

Water Distributors Co., Inc

By-Laws

Article I

General Purpose

The Purposes for which this Corporation is formed, and the powers, which it may exercise, are set forth in the Articles of Incorporation of the Corporation.

Article II

Name and Location

Section 1. The name of this Corporation Water Distributors Company, Inc

Section 2. The principal office of this Corporation shall be located at Summerfield, Leflore County, State of Oklahoma. The Corporation may maintain additional offices at such other places within the State of Oklahoma as the Board of Directors may determine.

Article III

Seal

Section 1. The seal of the corporation shall have inscribed thereon the name of the Corporation, the year of its organization, and the words, "Non-Stock Corporation, Oklahoma."

Article IV

Fiscal Year

The fiscal year of the Corporation shall begin the 1st day of February in each year and end January 31st of the following year.

Article V

Membership

Section 1: The holders of membership certificates of this Corporation are its members. Any applicant who received approval of the Board of Directors may be admitted to membership upon:

1. Subscribing for or otherwise acquiring a membership certificate, and (2) by signing such agreements for the purchase of water or sewer service as may be provided and required by the Corporation; provided that no person shall be permitted to acquire membership if the capacity of Corporation's water or sewer systems is exhausted by the needs of the existing members. The membership fee is \$10.00. The membership fee is non-reimbursable and will be considered as a donation to the Corporation; however, membership certificate may be transferred in accordance with the provisions of these By-laws.

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Section 2. In case a member ceases to be eligible to hold membership, as provided in Section 1, or willfully fails to comply with these By-laws or the rules and regulations or other requirements, or who willfully obstructs the purposes and proper activities of the Corporation, the Corporation through the Board of Directors may elect to terminate the membership certificate. Any member whose membership

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is so terminated for cause other than that of ceasing to be eligible may appeal the action of the Board of Directors to a vote of the members at the next regular meeting of the members or a special meeting of the members called or such a purpose.

Section 3. Renters from members may receive services from the Corporation upon payment of a refundable deposit; however, no membership certificate will be issued to a Renter.

Article VI

Membership Certificates

Section 1. The membership certificates shall be issued to each holder of a fully paid membership and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear on its face the following statements:

- a. This membership certificate, No. _____, is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporations and Bylaws and amendments to the same of the Water Distributor's Company, Inc.
- b. Transfers of membership certificates shall be made only upon the books of the Corporation; only to persons eligible to become members; and, only with the approval of the Board of Directors.
- c. No member of this corporation shall be entitled to more than one vote, regardless of number of membership certificates he/she holds. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of water from the corporation as may from time to time be provided and required by the Corporation.
- d. A membership in more than one name, such as husband and wife, will be construed as a single membership. When a membership is by a husband and wife or by more than one person, only one of the holders will be allowed to vote based upon said membership.

The first joint holder of the membership to appear to vote at an election shall be allowed to vote. Only one of the said joint holders shall be allowed to vote at an Annual meeting of the Corporation and if said joint holders cannot agree which of the said joint holders shall be allowed to vote the membership, then in such event none will be allowed to vote.

- e. Membership held by public entities such as school boards, churches, etc...shall be non-voting memberships.

Section 2. Transfers of membership certificates shall be made only upon the books of the Corporation; only to persons eligible to become members; only with the approval of the Board of Directors.

Section 3. Each member agrees to sign such water and sewer user's agreements as the Corporation shall from time to time provide and require.

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Article VII

Meeting of Members

Section 1. The Annual meeting of the members of this Corporation shall be held in Summerfield, County of Leflore, State of Oklahoma, at 7:00pm on the 2nd Tuesday of April each year if not a legal holiday, or if a legal holiday, on the next business day following.

Section 2. Special meeting of the members may be called by the action of the Board of Directors, and such meeting must be called whenever a petition requesting such a meeting is signed by at least 10% of the members and presented to the Secretary/Treasurer or to the Board of Directors. 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 members of the Corporation, including Annual meeting will be given by publication in a newspaper having general circulation in the County at least two successive weeks prior to the date of the meeting.

Article VIII

Directors and Officers

Section 1. The Board of Directors of this Corporation shall consist of seven members, all of whom shall be members of the Corporation in good standing, "Good Standing" is defined as a member that is not past due on any obligation owed to the Corporation regarding any bill mailed to said member prior to the date of said member's filing for election to the Board of Directors of the Corporation. The Directors named in the Articles of Incorporation shall serve as the Board of Directors until the first meeting of the members at which time their successors will be elected. Within 180 days from the date of incorporation, the initial board of Directors will call a special meeting of the members, in accordance with Article VII hereof, to review the Bylaws and elect a permanent Board of Directors. Three directors shall be elected for a term of one year, three directors for a term of two years and three directors for a term of three years. Thereafter, the Membership of the Corporation shall elect for a term of three years the number of directors whose terms of office have expired, which election of directors shall be held on the Tuesday, preceding the Annual Meeting, with voting to begin at 7:00am and end at 7:00pm.

Section 2. The order of business at the regular annual meeting of the members, and, so far as possible at other meetings of members shall be:

- 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 or committees
- f) Unfinished and New business
- g) Adjournment

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Section 3. Within 30 days after issuance of the Certificate of Incorporation by the Secretary of State, the initial Board of Directors will meet, after proper notice, for the purpose of adopting the initial laws electing officers and performing other acts in the internal organization of the Corporation.

The permanent Board of Directors shall meet within ten days after the first election held at the first annual meeting of members, and within ten days after each annual election of directors, each of whom by ballot, a President, Vice-President, and a Secretary-Treasurer from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor unless sooner removed by death, resignation or for other cause.

Section 4. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from the office, the remaining directors shall, by majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation, at which time the members shall elect a director for the unexpired term or term provided than in the call of such regular meeting a notice of such election shall be given.

Section 5. The Board of Directors shall meet monthly at a designated time as may be determined by the Board, or upon call by the chairman of any two members of the Board. Notice of all meeting, except regularly scheduled meeting shall be before the holding of such meeting, four members of the Board of Directors present at any Board of Directors meeting shall constitute a quorum.

Section 6. Compensation of officers may be fixed at any regular or special meeting of the members of the Corporation. Directors shall receive no compensation for their services as such. Officers can only receive compensation for specific extra duties such as bookkeeper.

Section 7. Officers and directors may be removed from office in the following manner; any member, officer, or director may present charges against a director or officers by filing them in writing with the Secretary of the Corporation. If presented by a member, the charges must be accompanied by a petition signed by 10% of the members of the Corporation. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by the majority vote of the members. The director or officer against who such charges have presented shall be informed, in writing, of such charges five days prior to meeting, and shall have the opportunity at such at such meeting to be heard in person or by counsel at to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director of the Corporation. A vacancy of the Board thus created shall immediately be filled by a vote of the majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the directors from among their number so constituted after the vacancy of the board has been filled.

Section 8. The seat and/or office of any director and/or officer may become vacant upon any such officer and/or director failing to attend three consecutive regularly scheduled monthly meetings or six regularly scheduled meeting in one year of the Board of Directors of Water Distributors Co., Inc. IN a regularly scheduled monthly meeting after said officer and/or director fails to attend three consecutive regular monthly meetings or six regularly scheduled monthly meetings within one year, the board of directors may, by majority vote, declare said seat and/or office vacant and the vacancy of said seat may be filled by a vote of the majority of the Board of Directors present and voting at such meeting. A vacancy in any office thus created shall be filled by the directors. Any director chosen shall be a director until the next

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regular meeting of the members of the corporation at which time the members shall elect a director for he unexpired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

Article IX

Duties of Directors

Section 1. The Board of Directors, subject to the restrictions of law, the Articles of Incorporation, or these Bylaws, shall exercise all of the powers of the Corporation, and, without prejudice or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority in respect to the matters and as hereinafter set forth:

- a. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership;
- b. To select and appoint all officers, agents or employees of the Corporation for just cause, prescribe such duties as designate such powers as may not be inconsistent with the Bylaws, fix their compensation and pay for faithful service;
- c. To see that the operator-manager of the water system is licensed by the State Board of Health in the same manner as provided in laws of the State of Oklahoma;
- d. To borrow from any source, money, goods, or services and to make and issue notes and offer negotiable and transferrable instruments, mortgages, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same;
- e. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of business and affairs of the Corporation and the guidelines and control of its officers and employees, and to prescribe adequate penalties for breach thereof;
- f. To order at least once each year, and audit of the books and accounts of the Corporation by a competent public auditor or accountant. The report prepared by such an auditor or accountant shall be submitted to the members of the Corporation at their annual meeting;
- g. To prepare annually an estimated budget for the coming year. To fix the charges to be paid by each member for services rendered by the Corporation to him/her, the time of payment and the manner of collection;
- h. To require all officers, agents and employees charged with responsibilities for the custody of any of the funds of the Corporation to give adequate bonds, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the directors to do so require;

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- i. To select one or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing, and disbursing the funds of the Corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form thereof at will;
- j. To levy assessments against the membership certificates of the Corporation and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The Board of Directors shall have the option to declare forfeited any membership certificate on which assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the Corporation must give the member at least 30 days written notice at the address of the member on the books of the Corporation of his intention to forfeit the certificate if the assessment is not paid.

Article X

Duties of Officers

Section 1. Duties of the President: The president shall preside over all meeting of the Corporation and the Board of Directors, call special meetings of the Board of Directors , perform all acts and duties usually performed by an executive and presiding officer, sign all membership certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any or sign any or all checks, contracts, and other instruments in writing on behalf of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-President: In the absence or disability of the President, the Vice-President shall perform the duties of the President; provide, that in the case of death, resignation or disability of the President, the Board of Directors may declare the office vacant and elect his successor.

Section 3. Duties of the Secretary-Treasurer: The Secretary-Treasurer shall keep the minutes of a meeting of the Corporation and the Board of Directors. The Secretary-Treasurer shall be the primary board officer to have the general charge and supervision of the books and records of the Corporation. However, it is understood generally the books and records of the Corporation are kept at the Corporation office in Summerfield. The Secretary-Treasurer shall sign all membership certificates with the President and shall such other papers pertaining to the Corporation as authorized or directed to sign by the Board of Directors. The Secretary-Treasurer shall be the primary board officer with the responsibility to see that all notices required by law and these Bylaws are served by the Secretary-Treasurer or Corporation employees. The Secretary-Treasurer shall, if requested, make a full report of all matters and business pertaining to the office of Secretary-Treasurer to the members at the annual meeting. The Secretary-Treasurer shall be the primary board member with responsibility to see that Corporate Seal is safely maintained in his or her possession or at the corporate office. The Secretary-Treasurer shall be the primary board officer with responsibility to see that the Corporation employees properly maintain the

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membership certificate records of the Corporation. The Secretary-Treasurer shall countersign all membership certificates issued and affix said corporate seal to all papers requiring seal. The Secretary-Treasurer shall be the primary board officer with responsibility to see that the Corporation employees keep a proper membership certificate record, showing the name of each member of the Corporation and date of issuance, surrender, cancellation or forfeiture. The Secretary-Treasurer shall perform all duties required of a corporate Secretary-Treasurer by law and shall perform such duties required by the Corporation or Board of Directors. Upon Election of the successor to the Secretary-Treasurer, he/she shall turn over all books and other property belonging to the Corporation that he/she may have in their possession, if any. The Secretary-Treasurer shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors.

Article XI

Benefits and Duties of Members

Section 1.

- a. Each holder of a Membership certificate may make application for water service from the Corporation's water system. The determination of whether water service will initially be provided or continued to said members shall be at the sole discretion of the Board of Directors. In making the decision regarding initial or continued water service to a member, the Board of Directors will consider all relevant factors including but not limited to, the cost of the service, the adequacy of the system to furnish water, the effect of the service upon other members receiving service from the system, etc...The Board of Directors, in their sole discretion, shall have the right to refuse service or discontinue existing service to a member.
- b. A member may make application to the Board of Directors for additional service line(s). Upon approval of the Board and payment of a required charge for each line as may be determined by the Board, the additional service line(s) will be made available to the member.
- c. Members desiring service after the final plans are drawn and approved by the Board of Directors and the Farmers Home Administration may be charged an additional fee, equal to the actual cost of providing service.
- d. Irrespective of any other provisions these bylaws, no water or sewer 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.

Section 2. The Corporation shall install, maintain and operate a main distribution pipeline or lines from the source of water supply and lines from the main distribution pipeline or lines, to the property line of each participating member of the Corporation, at which point designated as delivery point, meters to be purchased, installed, owned and maintained by the Corporation shall be in place.

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Section 3. Each Participating member shall be entitled to purchase from the Corporation pursuant to such agreement as may from time be provided and required by the Corporation and the Board such water for domestic, livestock, and other purposes as a participating member may desire, subject to the provision of these bylaws, and such rules as regulation 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 that there is a shortage of water, the Corporation may pro-rate the water available among the various members and users on such basis as is deemed equitable by the Board, and may also prescribe a schedule of hours, covering the use of water and require adherence thereto.

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 and/or sewer rates sufficient to pay the normal operating and maintenance expenses, all debt service requirements, and the reserves required by the loan resolution. Any decrease in the rates shall be subject to the approval of the Farmers Home Administration, if the Corporation is indebted to that agency on any loans made or insured for the construction of the Corporation's facilities.

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 certificate on behalf of which such failure occurs provided, that such membership certificate shall be reinstated if within three months after such forfeiture, all back charges are paid in full plus six percent (6%) interest and reasonable labor charge necessary to effect such reconnections.

Section 7. The corporation shall not use lead pipe or lead solder in the water system.

Section 8. Any member of Water Distributors Company, Inc may request that a matter be placed on the agenda for consideration by the board by appearing in the corporation office in person or by telephone and advising office secretary, other party that prepares the agenda for the meeting. Once a member appears and requests that a matter be included in the agenda for consideration of the Board. Said matter may not be deleted from the agenda by direction from any other board member or corporation employee and may only be deleted from the agenda upon request from said member, made by personally appearing in the corporation office in the same manner as having the item initially placed on the agenda, as outlined above.

Article XII

Distribution of Surplus Funds

Section 1. It is not anticipated that there will be any surplus net income. If there should be then at the end of the fiscal year, after paying the expenses of the Corporation for operation and otherwise, and after setting aside reserved 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 corporation, and providing for the purchase of proper supplies and equipment, the net earning shall be used for the retirement of indebtedness or the Board may make a general rate reduction to the members.

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Article XIII

Amendments

Section 1. These Bylaws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Corporation, or at any special meeting of the Corporation called for that purpose, except that the members shall not have the power to change the purpose of the Corporation so as to decrease its rights and powers under the laws of the state, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the Corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the bylaws as to effect a fundamental change in the policies of the Corporation. Notice of any amendment to be made at a Special meeting must be set forth the amendments to be considered. Any amendments to the bylaws as provided here in shall be subject to the approval of the Farmers Home Administration, if the Corporation is indebted to that agency or any loans made, or insured for the purpose of construction the water or sewer system of the Corporation.

Unanimously adopted at a meeting of the Board of Directors held at _____ with
_____ Members of the Board of Directors present.

(Seal)

Clarence J. McGowen /s/
President

Attest:

Jack Curtis /s/
Secretary-Treasurer

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