

**THE RULES AND REGULATIONS
OF SOUTH CENTRAL REGIONAL WATER DISTRICT
HEREIN AFTER REFERRED TO AS THE DISTRICT**

REVISED AND APPROVED FEBRUARY 1, 2010

OBJECTIVES

- A. To establish rules and regulations setting forth the District's intentions for the conduct of the business affairs of the District in a manner that will result in a successful operation.
- B. To treat all members alike with respect to recurring situations requiring the establishment of a set of rules and regulations.
- C. To provide high-quality service to the members of the District at the lowest possible cost, consistent with sound business practices.
- D. To make known to the members the rules and regulations of the District.
- E. To create a favorable image among the members and general public.
- F. To promote maximum beneficial utilization of water among the members by providing additional services desired by the members.
- G. To represent at all times, the interests of the members in the most fair and equitable manner.

The Board of Directors of the South Central Regional Water District resolves that the following rules and regulations shall be recognized, established and maintained as representing their intentions in governing the affairs of the District. It is intended that these rules and regulations reflect long range intentions and authority on actions to be taken by the management. Rules and regulations affecting members will be available for their review. The Board of Directors may review all rules and regulations at least annually and make whatever changes necessary.

I. CLASSIFICATION OF SERVICE:

Residential: This category applies strictly to all services on a 5/8 x 3/4" meter.

Farm and Ranch: This category applies to all services where residence and farm or ranch operation consist of one integrated unit of operation. Each residence shall be treated as a separate membership. Exception - Any owner of a membership under this classification may receive service for their residences on his/her premises, provided such owner assumes and pays a monthly debt retirement charge for each additional residence as well as all the water charges accruing to the members meter. All residences must be served from the members curb stop and meter unit.

Commercial: This category applies to all services on a 1" or larger meter.

Stand-By: This category applies to an intended inactive service at the present time or immediate future but may be activated by requesting and receiving approval from the Board of Directors for transfer of classification to residential, farm and ranch, or commercial.

Limited or Restricted Service: This category shall apply to any new memberships to the District after January 1, 1992 and shall remain in effect until the water systems capacity is increased. The limited or restricted service is approximately 1 gallon of water per minute and a bladder tank or tanks will be required to provide adequate flow to satisfy the domestic water needs of the owner in the classification of residential, farm and ranch or commercial service.

In the event there is any question as to the proper classification, the Board of Directors shall have the right to determine the classification of service and such determination shall be conclusive.

II. APPLICATION FOR SERVICE:

- A. Any party desiring service must make application for service in person at the office of the District.
- B. The District may reject any application for service not available under the standard rate or which involves excessive service cost, or which may affect the supply of service to other members, or for other good and sufficient reasons, within the sole discretion of the Board of Directors.
- C. The District may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location, provided that when the premises of the owner have been served water for which full payment to the District has not been made, the District shall not be required to render service to said location where the water was used until said water bill has been paid or until satisfactory arrangements have been made.

- D. For violation of any of the provisions of these rules relating to application for service, the District may, at expiration of seven days after mailing a written notice to the last known address of the member, remove the meter, discontinue service and terminate the member's membership with the District. Should the terminated member thereafter request the meter to be reinstalled, the terminated member must apply for membership. In the event it becomes necessary for the District to discontinue service to a member for any reason, that member will be charged a reconnect fee of \$25.00 plus all monthly minimums accrued from the date of last payment. Part or all of this may be waived by the Board for good cause shown.

III. INITIAL OR MINIMUM CHARGE:

- A. The initial or minimum charge as provided for in the rate schedule shall be made for each curbstop installed regardless of location. Each meter requires a separate billing statement and each billing statement shall cover a separate and individual account.
- B. Water available to the property between the first and fifteenth of the month inclusive shall be charged at the monthly minimum for that half month. Water available to the property between the fifteenth and the end of the month shall be charged at the monthly minimum rate starting on the first of the following month. Because of unforeseen circumstances, beginning monthly billing shall also be at the discretion of the management.
- C. Each member's service must be separately metered at a single delivery point. Each commercial and residential membership shall have a separate meter. Stand-by service shall be paid for as provided in the rate schedule.

IV. THE DISTRICT'S RESPONSIBILITY AND LIABILITY:

- A. The District shall run a service line from its distribution line to a point convenient to the District at or near the edge of the improved yard area of the residence, at which point the District will install a curb stop.
- B. In regard to ranch or stand-by classifications, the District may install its meter at the property line, or at the option of the District on member's property, or in a location mutually agreed upon.
- C. When two or more meters are installed on the same premises for different members, they shall be closely grouped and each clearly designated to which member each applies.
- D. The District does not assume the responsibility for inspecting the members piping or apparatus and will not be responsible therefore; however, all meters will be checked or caused to be checked periodically by the District.
- E. The District reserves the right to refuse service unless the member's line or piping are installed in such manner as

to prevent cross-connection or back flow.

- F. The District shall not be liable for damage of any kind whatsoever resulting from water or the use of water on member's premises unless such damage results directly from negligence on the part of the District. The District shall not be responsible for any damage done by or resulting from any defects in the piping, fixtures, or appliances installed by the member or his/her agents on the member's premises. The District shall not be responsible for negligence of third persons or forces beyond the control of the District resulting in any interruption of service. Nor shall the District be liable for damage of any kind whatsoever resulting from snow melt or rain water run off, or any act of God.
- G. The District does not have the ability to provide sufficient water or pressure to be relied upon by member for fire protection purposes and the District shall not be liable for the failure of the water system or the District to provide pressure to the member's location for fire protection purposes.

V. MEMBER'S RESPONSIBILITY:

- A. Piping on the member's premises must be so arranged that the connections are conveniently located with respect to the Districts lines or mains. The member shall furnish, install and maintain a service line from the curb stop to the member's metering point. The District will furnish to each member a meter, meter setter with isolation valves, back-flow preventer and pressure regulator. Installation of each of these items may be installed by the District. If installed by someone other than the District, they shall be installed according to specifications furnished by the District.
- B. If the member's piping on the member's premises is so arranged that the District is called upon to provide additional meters, each place of metering will be considered as a separate and individual membership.
- C. The member shall provide a suitable frost-proof place for a meter placed on the member's premises. The meter shall be unobstructed and accessible at all times for reading.
- D. The member's piping and apparatus shall be installed and maintained by the member and at the member's expense in a safe and efficient manner and in accordance with the District rules and regulations and in full compliance with the sanitary regulations of the State Health Department.
- E. The member shall provide adequate protection for the District's property placed on the member's premises and shall permit access to it only by authorized representatives of the District.
- F. In the event that any loss or damage to the property of the District or any accident or injury to persons or property

is caused by or results from the negligence or wrongful act of the member, his agents, or employees, the cost of the necessary repairs or replacements shall be paid by the member to the District and any liability otherwise resulting shall be assumed and paid by the member.

- G. The amount of such loss or damage or the cost of repairs shall be added to the water user's bill and if not paid, services may be disconnected by the District.
- H. Water furnished by the District shall be used according to the classification of the member. The member shall not sell water to any other person. Water shall not be used for irrigation or any other purposes except that when water is available in sufficient quantity, without interfering with the regular classified use, in the area served, water may be used for any other purpose. Disregard for this rule shall be sufficient cause for refusal of or discontinuance of service. Water usage levels are classified as service units for design criteria according to the following table:

0 - 18,000 gal./month	= 1 service unit
18,001 - 34,000 gal./month	= 2 service unit
34,001 - 50,000 gal./month	= 3 service unit
50,001 - 66,000 gal./month	= 4 service unit
66,001 - 80,000 gal./month	= 5 service unit
80,001 - 96,000 gal./month	= 6 service unit

- I. In regard to watering livestock, the member may be required to provide a constant flow valve or other device, acceptable to the District, so that water may be more uniformly delivered to the livestock throughout a twenty four hour period. This policy may also be applicable to members using water for spraying or other high water usage, which can cause undo hardship to other users of the District.

VI. EXTENSIONS TO MAINS AND SERVICE:

- A. The District may supply service for temporary purposes, provided the District has water available in excess of regular needs and provided the District has available material and equipment necessary to supply said service. Each applicant for such service must pay in advance to the District an estimate of the cost of labor and materials. Members will be paid salvage value on removal, less installation costs and cost of removing such service, at the rates established by the District.
- B. In extending service to an applicant, the District shall require as a condition of extending service, that the applicant deposit in addition to the membership and hook-up fee, an amount which may equal the entire cost of the extension. Each applicant for such service shall pay for the actual cost of labor (for District employees and contractors) and materials to install such service. If a member pays for the costs of an extension and other individuals later apply for a membership which will connect to the extension, the District may require the applicant to pay for a portion of the cost of the extension

and remit those funds to the member who initially paid for the costs of the extension.

VII. ACCESS TO PREMISES - EASEMENTS - CROP DAMAGES:

- A. Duly authorized agents of the District shall have access, at all reasonable hours, to the premises of the member for the purpose of installing or removing the District's property, inspecting piping, reading or testing meters or for any other purpose in connection with the District's service and facilities.
- B. Each member shall grant or convey, or shall cause to be granted or conveyed, to the District a permanent easement and right-of-way across any property owned or controlled by the member wherever said permanent easement and right-of-way is necessary for the District water facilities and lines, so as to be able to furnish service to the member.
- C. The District will reimburse for crop damage resulting from the construction of any project. The land will be returned to as near to original condition as possible and any damages to crops will be compensated and grasslands will be reseeded. The District will pay crop damage resulting after the project is constructed, in operation, and the warranty period covered by the contract documents has ended. Compensation shall be based upon a reasonable estimate of the yield for the field in question and the market price of the product at the time the damage occurs. The Manager is authorized to negotiate a settlement with the property owner and is authorized to accomplish a settlement provided the total cost of the settlement does not exceed a sum equal to the reasonable estimate of the lost yield times the market price per bushel. If the proposed settlement is in excess of that amount, the Board will decide the amount to be offered for the damage. No crop damage will be paid for when the crop exists within road right-of-way.
- D. This policy applies to any parcel of property on which the District needs an easement to construct its system and on which the owner refuses to grant an easement. For each such parcel, the construction cost increase caused by the refused easement shall be calculated and recorded in the records of the District. If water service from the District's system may be desired on said parcel; or any other property owned by a person who has refused to grant an easement, such person, if he or she is the applicant, shall be required to pay for the construction cost increase plus interest at 6% per annum from the date of payment by the District to the date of payment by the applicant due to such refused easement, in addition to any regularly applicable membership fees and charges for water service.

VIII. CHANGE OF OCCUPANCY:

- A. Not less than seven (7) days notice in writing shall be given by the member to the District's office to discontinue service or change occupancy.

- B. The outgoing party shall be responsible for all water consumed up to the time of departure, the time specified for departure, or seven days following request for termination, whichever period is longest. Because of unforeseen circumstances, beginning monthly billing shall also be at the discretion of the management.
- C. Memberships shall remain at the location of the service connection. A member selling property in which a service connection is located shall relinquish his/her membership in the District. Therefore, in the case of property being sold, or transferred, the District membership and water hook-up will remain with the property. A member is not entitled to transfer their membership to a new property location, except upon prior approval of the Board.

IX. METER READING - BILLING - COLLECTION:

- A. Billing will be on a calendar month basis to each member. Each member will read his/her meter monthly and furnish such reading along with his/her payment to the office of the District or its agent.
- B. Bills for water will be computed in accordance with the District's rate schedule and will be based on the amount consumed for the period covered by the meter reading.
- C. **Charge for service commences when application is made for membership and the curbstop is installed and water is available whether service is or is not used.** During initial construction of the system, each water user shall be notified in advance of the time service will be available. A remote meter readout device may be installed by the District, however, in the event that a difference occurs in the amount versus the meter, the reading on the meter shall govern.
- D. Readings from different meters will not be combined for billing, irrespective of the fact that said meters may be for the same or different premises, or for the same or different members, or for the same or different services. Estimated bills will be rendered for members who fail to submit a meter reading monthly, but only for such duration as the District may approve.
- E. All bills not paid by the 10th of the month are subject to a three dollar (\$3.00) late charge. Bills shall be declared delinquent thirty (30) days after the due date. Thereafter, service may be discontinued by the District. When deemed necessary to make a trip to collect an overdue bill, an additional fee of \$20.00 will be added to the bill.
- F. Members are required to send their exact readings with their payments. On the first month that a member neglects to send a meter reading by the 10th, their reading will be estimated based on past usage. Readings will be estimated for no more than one month at a time. NO ADJUSTMENTS WILL BE MADE ON ESTIMATED READINGS. By the 10th of the second month, if there is no meter reading received, the meter will be read by the District personnel for which there will be a

\$20.00 Service Charge.

- G. A member who has rental property may have the monthly statement for that property sent to the renter. However, the member is responsible for any unpaid balance of the renter.
- H. The District may obtain readings as often as it feels necessary.
- I. The District may use whatever means available to effectuate recovery for bad checks received for payment of water bills, materials and supplies, or any other services performed by the District. Such accounts will be treated as delinquent accounts and the charges applicable to such accounts will be made. Additional expenses incurred by the District to collect will be borne by the party issuing the bad check.
- J. The District may refuse personal checks for payment of amounts due from a member who has established an unreliable payment record or the District may require a security deposit in an amount equal to three months average bills for that member.
- K. Member's using water without installing the water meter unit furnished by the District or in anyway tampering with or by-passing the District's equipment will have:
 - 1) Automatic fine of \$250.00 which is to be paid within 72 hours after notification. Service will be terminated if the fine is not paid.
 - 2) A second violation will result in termination of water service.

X. SERVICE CALLS:

- A. For service calls that are made on the District's equipment or service, but no problem is found, the member will be charged at a rate of \$50.00 per District employee hour with a \$25.00 minimum, after normal working hours, time and one half and double time for major holidays will be applied. (The rate charged is subject to annual adjustment.) This will include travel time.
- B. Service calls made to repair the District's equipment that has been misused, allowed to freeze or tampered with will be charged at a rate of \$50.00 per District employee hour plus the cost of parts, after normal working hours, time and one half and double time for major holidays will be applied. (The rate charged is subject to annual adjustment.) If outside equipment is needed to make repairs the member will also be responsible for those costs.
- C. Service calls made to connect and disconnect temporary (seasonal) services will be charged \$25.00 per trip.

XI. SUSPENSION OF SERVICE:

- A. The District reserves the right to discontinue its service without notice for the following additional reasons:
- 1) To prevent fraud or abuse.
 - 2) Members willful disregard of the District's rules and regulations.
 - 3) Emergency repairs.
 - 4) Insufficiency of supply due to circumstances beyond the District's control.
 - 5) Legal processes.
 - 6) Direction of public authorities.
 - 7) Strike, riot, fire, accident or any unavoidable cause.
 - 8) To prevent system contamination through an unintentional or intentional cross-connection.
- B. The District may, in addition to prosecution by law and penalty, permanently refuse service to any consumer who tampers with the meter or other measuring device.

XII. COMPLAINTS - ADJUSTMENTS:

- A. If the member believes his/her meter reading to be in error, he/she shall present his/her claim in writing at the District's office before the bill becomes delinquent.
- Such claim, if made after the bill has become delinquent, shall not be effective in preventing discontinuance of service, as heretofore provided. The member may pay such bill under protest and said payment shall not prejudice his/her claim.
- B. Meters will be tested at the request of the member upon payment of fifty dollars (\$50.00) to the District to cover the cost of the test. If the meter is found to over register beyond three percent (3%) of the correct volume, the charges will be returned.
- C. The member shall not break the seal without written authorization from the District. The District may test or cause to be tested a meter with an authorized broken seal. The member shall be required to pay the actual cost to the District for such a test.

XIII. REAL ESTATE DEVELOPERS:

- A. Real estate developers developing four or more contiguous lots shall pay to the District for the additional cost of designing and constructing the system improvements needed to provide the necessary capacity. The developer will be required to provide the necessary distribution system and service lines within the development area as well as pressure tests acceptable to the District. These improvements must

be transferred to and become the property of the District when the construction is complete. However, the District shall not be required to accept the improvements or provide water to the development unless the improvements have been properly pressure tested and the test results satisfy the District's requirements. The improvements transferred by the developer will be accepted in lieu of cash for the memberships and hook-up fees. The home owners within the development must become members of the District with their monthly minimum and water rate the same as a standard water user. Plans and specifications for the distribution system and service lines must be provided by the developer for the approval by the District.

- B. Real estate developers may obtain a guarantee of availability of water service through a bulk water contract for service from the District's system. The developer would be required to construct and maintain the necessary distribution system and service lines to include the individual consumer meters within the development. The bulk water service would be provided through a main line master meter which would be placed at the service inlet for the water distribution in the development.

XIV. TERMINATION - MEMBERSHIP FOR SALE:

- A. Members who terminate their water rights with the District shall do so in accordance with the liquidated damage clause in the signed Water Users Agreement.
- B. Members who choose to sell their water rights may do so by placing their membership on the Membership for Sale list located at the District place of business. This list does not guarantee the sale of this membership and is only provided as a service to the member. The sale of these water rights is contingent upon the availability of water in the area of the purchase and upon approval of the Board of Directors. The terms and conditions for this procedure are listed in the District's Membership for Sale Agreement.

XV. REGULAR RATE SCHEDULE:

(Leave space but leave this area empty)

(The monthly rate schedule is subject to annual adjustment)

XVI. APPLICATION AND HOOK-UP FEE TO THE SOUTH CENTRAL REGIONAL RURAL

WATER PROJECT:

- A. Any Initial Applicant desiring rural water service through the South Central Regional Rural Water Project shall make application and deposit a good intention fee of \$50.00 toward a \$350.00 application fee and hook-up fee by November 1, 2001. Applicants who have not deposited the required \$50.00 good intention fee by November 1, 2001 will be considered a Late Applicant to the project.
- B. Any Late Applicant desiring rural water service through the South Central Regional Rural Water Project shall make application to the project and deposit a \$750.00 late application and hook-up fee. If the Late Applicant deposits the required \$750.00 fee before Bid Preparation on the project is completed, the water service extension may be paid through the project funding. Late Applicants desiring rural water service after the completion of the bid preparation may be required to pay any additional hook-up fees and the cost of the water service extension.
- C. Applicants desiring rural water service prior to the South Central Regional Rural Water Project funding and construction will be required to pay a \$2000.00 Connection Fee and the cost to construct the water service extension.

XVII. POTENTIAL USER FEE:

Potential users or Real Estate Developers can obtain water service in the area subdivisions and/or in new subdivisions now and in the future by paying to the District a Potential User Fee for each individual lot they desire a water service connection. This fee is for the cost of designing and constructing the systems improvements needed to provide the necessary capacity to serve the individual lot/s. The potential user or developer will be required to provide the necessary distribution system and/or service lines within the development area. Plans and specifications for the distribution system and/or service lines must be provided by the potential user or developer for the approval by the District as well as acceptable pressure tests on the system after installed. These improvements shall be transferred to and become the property of the District when the construction is completed. However, the District shall not be required to accept the improvements or provide water to the development unless the improvements have been constructed in occurrence to the approved plans and specifications and have been properly pressure tested and the test results satisfy the Districts requirements. The approved transfer of the improvements by the potential user or developer will be accepted as full payment by the District for the Membership and Hook-up fee for each lot. The monthly minimum bill will not be required on these individual lot/s until the homeowner or potential user requests water service from the system. At this time, the homeowner or potential user must become a Member of the District with no Membership & Hook-up Fee and with the monthly minimum and water rate the same as a standard user.

The required Potential Users Fee is as follows:

\$1200.00 per lot for a standard user if paid before project deadline dates.

\$2000.00 per lot for a standard user if paid after project deadline dates and prior to Bid Preparation,

After Bid Preparation the Potential User Fee may be substantially higher than the \$2000.00.

XVIII. LIVESTOCK PASTURE TAP:

A Livestock Pasture Tap is used for a water user hookup restricted to livestock use only. These pasture taps will only be located along mainlines which are there to serve other classifications of water users. For initial sign-ups the District will install not to exceed 350 feet of service line from its mainline to a point convenient to the District just within the property described in the Water Users Agreement. At the end of this service line the District may install a meter Pit and meter assembly. Where a livestock hook-up can not be serviced because of location, the District may offer to serve the site as a "Standard Users" provided that the user agrees to sign-up as a standard user, and agrees that the hookup designation will remain a standard users for ten (10) years; or provided the user agrees to pay the cost of installing the service line from the mainline to the service location. The Membership and Hook-up Fee will be the same as a Standard Users. The livestock pasture tap will be restricted in flow by the District to three (3) gallons per minute at the metering point for the water users.

The required Membership and Hook-up Fee is as follows:

\$350.00 if paid before project deadline dates

\$750.00 if paid after project deadline dates and prior to the Bid Preparation

The yearly minimum fee for a Livestock Pasture Tap Users shall be one half (1/2) the monthly minimum of a standard users X 12.

The monthly water rate shall be the same as a standard user.

XIX. APPLICATION FOR MEMBERSHIP-WATER SERVICE:

I. New Application

- A. The applicant will make application for service, in person at the office of the District by signing the Water Users Agreement and paying a minimum connection fee (Membership and Hookup fee) of \$2,000.00 and an amount, which may equal the entire cost of extending service to the applicant. The applicant shall pay for the actual cost of labor (for the District employees and contractors) and material to install such service.

- B. The District may reject any application for service not available under the standard rate, or which involves excessive service cost, or which may affect the supply of service to other consumers, or for other good and sufficient reasons, with the sole discretion of the Board of Directors.
- C. The consumer applying for a new membership on a location that the original membership has not been transferred or has been terminated must pay the minimum connection fee (Membership and Hookup fee) of \$2,000.00.

II. Re-Application

- A. The District may reject any application for service when the applicant is delinquent in payment of bills incurred for service previously supplied at any location.
- B. If water service has been provided at a location and that service was not paid for by either the consumer or the owner of the premises, the District shall not be required to render service to anyone at that location until said delinquent water bill has been paid, or until satisfactory arrangements have been made.

- III. If it is found that there are any violations of the requirements relating to application for service, the District may at the expiration of seven days after mailing a written notice to the last known address of the consumer, remove the meter and discontinue service. Where the meter is thereafter reinstalled, the consumer shall first pay a reconnection fee of \$25.00 plus all the monthly minimums accrued from the date of the last payment. The Board of Directors may waive part or all of this.

XX. DISCONNECTION OF SERVICE WITHOUT NOTICE:

The District reserves the right to discontinue its service without notice for the following reasons:

- A. To prevent fraud or abuse.
- B. Consumer willful disregard of the District's rules.
- C. Emergency repairs.
- D. Insufficiency of supply due to circumstances beyond the District's control.
- E. Legal processes.
- F. Direction of public authorities.
- G. Strike, riot, fire, accident or any unavoidable cause.
- H. Consumer tampering with meter, curbstomp or other equipment of the District.

XXI. CLASSIFICATION OF WATER USE

I. Priority of Water Use

The following priority of water use is for the purpose of prorating water in the event the total water supply shall be insufficient to meet all the needs of the members or in the event there is a shortage of water; the District may prorate the water available. The District must first satisfy the needs of all the members for domestic purposes before supplying any water for any other purpose. The use of water is listed in the order of priority.

- A. Domestic use for residential, commercial, and bulk users under contract.
- B. Livestock watering.
- C. Outside watering in priority order of:
 - 1. Gardens, newly seeded lawns or laid sod.
 - 2. Trees and shrubs.
 - 3. Lawn watering.
 - 4. Pool filling and replenishing.

II. Bulk Users Under Contract

Bulk users are under contract and shall not exceed the agreed flow per minute or per day use as stated in their water purchase agreement.

III. Livestock Watering

In regard to watering livestock, the consumer may be required to provide a constant flow valve or other device acceptable to the District so that water will be more uniformly delivered to the livestock-watering trough through out the twenty-four hour day. Such device shall be installed at all principal livestock watering places.

IV. Outside Watering

In regard to outside watering, the consumer is required to practice effective water conservation.

- A. Automatic lawn sprinkling systems.
 - 1. The consumer must use the 3/4 x 5/8 meter, backflow preventor, pressure reducing valve and other related equipment that was originally provided by the District.
 - 2. Sprinkling systems need to be designed to use the pressure provided by the District. No pumps can be used to increase pressure.
 - 3. Sprinkling should be done between the hours

of 11 P.M. to 5:00 A.M.

4. If the lawn sprinkling system adversely affects the operation of the District's rural water system, the District reserves the right to have the lawn sprinkling system disconnected from the District's water lines. Failure to disconnect the sprinkling system upon written request of the District could result in termination of the membership and water rights in the District.

B. Pool Filling or Replenishing

1. The District office must be notified before beginning to fill or replenish the water in a swimming pool.
2. Swimming pools cannot be filled or replenished on Fridays, Saturdays or Sundays.
3. It may be necessary to restrict flows to members who do not follow this policy for the integrity of the system for all members.

V. Water Restriction

- A. In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the District will release a statement pertaining to water restrictions to the radio, and/or local newspaper and television.
- B. It may be necessary to restrict flows to members who do not follow restriction notices for the integrity of the system for all the members.

**SOUTH CENTRAL
REGIONAL WATER DISTRICT
BYLAWS**

**ARTICLE I
GENERAL PURPOSES**

Section 1.1 - The purpose for which this District is formed is to act as the successor of Burleigh Water Users Cooperative and to provide water to its participating members located within the District. The powers which the District may exercise are set forth in Chapter 61-35 of the North Dakota Century Code.

**ARTICLE II
NAME AND LOCATION**

Section 2.1 - The name of the District is: South Central Regional Water District.

Section 2.2 - The principal office of this District is located at 10700 Hwy 1804 N, Bismarck, North Dakota 58503.

**ARTICLE III
SEAL**

No seal shall be required for the District.

**ARTICLE IV
FISCAL YEAR**

The fiscal year of the District is the calendar year.

**ARTICLE V
MEMBERSHIP**

Section 5.1 - Member means an owner of real property that is located within the District, the tenant of real property, or another person acting for the owner with the owner's written consent. Any city having a water distribution system may become a member of the District.

Section 5.2 - Benefit unit means the fee each member pays (for each service that is planned to be connected to the water system) for the privilege of using the District's facilities.

Section 5.3 - Participating member means a member who has subscribed to and paid the established fee for at least one benefit unit in the District. Participating membership shall not be denied because of the applicant's race, color, creed or national origin. Participating membership may be denied if capacity of the District's water system is exhausted by the needs of its existing participating members, or the proposed use of the applicant is such that it would interfere with the existing uses previously authorized by the board of directors. All members of Burleigh Water Users Cooperative shall become participating members upon the formation of the District without payment of any additional fee. Any city or other entity that is a participating member may designate a natural person to represent them as a participating member. In the absence of a designation, the auditor of a city and the president of a corporation shall be considered the representative. The board of directors is authorized to require each applicant to enter into a participating membership agreement which is a Water Users Agreement that contains the principles and provisions set forth in the Districts rules & regulations, policies, and these bylaws.

1. Before participating membership is allowed to one or more persons claiming an interest in the property to be served, the District shall first attempt to obtain the application for participating membership from the owner of the property.
2. Where participating membership is granted to one or more persons other than the owner of the property, the District, as a condition to the participating membership, may require the applicant for the participating membership to post such collateral or bond as the directors determine necessary to fully protect the District from any additional risk that maybe involved to the District by reason of the lack of legal ownership in the applicant.

Section 5.4 - Each participating member shall have one vote for each benefit unit subscribed to. Each benefit unit shall represent one (1) vote. When more than one person holds the interest in a property served, the vote shall be exercised by the person in whose name the benefit unit is registered or by the person as the several owners may designate, but in no event shall more than one vote be cast with respect to any benefit unit.

Section 5.5 - Participating membership shall be transferable, but the transfer will be effective only when noted on the books of the District. The transfer will be made only to a person who is qualified to be a participating member of the District

under these bylaws. A participating member will transfer his membership in the District to his successor-in-interest as part of the transaction whereby he disposes of his interest to the property. The District office, upon request, will make notice of the transfer upon the records of the District.

Section 5.6 - When a participating membership in the District is not transferred, it shall terminate upon the disposition or other termination of the member's interest in the property. Participating membership also may be terminated by action of the board of directors where the use of the property is changed so as to materially increase the amount of water consumed to the prejudice of other existing members or to the prejudice of the orderly operation of the system.

Section 5.7 - The termination of the participating membership of any member shall not disqualify a participating membership from any other person who has or obtains an interest in the property of the terminated participating member and who otherwise meets the requirements of these bylaws.

Section 5.8 - In the event a participating member's property interest is divested other than by voluntary means; the participating membership will pass to the trustee, receiver, personal representative, or the like, who will be entitled either in person or through a designated representative, to exercise all the rights incident to the participating membership. The trustee, receiver, personal representative, or the like, may terminate the participating membership by written notice to the effect delivered or mailed to the District office. Upon the final disposition of the property rights, the owner shall make application for a participating membership as provided in Section 5.3.

Section 5.9 - Upon the transfer of a participating membership, the District will seek collection from the individual who incurred the charges or assessments from the property itself as if a judgment lien had been duly perfected against the property. In the event the charges or assessment are not collected from the individual who incurred them on the property, the District will look to the successor-in-interest for payment of any past due amounts before the participating membership is transferred.

ARTICLE VI MEMBERSHIP CERTIFICATES

Section 6.1 - This District shall not issue participating membership certificates. Membership shall be evidenced by entry upon the books and records of the District.

ARTICLE VII MEETING OF MEMBERS

Section 7.1 - The annual meeting of the participating members of the District shall be held at a location and time designated by the board of directors during the month of June of every year. Written notice of the time and place of the meeting shall be sent to all participating members of record by US mail, directed to the address shown upon the records and books of the District, not less than ten (10) nor more than thirty (30) days before the meeting. No failure or irregularity of notice of any annual meeting shall affect any proceedings taken at the meeting.

Section 7.2 - Special meetings of the participating members may be called at any time by the action of the board of directors. Such meetings must be called whenever a petition requesting a special meeting is signed by at least five percent (5%) of the participating members and is presented to the District office or the board of directors. The purpose of every special meeting shall be stated in the notice and no business shall be transacted at the special meeting except as specified in the notice.

Section 7.3 - Notice of special meetings of participating members of the District shall be given by notice, mailed by US mail, to each participating member of record, directed to the address shown upon the books and records of the District, not less than ten (10) nor more than thirty (30) days prior to the special meeting. The notice shall state the nature, time, place, and purpose of the meeting. Notice of the special meeting must also be published in the official newspaper of each county served by the District not less than ten (10) nor more than thirty (30) days before the meeting. No failure or irregularity of notice of any special meeting, regularly held, shall affect any proceedings taken at the meeting.

Section 7.4 - The presence at an annual or special meeting of participating members entitled to cast their own vote shall constitute a quorum.

Section 7.5 - Directors of this District shall be elected at the annual meeting of the participating members as provided under these bylaws.

Section 7.6 - The order of business at the regular annual meetings and so far as possible at all other meetings shall comply with Robert's Rules of Order. The regular annual meeting agenda shall be:

1. Calling to order the meeting of participating members
2. Proof of notice of meeting

3. Reading and action on any unapproved minutes
4. Reports of officers and committees
5. Election of directors
6. Appointment of nomination committee
7. Unfinished business
8. New business
9. Adjournment

**ARTICLE VIII
NOMINATION AND ELECTION OF DIRECTORS**

Section 8.1- Nominations of Directors: At each annual meeting of the participating members, the presiding officer shall appoint a nominations committee consisting of not less than three (3) participating members, one of which can be a board member who is not up for election at the next annual meeting of the District. The nominations committee shall serve until the next annual meeting. The nominations committee shall prepare and provide to the District office, at least sixty days before the next annual meeting of the participating members, a list of nominations for directors. The nominations committee shall accept letters of interest from members of the board and confirm in writing from all nominees their interest and willingness to accept positions on the board of directors. Members of the nominations committee are not excluded from being nominated for any position. All nominees for directors must be a participating member and reside in the District's boundaries. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect the validity of any election of directors.

Section 8.2 - Election of Directors: Election of directors, from the nominations committee list of nominees, shall be by printed ballot that will be distributed to each participating member in attendance. A participating member shall have one vote as provided in Section 5.4 of these bylaws. At the meeting of the participating members where an election of one or more directors will occur, the presiding officer shall appoint an election board to consist of five (5) participating members who shall, at that meeting only, preside over the distribution, collection, counting, and tally of ballots. In the event of a tie vote, the election shall be determined by lot in such manner as shall be selected or determined by the election board.

**ARTICLE IX
DIRECTORS AND OFFICERS**

Section 9.1 - The board of directors of the District shall consist of seven (7) members, all of whom shall be participating members. The initial board of directors shall consist of seven (7) directors, previously elected by Burleigh Water Users Cooperative, who shall continue to serve until their successors are elected and have qualified. The directors shall be divided into classes according to their existing remaining terms. Two (2) directors shall continue to serve for a term of one year; two (2) directors for a term of two years; and three (3) directors for a term of three years. At each annual meeting, the participating members shall elect for a term of three years the number of directors whose terms of office have expired. Each director shall hold office for the term for which he/she is elected and until his/her successor shall have been elected and qualified.

Section 9.2 - The board of directors shall meet on the same day and immediately following the annual meeting of participating members and shall elect a president, vice-president, secretary-treasurer, and assistant secretary-treasurer at the meeting, each of whom shall hold office until the next annual meeting of participating members and until the election and qualification of his/her successor unless sooner removed by death, resignation or for cause.

Section 9.3 - If the position of director, or the office held by any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, a majority of the remaining directors, though less than a quorum shall by majority vote, choose a successor member of the board of directors or officer for the expired term.

Section 9.4 - A majority of the board of directors shall constitute a quorum at any meeting of the board. The affirmative vote of the majority of the directors at a meeting at which a quorum is present shall be the act of the board.

Section 9.5 - Each member of the board of directors shall receive compensation as determined by the board of directors and actual mileage expense at the current rate prescribed by the Internal Revenue Service as reimbursement for expenses for each of the board of directors meetings actually attended.

Section 9.6 - Any participating member may bring charges against a director by filing charges in writing with the District office, together with a petition signed by at least ten percent (10%) of the certified participating members and request the removal of the director by reason contained in the written charges. The director

against whom the charges have been brought shall be informed in writing of the charges at least thirty-one (31) days prior to the annual or special meeting at which the charges are to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of removal of the director shall be voted upon at the next annual or special meeting of the members and any vacancy created by the removal may be filled by vote of the participating members at that meeting without compliance with the foregoing provisions with respect to nominations.

**ARTICLE X
DUTIES OF DIRECTORS**

Section 10.1 - The board of directors, subject to restriction of law, these bylaws, and board policies, shall exercise all of the powers of the District without prejudice to or limitation upon their general powers. It is hereby expressly provided that the board of directors shall have, and are hereby given; full power and authority in respect to the matters as hereinafter set forth to be exercised by resolution duly adopted by the board. These powers shall be in addition or supplemental to the powers granted in Section 61-35-12 of the North Dakota Century Code and are:

1. Select and appoint the Executive Director and any agents or consultants of the District, remove the Executive Director and any agents or consultants of the District, prescribe the duties and designate the powers as may not be inconsistent with these bylaws, fix their compensation, and pay for faithful services.
2. Borrow from any source, money, goods or services and make and issue notes and other negotiable or non-negotiable instruments evidencing indebtedness of the District, make and issue mortgages, deeds of trust, pledge of revenue, trust agreements, security agreements and financing statements, and other instruments evidencing a security interest in the assets of the District, and do every act and thing necessary to effectuate the same.
3. Order, at least once a year, an audit of the books and accounts of the District by a certified public accountant.
4. Fix and alter the charges to be paid for each benefit unit by participating members for services rendered by the District to the participating member, including connection fees where such are deemed to be necessary by the directors, fix and alter the method of billing, time of payment and manner of connection. The board may establish one or more classes of participating members or benefit units. All charges shall be uniform and non-discriminating within each class of participating members or benefit units.
5. Levy assessments and late payment penalties against the participating members of the District and enforce collection of such assessments by the suspension of water services or other legal methods.
6. Select one or more federally insured financial institutions to act as depositories of the funds of the District and determine the manner of receiving, depositing, and disbursing the funds of the District and the form of checks and the person or persons by whom the same shall be signed, with the power to change banks and the persons or persons signing checks.
7. Require all officers, agents and employees charged with responsibility for the custody of any of the funds of the District to give adequate bonds, the cost of which is to be paid by the District. All officers, agents, and employees responsible for the custody of any funds must be adequately bonded at the expense of the District.

**ARTICLE XI
DUTIES OF OFFICERS**

Section 11.1-Duties of President. The president shall preside over all meetings of the District and the boards of directors, call special meetings of the board of directors, perform all acts and duties usually performed by an executive and presiding officer and sign all papers of the District as he/she may be authorized or directed to sign by the board of directors. The board of directors, by resolution, may authorize a person other than the president to sign any or all checks, contracts, and other instruments on behalf of the District. The president shall perform other duties as may be prescribed by the board of directors.

Section 11.2 Duties of Vice-President. In the absence or disability of the president, the vice-president shall perform the duties of the president. In the case of death, resignation or disability of the president, the board of directors may declare the office vacant and elect his or her successor. The vice-president shall perform other duties as may be prescribed by the board of directors.

Section 11.3-Duties of the Secretary-Treasurer. The secretary-treasurer shall cause a complete record of all meetings of the District and of the board of directors to

be made and shall have general charge and supervision of the books and records of the District and attest the president's signature on all documents. The secretary-treasurer shall perform other duties as may be prescribed by the board of directors.

**ARTICLE XII
DUTIES OF PARTICIPATING MEMBERS**

Section 12.1 - The District shall furnish, subject to the limitation set out in rules and regulations, and these bylaws and those hereinafter provided for, such quantity of water as the participating member may desire in connection with his/her property as described in a water users agreement required by the District.

Section 12.2 - The participating member will grant the District, its successors or assigns, a perpetual easement in, over, under, and upon their property with the right to construct, erect, install, and lay pipelines and thereafter use, operate, inspect, repair, maintain, replace or remove, together with the right of ingress and egress over adjacent land for the purpose of installing and maintaining water pipelines and appurtenant facilities.

Section 12.3 - The participating member shall install and maintain at his/her own expense a service line which shall begin at the cutoff valve and extend to the dwelling or place of use. The service line shall connect with the distribution system of the District at a point determined by the District to be most convenient to the place of desired use, provided the District has determined in advance that the system has sufficient capacity to permit delivery of water to that point.

Section 12.4 - The District shall purchase and install a cutoff valve and may also include a water meter in each service which shall remain the exclusive property of the District. The District shall have exclusive right to use the cutoff valve and water meter.

Section 12.5 - The District shall have final jurisdiction in any question of location of any service line connection to its distribution system; shall determine the allocation of water to the participating member in the event of a water shortage; may shut off water to a member who allows an unauthorized connection, extension, or other use not permitted in these bylaws, rules and regulations of the District. In the event the total water supply shall be insufficient to meet all of the needs of the participating members, or in the event there is a shortage of water, the District may prorate the water available among the various participating members on the basis as is determined equitable by the board of directors, and may also prescribe a schedule of hours covering the use of water for garden and lawn purposes; provided that, if at any time the total water supply shall be insufficient to meet all of the needs of all participating members, the District must first satisfy all of the needs of the participating members for domestic purposes before supplying any water for any other purpose.

Section 12.6 - The participating member shall agree to comply with the requirements of the North Dakota State Health Department and North Dakota State Plumbing Code that no other present or future source of water will be connected to any waterlines served by the District's water lines and will disconnect from his present water supply prior to connecting to and switching to the District's system.

Section 12.7 - The participating member shall connect his service line to the District's distribution system and shall commence to use water from the system on the date that the water is made available to the participating member by the District. Water charges to the participating member shall commence on the date that the service is made available regardless if the participating member makes use of the service.

Section 12.8 - The participating member shall pay a hook-up and connection fee established by the board of directors before connection can be made to the District's system. The participating member also agrees to pay for water at the rates, time and place as shall be determined by the District, and agrees to the imposition of penalties for noncompliance as are now set out in the District's rules and regulations, or which may be hereafter adopted and imposed by the District. The rules and regulations of the District are maintained and available for review and inspection at the District's office. In addition to the monthly cost for water used, the participating member also agrees to pay a monthly sum for debt service as shall be determined by the District, and which may be increased or decreased from time to time.

Section 12.9 - The District shall not be liable for damages of any kind whatsoever resulting from water or the use of water on participating member's premises or property unless such damage results directly from negligence on the part of the District. The District shall not be responsible for negligence of the third persons or forces beyond the control of the District resulting in any interruption of service. Nor shall the District be liable for damage of any kind whatsoever resulting from snow melt or rain water run-off, or act of God.

Section 12.10 - The District does not have the ability to provide sufficient water or pressure to be relied upon by the participating member for fire protection

purposes and the District shall not be liable for the failure of the water system or the District to provide pressure to the participating member's location for fire protection purposes.

**ARTICLE XIII
RULES AND REGULATIONS**

Section 13.1 - The board of directors shall have the authority to adopt rules and regulations for the conduct of the business affairs of the District as long as the rules and regulations are not contrary to the bylaws of the District. The District shall provide a copy of the rules and regulations to each participating member.

**ARTICLE XIV
AMENDMENTS**

Section 14.1 - These bylaws may be repealed or amended by a vote of a majority of the participating members present at any regular meeting of the District or at any special meeting of the District called for that purpose. So long as indebtedness is held by or guaranteed by USDA Rural Utilities Service and/or other lending agencies or their successors or assigns, the participating members shall not have the power to change the purposes of the District so as to decrease its rights and powers under the laws of this state, 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 so to amend the bylaws as to effect a fundamental change in the policies of the District without the prior approval of the USDA Rural Utilities Service and/or other lending agencies, their successors or assigns, in writing.

**ARTICLE XV
ASSUMPTION OF LIABILITIES**

Section 15.1 - The District assumes and agrees to pay all debts, obligations and liabilities to its predecessor organization, Burleigh Water Users Cooperative, in the same manner as if the District had originally incurred the debt, obligation or liability.

**ARTICLE XVI
DIRECTORS' AND OFFICERS' LIABILITY REIMBURSEMENT**

Section 16.1 - Each officer, director, staff member or person serving on a committee of the District shall be indemnified by the District against all costs and expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit or proceedings in which he or she is made a party by reason of being or having been a director, officer, staff member or committee representative of the District, whether or not he or she continues to be such at the time of incurring the cost or expense, except in relation to matters as to which he or she shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of his or her duties as such officer, director, staff member or committee representative. The right of indemnification in this section shall not be exclusive of other rights to which any officer, director, staff member or committee representative shall be entitled as a matter of law. The foregoing shall not preclude the collection of insurance benefits that may be available.