy and to have his benefit unit and additional water supply unit or units transferred to the new member as prescribed in the By-Laws. Until the benefit unit is formally transferred on the books of the District, the original holder shall be responsible for payment for service. All charges levied against a benefit unit must be paid before the unit can be transferred or service resumed where there has been a suspension or forfeiture rescinded. Failure to keep the District advised as to changes of address, occupancy, sales, escrow sales or sales on contract, or transfers may result in the forfeiture and loss of the Benefit Unit.

Main Extensions

In extending a water main to serve an applicant, the Board may at its discretion exercise one of the following options:

- (a) It may require as a condition of extending service that the applicant deposit in addition to the price of a benefit unit an amount which equals the entire cost of the extension or make such other arrangements for payment of a portion of the extension costs by the applicant. Unless the express written consent of the Board of Directors is obtained prior to construction, the Board of Directors shall be deemed to have adopted this option.

- (b) The Board may elect to make the extension upon the applicant's purchase of a benefit unit and contribute to the extension, and require the applicant to deposit in cash the balance of the cost of such extension in addition to the price of a benefit unit.
- (c) In the event of system expansions, or during construction of multiple system extensions, if the cost of the extension is greater than the average cost of the entire system expansion or extension to each new member, but funds are available to the extent of such average cost, the Board may elect to contribute to the extension in the amount of such average cost, and require the applicant to deposit in cash the additional cost in addition to the price of a benefit unit.
- (d) At the sole option of the Board of Directors, upon request made prior to the extension, in the event that the applicant is required to fund the additional cost of the extension, if and as additional consumers are connected to the extension, and as funds become available, all or part of the additional extension cost payment may be returned to the applicant. The Board may establish a time period for such refund of not to exceed five (5) years from the construction. Any portion of the extension costs remaining unreimbursed after the expiration of such time will become the property of the District. In no case will interest be paid on such payments. Any such agreement by the District to provide such reimbursement shall be in writing and must be agreed to prior to the acceptance of the application and construction of the extension.
- (e) Nothing contained herein shall deem to prevent the Board of Directors, at its sole option, from making such arrangements and paying such costs or requiring the payment of such costs as it may deem to be in the best interest of the District and its members.

Services

The District will install and pay for all water service pipes from its mains to the meter; provided, however, that the cost of (a) road bores, road crossings, road crossing permits and (b) other installation costs in excess of the average cost of installation or for specially required appurtenances, shall be an additional charge payable by the applicant/benefit unit holder. The service line for meters shall not be less than one (1) inch in size. The District will also install and pay for the District dock, meter, meter setting for pressure lines and will pay for the flow control valve, strainer, float valve and insulated valve box on constant flow lines. The meter or constant flow valves will be set on or at the point on the consumer's premises designated by the District.

Cost of Benefit Units

The Board of Directors of the District shall from time to time establish a cost for a benefit unit for demand systems and, if such are available, shall establish a cost for benefit units and additional water supply units of one pint per minute each for constant flow systems. The Board of Directors of the District may establish costs for benefit units for governmental, public bodies, commercial and special users (any non-single family residential use) as required.