

B Y L A W S
RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA

ARTICLE I
NAME AND PLACE OF BUSINESS

The name of this public nonprofit water district shall be Rural Water Management District No. 15, Osage County, Oklahoma (the "District"). This District is a body politic and corporate and an agency and legally constituted authority of the State of Oklahoma all in accordance with the provisions of the Rural Water, Sewer Gas and Solid Waste Management Districts Act, 82 O.S. §1324.1 et.seq. (the "Act").

ARTICLE II
OFFICES

SECTION 1. *Principal Office.* The Principal office and place of business of this District shall be located at 14415 N. 52nd W. Avenue, Skiatook, Oklahoma. Provided, that the District may have such other office or offices, or change the designation of the location of its Principal Office, as the Board of Directors may from time to time designate or determine.

ARTICLE III
PURPOSES, POWERS AND OBJECTIVES

SECTION 1. *Powers of District.* This District shall have perpetual existence, subject to dissolution as provided by the Act, and shall have all powers as provided rural water management districts in the Act and it shall have the power to do and perform any and all acts necessary, incidental or desirable to the proper exercise of any of the powers which the District may lawfully exercise under the laws of the State of Oklahoma.

SECTION 2. *Purpose and Objectives.* The purposes and objectives of this District are as follows:

- (a) To acquire water and water rights and to build and acquire pipelines and other facilities and to operate the same for the purpose of furnishing water to serve the needs of owners and occupants of land located within the District, and others, as may be authorized by these Bylaws;
- (b) To establish rates and impose charges for water furnished to participating members and others;

(c) To cooperate with any person, firm or entity or with any governmental agency in any undertaking designed to further the purposes and objectives of the District; and

(d) 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 the District under the laws of the State of Oklahoma.

ARTICLE IV WATER USERS AND PARTICIPATING MEMBERS

SECTION 1. *Limitation.* Water shall be supplied only to residents or owners of property located within the District. PROVIDED, HOWEVER, that in such extraordinary circumstances as the Board may deem advisable, the District may, upon such terms as determined by the District's Board of Directors (the "Board") make water available to those not residents of nor owners of property located within the District for purchase at such distribution points as it may establish.

SECTION 2. *Participating Member.* Participating member means any natural person, firm, partnership, association, corporation, business trust, federal agency, state agency, state or political subdivision thereof, municipality of ten thousand (10,000) persons or less, or any other legal entity, owning lands within the rural area located within the boundaries of the District, which has subscribed to one or more benefit units. No owner of land located within the District shall be eligible to become a Participating Member unless he has first subscribed and paid for one or more Benefit Units. Tenants occupying land located within the District may become Water Users, 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.

SECTION 3. *Purchase Agreement.* No water shall be sold to any Participating Member or Water User or otherwise until such purchaser shall have signed an application for water service and a water users' agreement for the purchase of water from the District as may from time to time be provided and required by the District.

SECTION 4. *Water Users.* Water Users shall mean all purchasers of the District's water who are not Participating Members.

ARTICLE V BENEFIT UNITS

SECTION 1. *Benefit Units.* Benefit Unit means a legal right to one service connection to the District's facilities and to participate in the affairs of the District.

SECTION 2. *Declaration of Availability.* The Board shall at an appropriate 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, which unit price may subsequently be increased or

decreased as the Board shall at such time deem appropriate. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service is available. The Board may in its discretion 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 applicant aggrieved by such denial, or imposition of special conditions, may appeal from the action of the Board to a vote of the Participating Members of the next regular meeting of the members, or special meeting of the members called for such purpose. PROVIDED, HOWEVER, that the decision of the Board shall stand, unless three-fourths (3/4ths) of all Participating Members present vote in favor of a motion to overrule the decision of the Board.

SECTION 3. *Tract Served.* Upon the purchase of subscriptions for Benefit Units, the owner thereof 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 subscribed 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 may be issued by the Board, and a record thereof shall be maintained in the District's business office, showing the name of the owner and the tract of land of which the Benefit Unit is assigned, numbered consecutively in the order in which issued.

SECTION 4. *Transfer of Ownership.* 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 of ownership when approved shall be recorded in the books and records of the District. No transfer of ownership will be made to any person not eligible to become a Participating Member.

SECTION 5. *Service Connection.* Each Benefit Unit shall entitle the owner to not more than one line from the District's water system, upon the terms and conditions as may from time to time be determined by the Board. Each line shall serve not more than one residence, farm complex, or commercial establishment, together with the necessary and usual outbuildings.

SECTION 6. *Forfeiture.* 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. PROVIDED, that such Benefit Unit shall be reinstated if within ninety (90) days after such failure all back charges are paid in full, together with interest rate thereon at such rate as may from time to time be prescribed by the board, together with reasonable labor charges necessary to effect such re-connection. PROVIDED, that if the defaulting water subscriber is a

tenant, the time set forth above shall not commence to run until 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. In the event any owner of a Benefit Unit ceases to be eligible for ownership thereof; in accordance with the provisions of these Bylaws, or violates any provision of these Bylaws, or the rules, regulations, or water users' agreement, or willfully obstructs the purposes and proper activities of the District, the District, through its Board, may declare ownership of such Benefit Unit forfeited. Any Benefit Unit owner whose ownership is so forfeited may appeal the action of the Board to a vote of the Participating Members at the next regular meeting of the Participating Members or a special meeting of the Participating Members called for such purpose. PROVIDED, the decision of the Board shall stand, unless three-fourths (3/4ths) of all Participating Members present vote in favor of a motion to overrule the decision of the Board.

ARTICLE VI RIGHT TO VOTE

Only Participating Members shall have the right to vote at annual meetings of the Participating Members, and each Participating Member shall be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed. No Participating Member shall be allowed to vote unless current on at least one Benefit Unit owned by such Participating Member.

ARTICLE VII BOARD OF DIRECTORS

SECTION 1. *General Powers:* All powers of this District shall be vested in the Board of Directors (sometimes referred to in these Bylaws as the "Board"). The management of all of the affairs, property and business of the corporation shall be vested in the Board which may exercise all such powers of the corporation, and do all such lawful acts and things as are not by statute, these Bylaws or otherwise directed to be exercised or done by the Participating Members. The Board, subject to any restrictions imposed by law of these Bylaws, shall exercise all powers of the District without prejudice to or limitation upon their general powers, it being hereby expressly provided that the Board shall have, and is hereby given, full power and authority in respect to the matters hereinafter set forth, by way of illustration, but not limitation;

- (a) To select and appoint all agents and employees of the District or remove such agents and employees of the District, and to prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, and fix their compensation and pay;
- (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 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 Participating Member and Water User for services rendered by the District, the time of payment, and the manner of collection;

(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 costs thereof to be paid by the District, and it shall be mandatory upon the Board 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; and

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

SECTION 2. *Composition of Board.* The Board of this District shall consist of five (5) directors, all of whom shall be Participating Members of the District.

SECTION 3. *Term of Original Board.* The term of office of every member elected to the original Board after incorporation of the District shall be until the date of the annual meeting of the Participating Members of either the first, second or third year following the year of the incorporation of the District and until their successors are elected and have qualified. The original Board shall consist of one (1) director who shall be elected for a term of one (1) year, two (2) directors shall be elected for terms of two (2) years, and two (2) directors who shall be elected for terms of three (3) years.

SECTION 4. *Annual Election of Directors.* Each annual meeting of the Participating Members each year after the year of the election of the original Board, elections shall be held to elect directors to fill any position on the Board the term of office of which has expired and any director so elected shall hold office for a term of three (3) years, and until his successor is elected and has qualified.

SECTION 5. *Declaration of Candidacy.* No person may be nominated or elected to the District's Board of Directors at any Annual Meeting of the Participating Members unless such person shall have delivered to the District's office during its normal business hours not later than 45 days prior to the Annual Meeting at which the election(s) shall be held (but not more that 90 days prior

to the Annual Meeting) a Declaration of Candidacy, addressed to the attention of the District's Secretary, which shall set forth:

- (a) The person's Declaration of Candidacy specifying by number the Board Seat (or Seats, as may be applicable) for which the person intends to be a candidate; and
- (b) The person's affirmation that he is a Participating Member of the District; and
- (c) The person's written pledge that, upon election, the person shall attend a minimum of six (6) hours of workshop training to be offered periodically on a regional basis within twelve (12) months following election of such board member, and to be organized by the Oklahoma Water Resources Board in cooperation with the Oklahoma Rural Water Association with the purpose of study and instruction in areas of district financing, law, and the ethics, duties and responsibilities of district board members (or - and without further amendment of these Bylaws - such other training as may from time to time be required by any applicable Oklahoma statute).
- (d) The person's affirmation that the declarant has reviewed the District's Bylaws and meets all qualifications set forth therein to serve as a Director.
- (e) The person's affirmation that the declarant has reviewed and understands 51 O.S. §6 ("Officers and Deputies Not to Hold Other Offices") and that the declarant's election to the Board would not violate the provisions of said statute.

If the last day for delivery of the Declaration of Candidacy required hereby is a Saturday, Sunday or legal holiday recognized by the District, then the last day for delivery shall be extended to the next business day during which the District's office is open for business.

The Declaration of Candidacy required hereby shall be substantially in a form to be prescribed from time to time by the District's Board of Directors and made available to all persons seeking to become candidates for the District's Board of Directors.

The District shall cause to be posted in a prominent place within the District's offices, not later than 90 days prior to each Annual Meeting of Participating Members, notification of each Board position which will be open and available for election pursuant to the District's Bylaws at the next Annual Meeting of the Participating Members.

The District shall reimburse all reasonable expenses incurred by any Board Member for attending any training required by these Bylaws or any statutory or similar requirement.

SECTION 6. *Vacancies.* 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. Such appointee shall serve until the next annual meeting of Participating Members who shall then elect a board

member to serve the unexpired portion of said term of office. The disqualification of a director as a Participating Member of the District shall operate to disqualify such person as a director and such person's position on the Board of Directors shall therewith be deemed vacant.

SECTION 7. *Quorum*. The majority of the Board shall constitute a quorum at any meeting for the transaction of business at any meeting of the Board, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

SECTION 8. *Removal*. Any Director 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 meeting called for that purpose. Any such Director shall be notified in writing of the charges referred against him at least ten (10) days before such meeting, and at the meeting shall have an opportunity to present witnesses and be heard in person and answer thereto. PROVIDED, that no Director may be removed from office by a vote of the membership unless initiated by petition signed by fifty-one percent (51%) of the Participating Members of the District.

SECTION 9. *Election of Officers*. The Board shall meet not more than ten (10) days after the annual meeting of Participating Members and shall elect, from among themselves, a chairman, vice-chairman, secretary and treasurer for a term of one (1) year and until a successor is elected and has qualified, unless sooner removed by death, resignation or for cause. The office of the secretary and treasurer may be held by one person.

SECTION 10. *Meetings*. The Directors shall meet as required by any applicable statute and shall further hold regular monthly meetings at a designated time and place as may from time to time be determined by the Board. The Directors may additionally meet specially at other times and places upon the call of the Chairman or any two (2) Directors. Notice of all meetings except regularly scheduled meetings shall be either: (a) as hereafter provided in Article XIX; or (b) by any such means (including SMS or text message or email) as each Director may from time to time designate, in writing, to the District's Manager. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of the meeting. PROVIDED, that the attendance of a Director at a meeting shall constitute a waiver of notice of the meeting, except where a Director attends the meeting solely for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. When all of the Directors are present at any meeting, however called, or consent in writing that such meeting may be held, all proceedings thereat shall be valid as though the previous written notice aforesaid had been given.

SECTION 11. *Compensation of Directors*. Directors shall serve as such without compensation. PROVIDED, HOWEVER, that it shall be a proper expenditure of the District, as determined by the Board, to purchase such officer and director liability insurance as may be from

time to time deemed necessary and desirable by the Board. Payment by the District of the premiums for any such insurance shall not be deemed compensation of Board members.

SECTION 12. *Standing or Temporary Committees.* Standing or temporary committees may be appointed from its own number by the Board from time to time, and the board may from time to time invest such committees with such powers as it may see fit, subject to such conditions as may be prescribed by the Board. All committees so appointed shall keep regular minutes of the transactions of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the District and shall report the same to the Board at its next meeting.

SECTION 13. *Immunity.* Except as otherwise provided by these Bylaws, by operation of law, no officer or director shall be held personally liable for damages resulting from any negligent act or omission of an employee of this District or any negligent act or omission of another director. The immunity provided then shall not extend to intentional torts or grossly negligent acts or omissions personal to any director.

SECTION 14. *Indemnification.* The District shall indemnify any person who was or is a party or is threatened to be made a party to any threatened; pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the District, by reason of the fact that such person is or was a director, officer, employee or agent of the District, or is or was serving at the request of the District as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the District, and, with respect to any criminal action or proceeding, such person had no reasonable cause to believe his conduct was unlawful. Further, the District shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the District to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the District, or is or was serving at the request of the District as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses including attorney's fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the District. PROVIDED, HOWEVER, in this latter instance of action threatened, pending or completed by or in the right of the District, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the District unless, and only to the extent that, the court in which such action or suit was brought shall make a specific finding that, despite the adjudication of liability, but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

All determinations, unless ordered by a court, whether indemnification is proper in the circumstances when measured against the foregoing criteria shall be made by the Board by a majority vote of a quorum consisting of directors who where not parties to such action, suit or proceeding, or, if such a quorum is not obtainable, or, even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the District in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific' case upon receipt of an undertaking by or on behalf of such director or officer to repay such amount once it shall ultimately be determined that he is entitled to be indemnified. Such expenses incurred by other employees and agents may be likewise paid upon such terms and conditions, if any, as the Board deems appropriate.

ARTICLE VIII OFFICERS

SECTION 1. *Officers of the District.* The officers of the District shall be those designated in Section 9 of Article VII above. Election and term of office of such officers shall be as provided therein. Each officer, whether elected or appointed, shall hold office until his successor shall have been duly elected and shall have qualified or until his death, resignation or removal in the manner herein provided. All officers shall be Participating Members of the District.

SECTION 2. *Duties of the Chairman.* The Chairman shall preside over all meetings of the District, call special meetings of the District and the Board perform all acts and duties usually performed by an executive and presiding officer, and sign all such papers, certificates and documents of the District as he may be authorized or directed to sign by the Board. (PROVIDED, the Board may authorize any directors to sign checks on behalf of the District, provided that all checks, whether signed by the Chairman or some such other director, must be counter signed by the treasurer, or in the treasurer's absence, some other director designated by the Board such that all checks must be signed by at least two (2) Board Members so authorized by the Board.) The Chairman shall keep in repair such works as are constructed by the District and operate such works, all as directed by the Board. The Chairman shall perform such other duties as may be prescribed by the Board. In general, the Chairman shall perform all duties incident to the office of chairman and such other duties as may be prescribed by the Board from time to time, He shall be an ex-officio member of standing committees and shall be responsible for carrying into effect all orders and resolutions of the Board and Participating Members as required or as good business dictates.

SECTION 3. *Duties of the Vice-Chairman.* In the absence or disability of the Chairman, the Vice- Chairman shall perform the duties of the Chairman. The Vice-Chairman shall, in general, perform all duties incident to the office of vice-chairman and such other duties as may from time to time be assigned to him by the Chairman or by the Board of Directors.

SECTION 4. *Duties of the Secretary.* The Secretary shall 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 of the Bylaws of the District. PROVIDED, HOWEVER, that in case of his absence, inability, refusal or neglect to do so, such notices may be served by any member of the Board designated by the Chairman. The Secretary shall be custodian of the corporate records of the District and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the District, under its seal, may be duly authorized. He shall keep, or cause to be kept, a register of addresses of all Participating Members and Water Users, The Secretary shall, in general, perform all duties incident to the office of secretary and such other duties as may from time to time be assigned to him by the Chairman or by the Board of Directors.

SECTION 5. *Duties of the Treasurer.* The Treasurer 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 depository only in the checks of the Chairman, or that some other director authorized to sign on the Chairman's behalf; counter-signed by the Treasurer, or some other director so authorized by the Board. At each annual meeting of the Participating Members 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 he shall give a good and sufficient bond in such amount as may be fixed by the Board. The Treasurer shall have charge and custody of and be responsible for all monies, bonds and securities of the District; receive and give receipts for monies due and payable to the District from any source whatsoever; deposit all such monies in the name of the District in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws. He shall disburse all funds of the District in payment of the just demands against the District, or as may be ordered by the Board, taking proper vouchers for such disbursements, and he shall render to the Board, from time to time, as may be required of him, an account of all his transactions and the financial condition of the District. 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. The Treasurer shall, in general, perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Chairman or by the Board.

SECTION 6. *Compensation of Officers.* Officers shall receive no compensation for their services as officers. PROVIDED, HOWEVER, that nothing herein contained shall preclude the officers from receiving compensation for other services which may be provided by the District or which may be determined by the Board.

SECTION 7. *Removal of Officers.* Any officer elected by the Board may be removed by the affirmative vote of three-fifths (3/5ths) of all members of the Board whenever the best interests of the District would be served thereby.

SECTION 8. *Vacancies.* Any vacancy in any office, because of any death, resignation, removal, disqualification or otherwise, shall be filled by the Board at any regular or special meeting for the unexpired portion of the term.

ARTICLE IX POWERS AND DUTIES OF MANAGER

The Board may, in its discretion, employ for the District a manager, who shall have day-to-day charge of the business of the District under the general control, supervision and direction of the Board and Officers. 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 conduct the business in such a way that all participating members 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 District may be ascertained therefrom at anytime; 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 perform such other duties as may be prescribed by the Board. Specifically, among the responsibilities of the Manager, by way of illustration, but not limitation, are the following;

- (a) Serving as a consultant to the Board;
- (b) Formulating general personnel policies, including manpower and organizational planning;
- (c) Developing and implementing all policies relating to equal employment opportunity;
- (d) Recruiting, interviewing, testing, electing, placing and orientating new employees;
- (e) Coordinating the supervision, promotion and termination of employees;
- (f) Administering wage and salary policy;
- (g) Administering employee benefit plans and programs, and disclosing information concerning benefits to employees;
- (h) Implementing disciplinary and grievance procedures;
- (i) Maintaining a safe and healthful work environment for all employees;

- (j) Maintaining personnel records and evaluating personnel programs and policies; and
- (k) Overseeing the day-to-day tasks of the employees.

**ARTICLE X
BOOKS AND RECORDS**

The books and records of the District, and such papers as may be placed on file by vote of the Participating Members or Directors, shall, during all reasonable business hours, for a proper business purpose, be subject to inspection by any Participating Member of the District.

**ARTICLE XI
ANNUAL MEETING OF PARTICIPATING MEMBERS**

SECTION 1. *Meeting Date.* The annual meeting of the Participating Members of the District shall be held at some suitable location within the District designated by the Board in Skiatook, Oklahoma, at 7:00 p.m. on the second Tuesday in January, or if such day be a legal holiday, the next business day following.

SECTION 2. *Special Meetings.* Special meetings of Participating Members may be called at anytime by the Chairman or, upon resolution of the Board, or upon written petition of the Chairman of the Board signed by fifty-one percent (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 as is specified in the notice.

SECTION 3. *Notice of Meeting.* Notice of meetings of Participating Members of the District shall be given as hereafter provided. 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. *Order of Business.* The order of business at the regular meeting, and so far as possible, at all other meetings, shall be as follows:

- (a) Call to order;
- (b) Proof of notice of meeting;
- (c) Reading and approval of minutes of last meeting;
- (d) Reading of financial or audit report;
- (e) Report of Officers and Committees;

- (f) Election of Directors; and
- (g) Adjournment.

SECTION 5. *Closing of Books and Fixing of Record Date.* For the purpose of determining Participating Members entitled to notice of or to vote at any meeting of Participating Members or any adjournment thereof, or in order to make a determination of Participating Members for any other proper purpose, the Board shall have the power to close books for a stated period but not to exceed in any case thirty (30) days. If the books shall be closed of the purpose of determining Participating Members entitled to notice of or to vote, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the books, as aforesaid, the Board may fix in advance a date as the record date for any such determination of Participating Members. Such date in any case shall not be more than thirty (30) days.

SECTION 6. *Voting.* At all meetings of the District, each Participating Member, qualified as otherwise stated in these Bylaws, shall be entitled to vote upon all propositions coming before the District. No cumulative voting shall be permitted, and each Participating Member of the District shall have but one (1) vote.

SECTION 7. *Quorum.* At all meetings of the District, a majority of the Participating Members of the District entitled to vote represented in person shall constitute a quorum. The Participating Members present at any duly organized meeting who are entitled to vote may continue to transact business until adjournment, notwithstanding the withdrawal of enough Participating Members to otherwise leave less than a quorum.

SECTION 8. *Contested Director Elections.* In any year in which there is more than one declared candidate for any Board position to be filled at the Annual Meeting of Participating Members, all Participating Members who would be qualified to vote in person at the Annual Meeting shall be allowed to cast their ballot(s), in advance of the Annual Meeting, for each contested Board position. In each such year, balloting for contested Board positions shall be in strict conformity with all of the following procedures:

- (a) Promptly following the conclusion of the period during which a Declaration of Candidacy may be filed, the District's Manager shall determine whether there is more than one candidate for any Board position to be filled at the Annual Meeting (a "Contested Election.") If not, then the following procedures shall not apply.
- (b) If there is a Contested Election for one or more Board positions, then the District shall include with the Notice of the next Annual Meeting of the Participating Members identification of: (i) each Board Position for which there is a Contested Election; and (ii) identification of each candidate for each such Board Position. The

District shall include, in each such instance, such biographical information about each candidate as the candidate may furnish on forms to be designated by the District's Manager.

(c) In each year in which there is a Contested Election for one or more Board positions, the Notice of the Annual Meeting shall notify the Participating Members that they may vote for the candidate of their choice in each Contested Election at the District's Offices, during normal business hours, during the period commencing the Wednesday prior to the Annual Meeting and ending on the Monday prior to the Annual Meeting.

Participating Members may only vote in Contested Elections either: (i) at the District's Office prior to each Annual Meeting as provided herein; or (ii) in person at the Annual Meeting.

All Participating Members not voting at the District's Office prior to each Annual Meeting as provided herein may vote at the Annual Meeting. The determination of the person elected to each Board Position at each Annual Meeting will be made at the Annual Meeting. If there is more than one Contested Election in any year, any Participating Member voting at the District's Office prior to Annual Meeting as provided herein may not then vote in any Contested Election at the Annual Meeting at which the Contested Election is to be determined.

There shall be no voting by proxy nor any absentee voting at any Meeting of the Participating Members. The provisions set forth herein for determination of Contested Elections shall only apply to Contested Elections. All Participating Members who wish to vote on any other matter to be considered at any meeting of the Members must be present at the Meeting in order to vote.

SECTION 9. *Inspectors of Elections.* Two (2) inspectors of election shall be appointed by the Board before or at each meeting of the Participating Members of the District at which an election of directors shall take place, and if no such appointment shall have been made or if the inspectors appointed by the Board shall refuse to act or fail to attend, then the appointment shall be made by the Chairman at the meeting. The inspectors shall receive and take charge of all ballots and shall decide all questions touching upon the qualifications of voters and validity of proxies. In case of a tie vote by the inspectors on any question, the presiding officer shall cast the deciding vote.

ARTICLE XII BENEFITS AND DUTIES OF MEMBERS

SECTION 1. *Connections.* The District shall install, maintain and operate a main distribution line 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 purchased, installed, owned and maintained by the District shall be place.

SECTION 2. *Water Service.* 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, commercial, livestock, garden and other purposes as a Participating Member may desire, SUBJECT, HOWEVER, to the provisions of these Bylaws and such rules and regulations as may be prescribed by the Board. The water to be delivered to each Participating Member shall be metered.

SECTION 3. *Shortages.* In the event the total water supply shall be insufficient to meet all of the needs of the Participating Members and Water Users, or in the event there is a shortage of water, the District may prorate the water available among the various Participating Members and Water Users on such basis as is deemed equitable by the Board, and the Board may further 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 anytime the total water supply shall be insufficient to meet all of the needs of all of the Participating Members for domestic, commercial, livestock, garden and other purposes. The District must first satisfy all the needs of the Participating Members for domestic and commercial purposes before supplying any water for livestock purposes and before supplying water for gardens or other purposes.

SECTION 4. *Conflicting Service Areas.* Irrespective of any other provision of these Bylaws, no water service will be furnished within the limits of any incorporated town, rural water district, or other public body without the written consent of the governing body thereof

ARTICLE XIII SEAL

The District shall have a corporate seal, consisting of a circle having in its circumference and face the words RURAL WATER MANAGEMENT DISTRICT NO. 15, OSAGE COUNTY, OKLAHOMA, which seal shall be in the custody of the Secretary.

ARTICLE XIV FISCAL YEAR

The fiscal year of the District shall begin the 1st day of July of each year.

ARTICLE XV AMENDMENT

These Bylaws may be repealed or amended by a vote of three-fourths (3/4ths) of the Participating Members present in any regular meeting of the District, or at any special meeting of the District called for the 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, 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 of rights and privileges then existing. Notice of any amendment to be proposed 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. PROVIDED, FURTHER, that no amendment shall be permitted to these Bylaws unless first approved by USDA Rural Development (formerly known as Farmers Home Administration) if the District is then indebted to that agency on any loan made, or insured for the purpose of constructing any portion of the water system in the District.

ARTICLE XVI BASIS OF OPERATION

SECTION 1. *Criteria.* The District shall at all times be operated on a nonprofit basis for the mutual benefit of the Participating Members. PROVIDED, HOWEVER, that the rates, fees, rents or other charges for water or services furnished by the District shall be sufficient at all times:

1. To pay all operating and maintenance expenses necessary or desirable for the prudent conduct of the affairs of the District and the principal of an interest on the obligations issued or assumed by the District in the performance of the purposes for which it was organized; and
2. For the creation of adequate reserves for the retirement of indebtedness, maintenance and other purposes necessary and expedient to meeting all obligations of the District.

SECTION 2. *Revenues.* The revenues of the District shall be devoted first, to the payment of operating and maintenance expenses and the principal and interest on outstanding obligations, and thereafter, to such reserves for improvements, retirement of indebtedness, new construction, depreciation and contingencies as the Board may from time to time prescribe.

SECTION 3. *Rates.* Rates shall be reviewed and adjusted as deemed necessary by the Board to insure that revenues will be adequate for, but not exceed, the amounts required for the purposes hereinabove provided.

ARTICLE XVII NEPOTISM

SECTION 1. *Appointments.* No officer or director shall nominate, appoint or vote for the appointment of any person related to him by affinity or consanguinity within the third degree to any office, position, employment or duty within the District. PROVIDED, HOWEVER, that for the

purposes of this division, a divorce of husband and wife shall terminate all relationships by affinity that theretofore existed by reason of the marriage.

SECTION 2. *Payments.* No officer shall draw or authorize the drawing of any check, warrant or payment of the salary, wages, pay or compensation of any such ineligible person nor shall any officer pay out of any District funds in his custody or under his control the salary, wages, pay or compensation of any such ineligible person.

SECTION 3. *Services.* No officer shall appoint or furnish employment for any person whose services are to be rendered under his direction and control and paid for with District funds who is related by either blood or marriage within the third degree and any other officer when such appointment made in part consideration that such other officer shall appoint and furnish employment to anyone so related to the officer making such appointment.

ARTICLE XVIII PRINTING

After adoption, these Bylaws may be prepared in pamphlet form for distribution to Participating Members.

ARTICLE XIX NOTICES

Whenever the provisions of any statute of the State of Oklahoma or these Bylaws require notice to be given to any director, officer or Participating Member, same shall not be construed to mean personal notice and such notice may be given in writing by depositing the same in any post office of the United States Post Office Department in a postpaid, sealed wrapper, addressed to such director, officer or Participating Member at his or her address as the same appears in the books and records of the District, unless otherwise provided by these Bylaws, and the time when the same shall be mailed shall be deemed to be the time of giving up such notice.

ARTICLE XX GENDER NEUTRAL

These Bylaws shall be deemed to be gender neutral. To the extent that the context shall permit, any masculine pronoun used herein shall be construed to include also the similar feminine pronoun, any feminine pronoun used herein shall be construed to include also the similar masculine pronoun, any singular word so used shall be construed to include also the similar plural word and any plural word so used shall be construed to include also the similar singular word.

(Effective as amended August 14, 2018)