

BY – LAWS
RURAL WATER DISTRICT
NO. 5
ROGERS COUNTY, OKLAHOMA

As Amended July 9, 2013 by the Board of Directors.

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**Rural Water District No. 5,
Rogers County, Oklahoma
BY-LAWS**

ARTICLE ONE

Name and Place of business:

Section 1. The name of this corporation shall be Rural Water District No. 5, Rogers County, Oklahoma.

Section 2. The principal office of this District shall be located in Verdigris, Oklahoma.

ARTICLE TWO

Corporate Powers:

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

ARTICLE THREE

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 pipe lines and other facilities, and to operate the same for the purpose of furnishing water to serve the needs of owners and occupants of land located within the District, and others as authorized by these By-Laws.
- (b) To borrow money from any Federal or State agency, or from any other source, and to secure said loans by mortgaging or pledging all easements and rights-of-way
- (c) To hold such real and personal property as may come into its possession by will, gift, purchase, or otherwise, as authorized by Law, and to acquire and dispose of such real and personal property, including rights-of-way and easements, wherever located, and as may be necessary and convenient for the proper conduct and operation of the business of the District.
- (d) To establish rates and impose charges for water furnished to participating members and others.
- (e) To enter into contracts for the purpose of accomplishing the purposes of the District with any person or governmental agency.
- (f) To cooperate with any person or with any governmental agency in any undertaking designed to further the purposes of the District.
- (g) To do and perform any and all acts necessary or desirable for the accomplishment of the purposes of the District which may lawfully be done by such District under the laws of the State of Oklahoma.

ARTICLE FOUR

Water Users:

Section 1. Water shall be supplied only to residents of 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 or premises occupied by the tenant.

ARTICLE FIVE

Section 1. Only participating members shall have the right to vote, and each participating member shall be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed; Provided all owners of land located within the District shall be eligible to vote at meetings of landowners until ninety (90) days after a declaration of availability of Benefit Units and unit fees has been entered by the Board in its minutes. There shall be no proxy voting, and no dual ownership of Benefit Units for voting purposes. A participating member may be an individual, firm, partnership, association, or corporation.

Participating members shall be:

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

ARTICLE SIX

Benefit Units.

Section 1. The Board shall at the proper time cause a declaration of availability of Benefit Units for Subscription to be entered in its minutes and shall establish a unit price for said subscriptions. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service is available. The Board in its discretion may from time to time, if the capacity of the District's facilities permit, make additional Benefit Units available. Subscriptions for Benefit Units shall be given preference and priority in order in which received. The Board may refuse the subscription for a Benefit Unit in favor of a particular tract of land located within the District, or impose special conditions on granting the same if in the judgment of the Board, the granting of said subscription and the furnishing of water pursuant thereto, would impair the service to other water users in that locality or be uneconomical, unfeasible, and place an undue burden on the

District. Any landowner who feels himself aggrieved by such denial, or imposition of special conditions, may appeal from the action of the Board to a vote of the members at the next regular meeting of the members, or special meeting of the members called for such purpose: Provided, the decision of the Board shall stand, unless 3/4ths of all participating members vote in favor of a motion to overrule the decision of the Board.

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

Section 3. 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 transfers will be approved unless all charges against the Benefit Unit are paid. All transfers when approved shall be recorded in the books of the District.

Section 4. Each Benefit Unit shall entitle the owner to not to exceed one line from the District's water system. Each line shall serve not to exceed one residence or business establishment together with the necessary and usual out-buildings.

Section 5. Failure to pay the minimum monthly meter charge, or failure to pay for the water used through a meter will constitute a forfeiture of the Benefit Unit on behalf of which failure occurs: Provided, that such Benefit Unit shall be reinstated within three (3) months after such failure if all back charges are paid in full, plus 6% interest and reasonable labor charges necessary to effect such reconnections. Provided, further, that the Board may permit such reinstatement at their discretion upon payment of all back charges plus 6% interest and reasonable labor charges necessary to effect such a reconnection: Provided, further, that if the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the Secretary of the District has mailed or caused to be mailed, by registered or certified mail, notice of such default to the tenant to the landowner at his last known address as shown on the books of the District.

ARTICLE SEVEN

Election of Directors:

Section 1. The Board of this District shall consist of five (5) members, all of whom shall be participating members of the District: Provided, however, that the original Board shall consist of owners of land located in the District. The Directors elected at the time of the incorporation of the District shall hold office only until the required number of Benefit Units have been sold, i.e., 500 Benefit Units, at which time an election shall be held by all of the owners of the Benefit Units and the Directors elected at the time of the election by the owners of all the Benefit Units shall be for staggered terms of One (1), Two (2), and Three (3) years, and they shall serve until the expiration of the term for which they have been elected, as shown by the Minutes of the Meeting of the Benefit Unit owners and until their successors have been elected and have qualified. At each annual meeting of the participating members, the participating members shall elect for a term of three (3) 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 (1) 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 or failure of any original Director to become a participating member within 30 days after subscription to Benefit Units are made available through action of the Board, shall operate to disqualify him 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 3/4th of the participating members of the District at any annual or special meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him at least 10 days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed for cause by a vote of 2/3rds of the members of the Board, and employees and agents discharged or removed from office or employment at any time by action of the Board.

Section 6. Just cause for the removal of Board Members shall include, but is not limited to the following:

(a) Absent from three (3) consecutive regularly scheduled Board Meetings without permission granted by the Board.

Section 7. Qualifications and Election of Board Members:

(a) Be bondable to a fixed amount set by the Board.

(b) Must be an individual (a person and not an entity) Benefit Unit owner.

(c) Individuals who are Benefit Unit owners desiring to run for a Board Position shall announce their candidacy in writing no earlier than August 1 and no later than August 15 of the year in which the Annual Meeting and the election is to take place. Announcement of candidacy shall be made to the District Business Office during regular business hours for the purpose of notifying participating members prior to the Annual Meeting and the election of Board Members. The election for each available Board Post shall be considered separately by the participating members present at the Annual Meeting. The candidate receiving a simple majority of the votes shall be elected to fill that Board Position. No person shall be allowed to run for a Board Position without announcing in writing their candidacy in accordance with the By Laws of the District.

ARTICLE EIGHT

Powers and Duties of Directors:

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

- (a) To select and appoint all agents and employees of the District or remove such agents and employees of the District for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, and fix their compensation and pay for faithful services.
- (b) To borrow from any source money, goods, or services and to make and issue notes, and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.
- (c) To prescribe, adopt and amend, from time to time, such equitable and uniform rules and regulations, as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the District, and the guidance of its agents and employees.
- (d) To fix charges to be paid by each water user for services rendered by the District to him, the time of payment, and the manner of collection, and to establish equal rates for farm members and non-farm members according to the amount of services furnished.
- (e) To require all officers, agents, and employees, charged with the responsibility for the custody of any funds of the District to give adequate bond, and cost thereof to be paid by the District, and it shall be mandatory upon the Directors to so require.
- (f) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District in the form of checks and the person by whom the same shall be signed on behalf of the Chairman, with the power to change such bank or person signing such checks and the form thereof at will.
- (g) Prepare annually an estimated budget for the coming year, adjust water rates, if necessary to produce sufficient revenue required by such budget, cause an annual audit of the District records and accounts to be made by a licensed municipal accountant or a certified public accountant, and make a report on said matters at each annual meeting of participating members.

ARTICLE NINE

Power and Duties of Manager.

Section 1. The Board may employ for the District a manager, who shall have charge of the business of the Association under the general control, supervision and direction of the Board. No Director shall serve as manager. Subject to the approval of the Board, the manager shall employ, supervise and dismiss all agents and employees of the District and fix their compensation. He shall also, so far as practical, conduct the business in such a way that all patrons receive equal service and treatment, deposit in a bank selected by the Board all money belonging to the District which comes into his possession; maintain his records and accounts in such a manner that the true and correct condition of the business may be ascertained there from at any time; furnish the Board a current statement of the business and affairs of the District at each scheduled meeting of the Board and at the end of each fiscal year and at such other times and in such forms as the Board may direct; carefully preserve and turn over to his successor all books, records, documents and correspondence pertaining to the business of the District which may come into his possession; and to perform such other duties as may be prescribed by the Board, provided this section is needed.

ARTICLE TEN

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 he may be authorized or directed to sign by the Board, provided the Board may authorize any person to sign checks, on behalf of the District, provided that all checks must be counter-signed by the Treasurer. The Chairman shall perform such duties as may be prescribed by the Board.

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

Section 3. Secretary. It shall be the duties of the Secretary who shall be a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the District. He shall serve, or cause to be served, all notices required to be served by law or by the By-Laws of the District; and in case of his 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. Treasure. The Treasurer, who shall be a member of the Board, shall receive and account for all funds of the District, shall deposit the same in some bank designated by the Board as depository, and pay the amounts, or cause them to be paid out of the depository only in the checks of the Chairman, or someone authorized to sign on the Chairman's behalf, countersigned by the Treasurer. At each annual meeting of the District, he shall submit for the information of the participating members a complete statement of his account for the past year and he shall discharge such other duties pertaining to his office as shall be prescribed by the Board, and shall give a good and sufficient bond in such amount as may be fixed by the Board.

ARTICLE ELEVEN

Books and Records

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

ARTICLE TWELVE

Annual Meeting of Participating Members

Section 1. The annual meeting of the participating members of the District shall be held in September at some suitable location within the District. The Board shall designate the day and time of the meeting.

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% 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 annual meetings of participating members of the District shall be given by mail to each participating member of the 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 last meeting:
- (d) Report of officers and committees:
- (e) Election of Directors:
- (f) Unfinished Business:
- (g) New Business:
- (h) Adjournment

ARTICLE THIRTEEN

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. Notice of all meetings of the Board, other than the annual meeting to be held in September of each year, 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 called, when all the Directors are present at any meeting, however called, or consent in writing that such meeting may be held, the proceedings thereat shall be as valid as though the previous written notice aforesaid had been given.

ARTICLE FOURTEEN

Manner of Election and Voting

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

ARTICLE FIFTEEN

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. 5, Rogers County, Oklahoma," which shall be in the custody of the Secretary.

ARTICLE SIXTEEN

Fiscal Year

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

ARTICLE SEVENTEEN

Amendment

Section 1. These By-Laws may be repealed or amended by a vote of 3/4ths of the participating members present at any regular meeting of the District, or at any special meeting of the District called for that purpose except that the

participating members shall not have the power to change the purpose of the District so as to impair its rights and powers under the laws of the State of Oklahoma, 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 10 days before such meeting and must set forth the Amendments to be considered.

ARTICLE EIGHTEEN

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 NINETEEN

Benefits and Duties of Members

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

Section 2. Each participating member shall be entitled to purchase from the District, pursuant to such agreement as may from time to time be provided and required by the District and the Board, such water for domestic, livestock, garden and other purposes as a participating member may desire, subject, however, to the provisions 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 pro-rate the water available among the various members and users on such basis as is deemed equitable by the Board, and may also prescribe a schedule of hours, covering the use of water for garden purposes and require adherence thereto, or prohibit the use of water for garden purposes if at any time the total water supply shall be insufficient to meet all of the needs of all of the participating members for domestic, livestock, garden and other purposes, and the District must first satisfy all the needs of the participating members for domestic purposes before supplying any water for livestock purposes and must satisfy all the needs of all the participating members for domestic and livestock purposes before supplying water for gardens or other purposes.

ARTICLE TWENTY

Printing

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