

BY-LAWS
OF
BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE
MANAGEMENT DISTRICT #2

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. The name of this Corporation shall be Bryan County Rural Water, Sewer and Solid Waste Management District #2, Bryan County, Oklahoma (hereinafter called the “District or Water District”).

Section 2. The principal office of this District shall be located in Bryan County, Oklahoma, 9077 U.S. Hwy 70 West, approximately 2.5 miles West of Durant, Oklahoma. Mail: P.O. Box 119, Mead, OK 73449-0119.

ARTICLE II

CORPORATE POWERS

Section 1. The Corporate Powers of this District shall be vested in the Board of Directors, hereinafter referred to as the “Board”.

Section 2. The Bryan County Rural Water, Sewer and Solid Waste Management District #2, Bryan County, Oklahoma, will be operated in such a manner as to be consistent with All pertinent Oklahoma Statues and will comply with the Open Meeting Law.

ARTICLE III

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 of the physical assets and revenue and income of the District, including easements and rights-of-way.
- (c) To hold such real and personal property as may come into its possession by will, 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 services 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 purpose 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 be lawfully done by such District under the laws of the State of Oklahoma.

ARTICLE IV

WATER USERS

Section 1. Water Service shall be supplied only to residents, rural residents, businesses and others on 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 has first subscribed and paid for one or more Benefit Units. Subject to approval by the Board, tenants occupying land located within the District may become subscribers, provided, that the owner, or someone on behalf of the owner, has subscribed and paid for one or more Benefits Units in favor of the land or premises occupied by the tenant.

ARTICLE V

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 or she 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 has subscribed to one or more Benefit Units: Provided, payments of charges are current on at least one of the Benefit Units.

ARTICLE VI

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 subscription. The meter deposits of existing users in incorporated towns who desire to continue to be users shall be credited toward the price of a Benefit Unit. 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, impose special conditions on granting the same if in the judgment of the Board, the granting of said subscription and furnishing of water services pursuant thereto, would impair the service to other 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 three-fourths of all participating members (or landowners at meeting where only qualification to vote is ownership of land within the District), 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 (1) Benefit Unit to be assigned to one (1) tract of land, shall at the time of said subscription designate as nearly as practical the location of 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 Units shall be recorded in a register or file showing the account number, name of owner, address of owner, telephone number, and legal description Tract of land to which the Benefit Unit is assigned.
- Section 3. The consideration paid for Benefit Units shall be considered donation to the District and shall in no event and under no circumstance be refunded to the subscriber.
- Section 4. Benefit Units shall follow the title of the land. 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 the 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 not to exceed one line from the District's water system. Each line shall serve not to exceed one (1) residence or (1) business establishment together with the necessary and usual outbuildings.

Section 6. Failure to pay the 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:

- (a) Provided, that such Benefit Unit shall be reinstated if within three (3) months after such failure all back charges are paid in full, plus 10% interest and reasonable labor charges necessary to effect such reconnections.
- (b) Provided, further, that the Board may permit such reinstatement within six (6) months after such failure upon payment of all back charges necessary to effect such reconnection.
- (c) 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 last known address as shown on the books of the District.
- (d) Provided further, that if the defaulting landowner should request reinstatement any time after six (6) months, all back charges must be paid in full, plus 10% Interest and reasonable labor charges necessary to effect such reconnections.

ARTICLE VII

ELECTION OF DIRECTORS

Section 1. The Board of this District shall consist of Seven (7) members all of whom shall be participating members of the District:

- (a) 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 (1), two (2), or three (3) 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.
- (b) 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.
- (c) When a city or town is part of Rural Water District #2 the Board of Directors must be composed of a resident of said city or town holding a Benefit Unit in the Water District, in direct proportion to the number of users in said city or town does not apply or qualify to set on the Board, then all obligations of the Water District has been met.
- (d) Each newly elected Director must agree to attend six (6) hours of training by Oklahoma Water Resources within twelve (12) months.

- (e) Each re-elected Director must attend six (6) hours of training by Oklahoma Rural Water Association within each term of office.

Section 2. Immediately following the Annual Meeting of the participating members, the Board shall meet and shall elect a Chairperson, Vice Chairperson, Secretary and Treasurer from among themselves, each of whom shall hold office until the next Annual Meeting of the participating members and until the election and qualification of his successor unless sooner removed by death, resignation or for cause. One person may hold the office of Secretary and Treasurer. The Board may also elect an Assistant Secretary or Assistant Treasurer if the Board deems necessary.

Section 3. Any vacancy in the Board, other than from the expiration of a term of office, Shall be filled by appointment by the remaining members of the Board.

- (a) 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 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 which means four (4) or more.

Section 5. Any Director of the District may be removed from office for cause by a vote of not less than three-fourths (3/4ths) of the participating members of the District at any Annual or Special Meetings called for that purpose. The Director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting, whether regular or special and at the meeting shall have any opportunity to present witnesses and be heard in person in answer thereto.

- (a) Officers of the Board may be removed for cause by vote of two-thirds (2/3) 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. When the Board of Directors is the governing body of the city or town within the District, they may not be removed except by due process of city government.

Section 6. Any Director who misses more than three (3) meetings without notifying the Chairperson will be removed from office. They will be informed in writing of the charge they have brought upon themselves and allowed to respond before dismissal.

Section 7. Anyone wanting to run for the Board of Directors must pre-register thirty (30) days prior to the Annual Meeting.

ARTICLE VIII

POWERS AND DUTIES OF DIRECTORS

Section 1. The Board, subject to the restrictions of law, and this By-Laws, shall exercise all the Powers of the District and without prejudice to or limitation upon their general powers, it 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 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/her, 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 Chairperson, with the power to change such bank or person signing such checks, and the form thereof at will.
- (g) The Board of Directors will approve a list of checks written during the month at each monthly meeting.
- (h) Approve the estimated Annual 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's records and accounts by a Certified Public Accountant or a qualified independent accountant. A copy of the report on said matters will be on display at each Annual Meeting of participating members.

- (i) To reimburse all Board Members, employees, agents of the District for reasonable expenses incurred in the performance of their duties in attending Board Meetings, seminars or other functions requested of such individual, such amount to be determined by actual expense, predetermined and fixed amount, or on a per diem basis. Such determination shall be the responsibility of the Board of Directors.
- (j) The Board shall meet monthly. The Board will also meet annually to elect officers immediately following the Annual Members Meeting. The Board shall meet at such other times as may be determined by the Board or upon call by the Chairperson or any four Members of the Board.
- (k) Notice of all meetings shall be by mailing a notice to the last known address of the Director, at least two (2) days before the holding of such meeting, or by personal telephone contact by the Manager or Chairperson of the Board of Directors, provided however, that when all of the Directors are present at any meeting, however called, or consent that such a meeting may be held, the proceedings there at shall be as valid as though the prior written notice aforesaid had been given, and provided further that all requirements of the Oklahoma Open Meeting Act have been complied with.

ARTICLE IX

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.

- (a) 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.
- (b) The manager shall also, so far as practical, conduct the business in such a way that all patrons receive equal service and treatment.
- (c) Deposit in a bank, selected by the Board, all money belonging to the District, which comes into his/her possession.
- (d) Maintain the 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 current Financial Statements, monthly and year to date, 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 a form as the Board may direct. The manager will furnish a list of all checks written during the month for the approval of the Board.

- (e) The manager will comply with all requirements of the Oklahoma Open Meeting Act.
- (f) The Manager will carefully preserve and turn over his/her successor all books, records, documents, correspondence, and maps pertaining to the business of the District which may come into his/her possession. Destruction of a vital record can be punishable by the law.
- (g) The manager will perform such other duties as may be prescribed by the Board.

ARTICLE X

DUTIES OF OFFICERS

Section 1. Chairperson: The Chairperson, who shall be a member of the Board, shall preside over all meetings of the District and the Board. Call Special Meetings of the District and the Board. Perform all acts and duties usually performed by an executive and presiding officer.

- (a) Shall sign such papers of the District as he/she 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. All checks of \$5,000 or more must be countersigned by the Chairperson or Treasurer or Vice Chairperson.
- (b) The Chairperson shall perform such other duties as may be prescribed by the Board.

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

Section 3. Secretary: It shall be the duties of the Secretary, who shall be a member of the Board, to keep a legible and accurate record of the proceedings of the meetings of the District and comply with all requirements of the Oklahoma Open Meeting Act.

- (a) He/she shall serve, or cause to be served, all notices required to be served by law or the By-Laws of the District. The Secretary will execute or attest documents on behalf of the District.
- (b) In case of his/her absence, incapacity, inability or refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairperson.

- (c) The Board may also designate a person, who need not be a member of the Board, and who may be an employee of the District, to serve as Assistant Secretary. He or she will assist the Secretary in the performance of his/her duties, and to execute or attest documents on behalf of the District in the absence or incapacity of the Secretary.

Section 4. Treasurer: The Treasurer, who shall be a member of the Board, shall receive and account for all funds of the District.

- (a) The Treasurer shall deposit the funds in some bank or banks or financial institution designated by the Board as a depository.
- (b) The Treasurer will pay the amounts, or cause them to be paid out of the depository only in the checks of the District, which shall be signed by the Chairperson, or someone authorized by the Board to sign on the Chairperson's behalf.
- (c) All checks in the amount of \$5,000.00 or more will be countersigned by the Treasurer, Chairperson or Vice-Chairperson.
- (d) At each annual meeting of the District, the Treasurer shall submit for the information of the participating members a complete statement of his or her account for the past year.
- (e) The Treasurer shall discharge such other duties pertaining to such 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.
- (f) The same person may hold the offices Secretary and Treasurer.
- (g) At its discretion, the Board may also designate a person, who need not be a director, and who may be an employee of the District, to serve as Assistant Treasurer to assist the Treasurer in the performance of his or her duties.
- (h) The Assistant Treasurer shall be required to give bond in the same manner as the Treasurer.

ARTICLE XI

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 Board of Directors, shall during all reasonable business hours, be subject to inspection by any landowner or participating member of the District according to the State of Oklahoma Open Meeting Law.

ARTICLE XII

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.

Section 2. Special meetings of participating members may be called at any time by the Chairperson or upon resolution of the Board, or upon written Petition to the Chairperson of the Board, signed by fifty-one (51) percent of the participating members of the District. Notice of Special Meetings of participating members of the District shall be given by mail to each participating member of record directed to the address shown upon the books of the District, at least forty-eight (48) hours prior to the meeting. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of meetings of participating members of the District shall be given by mail to each participating member of record directed to the address shown upon the books of the District, at least ten (10) days prior to the meeting. Such notice shall state the nature, time, place and purpose of the meetings, 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 the 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 XIII

BENEFITS AND DUTIES OF MEMBERS

Section 1. Each Member shall be entitled not to exceed one service line from the District's water system and /or one line from the District's sewer system: provided, that the member shall be required to pay a Membership Fee for each service line in excess of one. Said fee to be determined by the Board of Directors. Each line shall serve not to exceed one residence or business establishment with the usual outbuildings. Members desiring service will also be charged an additional fee, to be titled connection fee, to compensate the District for the actual cost of providing service.

Section 2. The District shall install, maintain and operate a main distribution pipeline from the

source of water supply. Lines from the main distribution pipeline, to the property line of each participating member of the District, at which point will be designated as delivery points will be at the expense of the member and dedicated back to the District. The District will install meters at the expense of the member. All meters purchased and installed will be owned and maintained by the District. Individual developments, sub-divisions and extensions for the benefit of real estate developments, will be constructed in accordance with Oklahoma State Laws and will be inspected by the District to be certain they meet the specifications of the District. If accepted by the District, the meters, the lines up to the meters, all easements and all water rights for the land being developed will be relinquished to the District at no cost.

Section 3. 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 Directors, such water for domestic, livestock, and other purposes as a participating member may desire, subject to the provisions of the 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 4. In the event the total water supply shall be insufficient to meet all the needs of the members and users, or in the event there is a shortage of water, the District may:

Step 1: Call upon Members to conserve water voluntarily by limiting outside watering;

Step 2: Pro-rate the water available and set hours/days that it can be used, this is to be determined by the Board;

Step 3: Set number of gallons that each member will be allowed and place a penalty rate, which is to be determined by the Board, on those who do not adhere to the policy.

Section 5. The Board of Directors shall, prior to the beginning of each fiscal year, prepare a Budget for the following year and adopt a schedule of water/sewer rates sufficient To pay the normal operating expenses, all debt service requirements, and the reserves Required by any lending agency from which the District has borrowed funds. Any Decrease in rates shall be subject to approval by the lending agency to which the District is indebted.

Section 6. Failure to pay the minimum monthly charge or failure to pay for water used through a meter shall constitute a forfeiture of the Membership on behalf of which such failure occurs: provided, that such Membership shall be reinstated if within three (3) months after such forfeiture, all back charges are paid in full plus ten (10) percent interest and a reasonable charge necessary to effect such reconnections. Any participating member or person making threats to employees, tampering with water meters or stealing water in any way from the District shall pay for all court costs and legal fees incurred by the District in the collection of the member's account. The owner of the Benefit Unit will forfeit their membership. When restitution has been paid and all matters have been resolved; they may apply for a new membership. The new mem-

bership price will be double the price of a regular membership, if approved by the Board.

ARTICLE XIV

DISTRIBUTION OF SURPLUS FUNDS

Section 1. It is not anticipated that there will be any surplus net income. If here should be, then at the end of the fiscal year, after paying the expenses of the Water District for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment, office fixtures and such other reserves as the Board of Directors may deem proper; and, after providing for payments on interest and principal of obligations and amortized debts of the District, and providing for the purchase of proper supplies and equipment, the net earnings shall be used for the retirement of indebtedness or the Board may make a general rate reduction to the members, as provided for in Section 5, Article XIII.

ARTICLE XV

MANNER OF ELECTION AND VOTING

Section 1. At all meeting 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. except as expressly mandated by state law, no proxy or cumulative voting shall be permitted, and each participating member of the District shall have but one vote.

ARTICLE XVI

SEAL

Section 1. The District shall have a corporate seal, consisting of a circle having in its circumference the words, "Bryan County Rural Water, Sewer and Solid Waste Management District #2" Bryan County, Oklahoma: which shall be kept in the District Office.

ARTICLE XVII

FISCAL YEAR

Section 1. The fiscal year of the District shall begin on the first day of October, and end on the last day of September of each year.

ARTICLE XVIII

AMENDMENTS

Section 1. These By-Laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the District, or at any special meeting of the District called for that purpose, except that 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 the State, or to waive any requirements of bond or other provisions for the safety and security of the property and funds of the District or its members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to

effect a fundamental change in the policies of the Water District or to impair the security of any creditor of the district. Any and all special meeting of the participating members as stated in Article XII. All amendments to be considered will be posted at the Water District Office ten (10) days prior to the meeting.

Adopted at the organizational meeting of the Members held on the 8th day of October 1968.

Adopted as amended at the 1989 Annual Meeting of the Membership, November 7, 1989.

Revised and amended as of November 6, 2000 at the Annual Meeting of the Members of the Bryan Co. Rural Water, Sewer and Solid Waste Management District #2.

Revised and amended at a Special Meeting of the Members of the Bryan County Rural Water, Sewer and Solid Waste Management District #2 held March 9, 2004 at 4:00 P.M. at the Water District Office located 2.5 miles west of Durant, also known 9077 U.S. Hwy 70.

Revised and amended as of November 14, 2011 at the Annual Meeting of the Members of the Bryan Co. Rural Water, Sewer and Solid Waste Management District #2.

Jerry L. Lewis, Chairperson

(ATTEST)

John Hoefler, Secretary

