

RURAL WATER DISTRICT NO. 3
WASHINGTON COUNTY, OKLAHOMA

BY-LAWS

Article 1

Name and Place of Business

Section 1. The name of this corporation shall be Rural Water District No. 3, Washington County, Oklahoma.

Section 2. The principal office of this District shall be located within the corporate boundaries of the District.

Article 2

Corporate Powers

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

Article 3

Purpose and Objectives

Section 1. The purposes and objectives of this District are as follows:

(a) To acquire water and water rights and to build and acquire pipe lines and other facilities, and to operate the same for the purpose of furnishing water 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 of the physical assets and revenue and income of the District, including easements and right-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 right-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 purpose 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 if desirable for the accomplishment of the purpose of the District, which may lawfully be done by such District under the laws of the State of Oklahoma.

Article 4

Water Users

Section 1. Water shall be supplied only to **eligible rural** residents of the 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/she/they have 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 5

Right to Vote

Section 1. Only participating members shall have the right to vote, and each participating member shall be entitled to a single vote, regardless of the number of Benefit Units to which **he/she/they** 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 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 6

Benefit units

Section 1. The Board shall be 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 **s** who feels **himself themselves** 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 membership called for such purpose: Provided, the decision of the Board shall stand, unless $\frac{3}{4}$ ths of all participating

members (or landowners at the meeting where only qualification to vote is ownership of land within the District), vote in favor of a motion to over-rule 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/she/they 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/Chairperson and secretary and/or any other officer or employee of the District designated by the Board of Directors, showing name of owner, and tract of land to which the Benefit Unit is assigned, numbered consecutively in the order in which issued.

Section 3. The consideration paid for benefit Units shall be considered donations to the District and shall in no event and under no circumstances be refunded to the subscriber.

Section 4. Benefits 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 in the books of the District.

Section 5. Each Benefit Unit shall entitle the owner to and 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; **provided, the Board of Directors may approve multiple use of a benefit unit for commercial purposes or to meet familial needs, and the Board may adopt rules and regulations consistent with this section.**

Section 6. Failure to pay minimum monthly meter charge or failure to pay for water used through a meter shall constitute a forfeiture of the Benefit Unit on behalf of which such failure occurs: Provided, that such Benefit Unit shall be reinstated if within three months after such failure all back charges are paid in full, plus 10% interest and reasonable labor charges necessary to affect such reconnections. Provided, further that the Board may permit such re-instatement within six months after such failure upon payment of all back charges, plus ten percent (10%) interest, and reasonable labor charges, necessary to effect such reconnection: Provided, further, that if the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the Secretary of the District has mailed or caused to be mailed, by registered or certified mail, notice of such default of the tenant to the landowner, at his/her/their last known address as shown on the books of the District.

Section 7. Violation of Article 19 Section 4 shall constitute an immediate forfeiture of the Benefit Unit: Provided, that a new Benefit Unit may be obtained upon payment of all damages incurred, plus the Benefit Unit fee. Any participating member whose Benefit Unit is forfeited as provided herein shall have the right to appeal such action to the Board of Directors within ten (10) days. Such aggrieved participating member may present to the Board of Directors such evidence as may be available concerning violations of Article 19 Section 4. The decision of the Board of Directors upon appeal in all cases shall be final.

Article 7

Election of Directors

Section 1. The Board of the District shall consist of seven (7) 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 be elected for staggered terms of one, two, and three years and shall serve until the expiration of the term for which they were elected as shown by the minutes of the original meeting of the landowners, and until their successors are elected and have qualified. At each annual meeting of the participating members, the participating members shall elect for a term of three years the number of Directors whose terms of office have expired.

Section 2: To qualify for election to the board of Directors, participating members shall be required to file notice of intent to run for office between January 2 and January 31 of each year prior to the annual meeting. The filing shall be at the main office of the District during regular office hours each working day the office is open within said period. The notice of intent to run for office shall be in such form as the Board may determine. The Board may proscribe other rules pertaining to dissemination of candidate information, which shall be administered equally for all qualified candidates. Upon the filing of the notice of intent to run for office the candidate shall then become qualified to be elected to any vacancy that may be open to be filled at the annual meeting.

Section 3 2. At the next regularly scheduled meeting of the Board of Directors, the Annual meeting of the participating members, the Board shall meet and shall elect a Chairman/Chairperson Vice-Chairman/Chairperson, 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/her/their successor unless sooner removed by death, resignation or for cause. The office of the Secretary and Treasurer may be held by one person.

Section 4 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 thirty (30) days after subscription to Benefit Units are made available through action of the Board, shall operate to disqualify him/her as a Director and to create a vacancy in the office of the Director.

Section 5 4. A majority of the Board shall constitute a quorum at any meeting of the Board.

Section 6 5. Any Director of the District may be removed from office for cause by a vote of a simple majority 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/her at least ten (10) days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed for cause by vote of five (5) of the members of the Board, and employees and agents discharged or removed from office or employment at any time by action of the Board.

Section 7 6. The Board of Directors shall be entitled to receive the sum of \$150.00 and the Secretary/Treasurer and Chairman/Chairperson (or Board Member acting as Chairman/Chairperson) will receive \$200.00 for each board meeting attended, effective April 25, 2022 by vote of annual meeting.

Article 8

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 service.

(b) To borrow from any source, money, goods, or services and to make and issue notes, and other negotiable and transferable instruments, mortgages, deeds of trust and trust agreements, and to do every act and thing necessary to effectuate the same.

(c) To prescribe, adopt, and amend from time to time, such equitable and uniform rules and regulations, as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the District, and the guidance and control of its agents and employees.

(d) To fix charges to be paid by each water user for services rendered by the District to him or her, at 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 financial institutions 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/Chairperson, with the power to change such bank or person signing the checks and the form thereof at will.

(g) Prepare annually an estimated budget for the coming year, adjust water rates, if necessary to produce a sufficient revenue required by such budget, cause an annual audit of the District records and accounts to be made by a licensed municipal public accountant or certified public accountant, and make a report on said matters at each annual meeting of participating members.

Article 9

Powers and Duties of Manager

Section 1. The Board may employ for the District a manager, who shall have charge of the business of the 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/she/they shall also, so far as practical, conduct the business in such a way that all patrons receive equal service and treatment, deposit in a bank selected by the Board, all money belonging to the District which comes into his/her/their possession; maintain his/her/their records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom 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/her/their successor all books, records, documents and correspondence pertaining to the business of the District which may come into his/her/their possession; and to perform such other duties as may be prescribed by the Board.

Article 10

Duties of the Officers

Section 1. **Chairman/Chairperson** – The **Chairman/Chairperson** who shall be a member of the Board, shall preside over all meetings of the District and the Board, call special meetings of the District and the Board, perform all acts and duties usually performed by an executive and presiding officer, and shall sign all Benefit Unit Certificates and such other papers of the District as he/she/they may be authorized or directed to sign by the Board, provided the Board may authorize any person to sign checks on behalf of the District, provided that all checks must be countersigned by the Treasurer. The **Chairman/Chairperson** shall perform such other duties as may be prescribed by the Board.

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

Section 3. **Secretary** – It shall be the duties of the Secretary who shall be a member of the Board, to keep a record of the proceeding of the meetings of the Board and of the District. He/she/they shall serve, or cause to be served, all notices required to be served by law of the By-Laws of the District; and in case of his/her/their absence, inability refusal or neglect to do so, then such notices may be served by any member of the Board directed by the **Chairman/Chairperson**.

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

Article 11

Books and Records

Section 1. The books and records of the District, 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 12

Annual Meeting of Participating Members

Section 1. The annual meeting of the participating members of the District shall be held at some suitable location within the District designated by the Board, on the last Monday in April, at 7:30 6:00 P.M. or as so designated by the Board and notified to the membership.

Section 2. Special meetings of participating members may be called at any time by the Chairman/Chairperson or upon resolution of the Board, or called upon written petition to the Chairman/Chairperson of the Board, signed by fifty-one per cent (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 meeting 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 ten (10) days prior to the meeting. Such notice shall state the nature, time, place, and purpose of the meeting, but no failure or irregularity of a notice of any annual meeting, regularly held, shall affect any proceeding taken thereat.

Section 4. The participating members present at any meeting of participating members shall constitute a quorum for the purpose of 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 of and Approval of minutes of last meeting
- (d) Report of Officers and Committees
- (e) Election of Directors
- (f) Unfinished Business
- (g) New Business
- (h) Adjournment

Article 13

Board Meetings

Section 1. The Board shall meet annually on its next regularly scheduled meeting date 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/Chairperson 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 held, the proceedings thereat shall be as valid as though the previous written notice aforesaid had been given.

Article 14

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 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. 3, Washington County, Oklahoma", which shall be in 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 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 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 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 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, maintain, and operate a main distribution pipe line or lines from the source of water supply, and lines from the main distribution pipe line or lines, to the property line of each participating member of the district at which point designated as delivery points, meters to be purchased, installed, owned and maintained by the District shall be placed.

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

Section 4. It shall be the duty of each participating member to keep the land associated with his/her/their Benefit Unit free from all devices which may be used to circumvent the District's metering devices.

Article 20

Printing

Section 1. After adoption, these By-Laws shall be prepared in a pamphlet form and a copy thereof shall be delivered to each participating member. If a participating member has lost or misplaced his/her/their copy another will be furnished upon request.

Article 21

Reserve Account

Section 1. The District shall maintain a special bank account known as the Reserve Account. Out of the funds collected into the Revenue account, there shall be set aside and deposited each month in the one or more Reserve Accounts an amount equal to 1/60th of the annual payment on the loan, until there is accumulated in that fund an amount equal to one annual loan payment, after which no further deposits need be made except to replace withdrawals necessary to cover any District loan requirement. The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the facility which may be caused by any unforeseen catastrophe, for making extension or improvements to the facility, and when necessary for the purpose of making payments of principal and interest on the loan, in the event the amount in the debt service account is insufficient to meet such payments.

AFFIDAVIT

STATE OF OKLAHOMA)
)
) SS.
COUNTY OF TULSA)

G.O. Glandon, Robert Daniels, Strawdey McCarty, Sam Bowman, Perry Evans, Maurice Solow and Marjorie Morgan, being first duly sworn, depose and state, each for himself/herself, that he/she is a Director of Rural Water District No. 3, Washington County, Oklahoma, that the foregoing By Laws were adopted at a meeting of the landowners of said District, duly held on the 25th day of January, 1965, at 7:30 P.M. that there were 292 landowners present in person and that the vote for the adoption of the By Laws was unanimous.

/s/ G.O. Glandon) /s/ Robert Daniels
G.O. Glandon) Robert Daniels

/s/ Sam Bowman) /s/ Strawdey McCarty
Sam Bowman) Strawdey McCarty

/s/ Perry Evans
Perry Evans

/s/ Maurice Solow
Maurice Solow

/s/ Marjorie Morgan
Marjorie Morgan

Subscribed and sworn to before me this 25th day of January, 1965

/s/ George O. Kleier
Notary Public

My commission expires 7-15-68 (SEAL)