

B Y L A W S
OF
RURAL WATER, SEWER, AND SOLID WASTE MANAGEMENT
D I S T R I C T N O . 2 0
PITTSBURG COUNTY, OKLAHOMA

A R T I C L E I
NAME AND PLACE OF BUSINESS

Section 1. The name of this corporation shall be Rural Water, Sewer, and Solid Waste Management District No. 20, Pittsburg County, Oklahoma. Provided, however, that this corporation may also do business under the name of Carlton Landing Water District or such other names as its Board shall approve.

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

A R T I C L E II
CORPORATE POWER

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

A R T I C L E 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 pipelines and other facilities, to build, operate and maintain a sewage disposal system and to operate the same for the purpose of furnishing water and sewerage collection and treatment to serve the needs of owners and occupants of land located within the District, and others as authorized by the 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. Provided, however, that any loan made or insured by the Rural Development will be authorized by a majority vote of all the members present at an annual meeting of members or at a special meeting of the members.
- C. To hold such real and personal property as may come into its possession by will, gift, purchase, or otherwise, as authorized by law, and to acquire and dispose of such real and personal property, including rights-of-way and easements, wherever located, and as may be necessary and convenient for proper conduct and operation of the business of the District.
- D. To establish rates and impose charges for water, sewer, and other services furnished to participating members and others.
- E. To enter into contracts for the purpose of accomplishing the purposes of the District with any person or governmental agency.
- F. To cooperate with any person or with any governmental agency in any undertaking designed to further the 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 that may lawfully be done by such District under the laws of the State of Oklahoma.

ARTICLE IV

USERS

Section 1. No owner of land located within the District shall be eligible to become a user of the facility unless he has first subscribed and paid for one or more Benefit Units. Tenants occupying land located within the District may become members provided the land owner grants permission by completing the necessary forms required by the District and the Benefit Unit(s) is subscribed and paid for in favor of the land or premises occupied by the tenant.

A R T I C L E V
RIGHT TO VOTE

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

A R T I C L E V I
BENEFIT UNITS

Section 1. The Board shall at the proper time cause a declaration of Availability of Benefit Units for subscription to be entered in its minutes and shall establish a unit price for said subscriptions. The meter deposits of existing users 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 and sewerage 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 the order in which received. The Board may not 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.

Section 2. Upon the purchase of a Benefit Unit, the owners of land shall designate the tract of land to which the Benefit Unit 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 meter must be located on the property owned by the subscriber and serve the subscriber's property or the necessary easement provided to place the meter on land now owned by the participating member. Benefit Unit Certificates (applications) shall be signed by the Chairman.

Section 3. The consideration paid for Benefit Units shall be considered a donation to the District and may not be refunded without Board approval.

Section 4. Benefit Units shall follow the title of the land unless the participating member designates otherwise. Participating Members may transfer Benefit Units from one tract of land to another tract within the District, subject, however, to the approval of the Board. No transfer in ownership of Benefit Units shall be permitted without the approval of the Board. No transfer will be approved unless all charges against the Benefit Unit are paid and necessary transfer forms are completed by the seller, buyer, and property owner (if seller is a tenant). 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 and/or one line from the District's sewage system and/or solid waste management service for one residential or business parcel of land.

Section 6. Failure to pay the minimum monthly meter charge and/or sewer charge, or failure to pay for water used through a meter for a period of 180 days shall constitute a forfeiture of the Benefit Unit on behalf of which such failure occurs. Notice of such default shall be mailed by certified mail to the landowner and tenant if the tenant is the subscriber member when the account becomes 90 days delinquent. This notice shall include the date the Benefit Unit will revert and charges against the account to date and shall be mailed to the last known address as shown on the books of the District.

ARTICLE VII

ELECTION OF DIRECTORS

Section 1. The Board of this District shall consist of five members, all of whom shall be participating members of the District. Provided, however, that the original Board shall consist of owners of land located in the District. The Directors elected at the time of the incorporation of the District shall be elected for staggered terms of one, two, and three years, and shall serve until the expiration of the term for which they were elected as shown by the minutes of the meeting of the landowners and until the successors are elected and have qualified. At each annual meeting of the participating members, the participating members shall elect for a term of 6 years the number of Directors whose term of office has expired. As a requirement for qualification to serve as a Board Member shall be a written pledge to attend any statutorily required training. Should any pledging Board Member fail to attend training within the statutorily required period, he or she shall be deemed ineligible to serve as a Board Member commencing at the next regularly scheduled meeting of the Board following the end of such period. The remaining Board Members shall select from the membership another qualified member to fill the vacancy and that person shall pledge to attend the workshop training

provided for in this section. The appointed member shall only serve until the next regularly scheduled election of Board Members. At that time, an election shall be held to fill the unexpired term of this vacated position.

Section 2. Immediately following the annual meeting of the participating members, the Board shall meet and shall elect a Chairman, Vice-Chairman, Secretary and Treasurer, from among themselves, each of whom shall hold office until the next annual meeting of 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 the Secretary and Treasurer.

Section 3. Any vacancy in the Board, other than from the expiration of a term of office, or failure to attend shall be filled by appointment by the remaining members of the Board for the remainder of the unexpired term of this vacated position.

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

Section 5. Any Director of the District may be removed from office for cause by a vote of not less than three-fourths of the participating members of the District at any annual or special meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person to answer thereto. Officers of the Board may be removed for cause by vote of at least two-thirds of the members of the Board, and employees and agents discharged or removed for office or employment at any time by action of the Board.

ARTICLE VIII

POWERS AND DUTIES OF DIRECTORS

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

- A. To select and appoint all agents and employees of the District or remove such agents and employees of the District for just cause, prescribe such duties and

designate such powers as may not be consistent with these bylaws, 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, sewer, or solid waste management user for services rendered by the District to him, the time of payment, and the manner of collection, and to establish equal rates for farm members and non-farm members according to the amount of services furnished.
- E. To require all officers, agents, and employees, charged with the responsibility for the custody of any funds OR property 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 depositaries 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 or behalf of the Chairman, with the power to change such bank or person signing such checks and the form thereof at will.
- G. To prepare annually an estimated budget for the coming year, adjust rates, if necessary to produce sufficient revenue required by such budget, cause an annual audit of the District records and accounts to be made by a licensed municipal public accountant or certified independent public accountant, and make a report on said matters at each annual meeting of participating members.
- H. To call special meetings of participating members for such purposes as the Board shall from time to time determine.

A R T I C L E I X
P O W E R S A N D D U T I E S O F T H E M A N A G E R

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

A R T I C L E X
P O W E R S A N D D U T I E S O F T H E O F F I C E R S

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

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

Section 3. *Secretary.* It shall be the duties of the Secretary, who shall be a member of the Board, to see that a record of the proceedings of the meetings of the Board and the District is kept. He shall serve, or cause to be served, all notices required to be served by

law or the bylaws of the District; and in case of his absence, inability, refusal or neglect to do so, then any member of the Board directed by the Chairman may serve such notices.

Section 4. *Treasurer.* The Treasurer, who shall be a member of the Board, shall see that all funds of the District are accounted for, deposited in a bank designated by the Board as a depository, and cause payments to be made by check from these funds approved by the Board and signed by designated signers approved by the Board. At each Annual Meeting of the District, he shall submit a complete statement of accounts for the past year.

A R T I C L E X I BOOKS AND RECORDS

Section 1. The books and records of the District, and such papers ad may be placed on file by vote of the District or Directors, shall during all reasonable business hours, be subject to inspection according to the Open Records Act.

A R T I C L E X I I ANNUAL MEETING OF THE MEMBERS

Section 1. The annual meeting of the participating members of the District shall be held at some suitable time at a location within the District as designated by the Board and at a time and date designated by the Board.

Section 2. Special meetings of participating members may be called at any time by the Chairman or upon resolution of the Board, or upon written petition to the Chairman of the Board, signed by at least 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 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 meeting, but no failure or irregularity of a notice of any annual meeting, regularly held, shall affect any proceeding taken thereat.

Section 4. The participating members present any meeting of participating members shall constitute a quorum for the purpose of transacting business.

A R T I C L E X I I I

BOARD MEETINGS

Section 1. The Board shall meet each year to adopt a budget for the following year. The Board shall meet annually to elect officers immediately following the time for election of any new director. The Board shall meet at such and other times as may be determined by the Board or upon call by the Chairman or any two members of the Board. Notice of all meetings of the Board shall be by mailing a notice to the last known business or residence address of each Director, at least two (2) days before the holding of such meeting provided, however, that when all of the Directors are present at any meeting, however called, or consent in writing that such meeting may be held, the proceedings thereat shall be as valid as though the previous written notice aforesaid had been given.

A R T I C L E X I V

MANNER OF ELECTION AND VOTING

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

A R T I C L E X V

CORPORATE SEAL

Section 1. The District shall have a corporate seal, consisting of a circle having its circumference and face the words, "Rural Water, Sewer, and Solid Waste Management District No. 20, Pittsburg County, Oklahoma," which shall be in the custody of the Secretary.

A R T I C L E X V I
FISCAL YEAR

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

A R T I C L E X V I I
AMENDMENT

Section 1. These bylaws may be repealed or amended by a vote of three-fourths of the participating members present at any regular meeting of the District membership, or any special meeting of the District Membership called for that purpose except that the participating members shall not have the power to change the purposes of the District so as to impair its rights and powers under the laws of the State of Oklahoma, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its participating members, or to deprive any participating member or landowner of rights and privileges then existing, or to so amend the bylaws as to affect a fundamental change in the policies of the District. Notice of any amendment to be made at any regular or special meeting of the participating members must be given at least ten (10) days before such meeting and must set forth the amendments to be considered.

A R T I C L E X V I I I
BASIS OF OPERATIONS

Section 1. The District shall at all times be operated on a non-profit basis for the mutual benefit of its participating members.

A R T I C L E X I X
BENEFITS AND DUTIES OF MEMBERS

Section 1. The District shall install, maintain, and operate a main distribution pipe line or lines from the source of water supply, and lines from the main distribution pipe lines or lines, to the property line of each participating member of the District at which point designated as delivery points, meters to be purchased, installed, owned and maintained by the District shall be placed. The District shall also install, maintain, and operate a sewage disposal system with lines running from points designated by the Board of Directors as sewer delivery points for each participating member, to main sewage

disposal lines and then to a sewage disposal facility. The District shall operate a solid waste disposal system including containers at designed pick up points and the sanitary landfill or other disposal facility. Cost of improvements or extensions deemed necessary to serve new applicants for membership shall be determined by the Board.

Section 2. Each participating member shall be entitled to purchase from the District, pursuant to such agreement as may from time to time be provided and required by the District and Board, such water, sewer, or solid waste management services for domestic and other such 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 delivered to each participating member shall be individually metered.

Section 3. 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 prorate the water available among the various members and users on such basis as in deemed equitable by the Board, and may also prescribe a schedule of hours, covering the use of water for garden purposes and require adherence thereto, or prohibit the use of water for garden purposes if at any time the total water supply shall be insufficient to meet all of the needs of the participating members for domestic livestock, garden and other purposes, and the District must first satisfy all needs of all the participating members for domestic and livestock purposes before supplying water for gardens and other purposes.

A R T I C L E X X

PRINTING

Section 1. After adoption, these bylaws shall be prepared in printed form, and a copy thereof shall be delivered to each participating member. Upon approval of amendment(s) of these bylaws by participating members of the District, a copy including the amendments shall be made available to participating members upon request. A copy of the current bylaws of the District shall be delivered to all new members of the District.

AFFIDAVIT

STATE OF OKLAHOMA
COUNTY OF PITTSBURG ss

Grant Humphreys, Kirk Humphreys, Blair Humphreys and Jonathan Middlebrooks, being first duly sworn, depose and state each for himself, that he is a Director of Rural Water, Sewer, and Solid Waste Management District No 20, Pittsburg County, Oklahoma; and that the foregoing bylaws were adopted at a meeting of the landowners of said District duly held on the 15th day of December, 2011; and that there were landowners present; and that the vote for the adoption of the bylaws was unanimous.

Subscribed and sworn to me before this _____ day of December, 2011.