

COMANCHE COUNTY RURAL WATER DISTRICT NO. 3

BY-LAWS

Article 1

Name and Place of Business

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

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

Article 2

Corporate Powers

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

Article 3

Purpose and Objectives

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

(a) To acquire water and water rights, build and acquire pipe lines and other facilities, and to operate the same for the purpose of furnishing water to serve the needs of owners and occupants of land located within the District, and others as authorized by these By-laws.

(b) To borrow money from any Federal or State agency, or from any other source, and to secure said loans by mortgaging or pledging all or parts of the physical assets, revenue and income of the District, including easements and right-of-way.

1. Any loan made or insured by the Rural Development will be authorized by a majority vote of all the members present at a special meeting or at an annual 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 right-of-ways and easements, wherever located, and as may be necessary and convenient for the proper conduct and operation of the business of the District.

(d) To enter into contracts for the purpose of accomplishing the purposes of the District with any person or other entity.

(e) To cooperate with any person, governmental agency or any other entity in any undertaking designed to further the purposes of the District.

(f) 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 such District under the laws of the State of Oklahoma.

Article 4

Water Users

Section 1. Water shall be supplied only to rural residents of land located within the District. Provided, however, that the Board may make water available to the public for purchases at such distribution points as it may establish.

Section 2. No owner of land located within the District shall be eligible to become a water subscriber unless he has first subscribed and paid for one or more benefit units. Tenants occupying land located within the District may become water subscribers: Provided, that the owner, or someone on behalf of the owner, has subscribed and paid for one or more benefits units in favor of the land or premises occupied by the tenant.

Article 5

Right to Vote

Section 1. Only participating members shall have the right to vote, and each participating member shall have a single vote, regardless of the number of benefit units owned. There shall be no proxy voting, and no dual ownership of benefit units for voting purposes.

Participating members shall be owners of land within the District who have subscribed for one or more benefit units and have paid in full for such benefit units as required by these By-laws and the Board.

Article 6

Benefit Units

Section 1. The board shall cause a declaration of availability of benefit units for subscription of and shall establish a price for said benefit units.

Each benefit unit shall carry an obligation to the subscriber to pay all cost established by the Board in accordance with District Rules and Regulation, policies and procedures and fee schedules:

(a) The Board shall establish and maintain written policies and procedures describing requirements related to availability, connection, and service of benefit units.

(b) The Board shall cause all Federal and State regulations related to the District and the District operation, to be enforced at all times through written District Rules & Regulation, or policies and procedures unless a written variance or waiver is issued by the governing Federal or State regulatory agency.

Section 2. Upon the purchase of benefit units, the owners of land shall designate the tract of land to which the benefit units shall be assigned, and the benefit unit shall not be transferred from one tract of land to another within the District without the approval of the Board. The owner of lands subscribing for more than one benefit unit to be assigned to one tract of land shall at the time of said subscription designate as nearly as practical the location of said tract where he intends to utilize said benefit units and no major change in location shall be made without the approval of the Board. Benefit Unit Certificates shall be issued by the Board, signed by the Chairman and Secretary, showing name of owner, and tract or land to which the benefit unit is assigned, numbered consecutively in the order in which issued.

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

Section 4. Benefit units shall follow the title of the land unless the owner of the land designates otherwise. Owners may transfer benefit units from one tract of land to another tract owned by them within the District, subject however, to the approval of the Board. No transfer in ownership of benefit units shall be permitted without the approval of the Board. No transfer will be approved unless all charges against the benefit unit are paid. All transfers when approved shall be recorded in the books of the District.

Section 5. Each benefit unit shall entitle the owner to not to exceed one line from the District's water system. Each line shall serve not to exceed one residence or business establishment together with the necessary and usual out buildings.

Section 6. Failure to pay the minimum monthly meter charge, or failure to pay for water used through a meter shall constitute a forfeiture of the benefit unit on behalf of which such failure occurs: Provided, that such benefit unit shall be reinstated if within three (3) months after such failure, all back charges are paid in full, plus any reconnection fee as set forth by the District Rules and Regulations, and a sum to cover reasonable cost of materials and labor necessary to make such reconnection.

Provided, further, that if the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the Secretary of the District has mailed or caused to be mailed, by registered or certified mail, notice of such default of the tenant to the landowner at his last known address as shown on the books of the District.

Article 7

Election of Directors

Section 1. The Board of this District shall consist of five (5) members, all of whom shall be participating members of the District: Provided, however, that the original Board shall consist of owners of land located in the District. The Directors elected at the time of the incorporation of the district shall be elected for staggered terms of one, two and three years, and shall serve until the expiration of the term for which they were elected as shown by the minutes of the original meeting of the landowners, and until their successors are elected and have qualified. At each annual meeting of the participating members, the participating members shall elect for a term of three years the number of directors whose office have expired.

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 who shall hold office until the next annual meeting of the participating members and until the election and qualification of his successor unless sooner removed by death, resignation or for cause. One person may hold the offices of the secretary and treasurer.

Section 3. Any vacancy in the Board, other than from the expiration of a term of office, shall be filled by appointment by the remaining members of the Board. The disqualification of a director as a participating member of the District or failure of any original director to become a participating member within 30 days after subscription for benefit units are made available through action of the Board, shall operate to disqualify him as a director and to create a vacancy in the office of the Director.

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

Section 5. Any director of the District may be removed from office for cause by a vote of not less than three-fourths (3/4) 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 referred against them at least 10 days before such meeting, whether regular or special, and at the meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed for cause by vote of three-fourths (3/4) of the members of the Board, and employees and agents discharge or removed from office or employment at any time by action of the Board.

Article 8

Powers and Duties of Directors

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

(a) To select and appoint all agents and employees of the District; or remove such agents and employees of the District for just cause; prescribe such duties and designate such powers as may not be inconsistent with these By-laws, and fix their compensation and pay for faithful service.

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

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

(d) To fix charges to be paid by each water user for services rendered by the District, the time of payment, and the manner of collection, and to establish rates for residential and commercial members.

(e) To require insurance coverage or adequate bond for all officers, employees, and/or agents responsible for the custody of any funds of the District. Coverage with written proof from the issuing agency shall be required by the Board. Insurance coverage and bonds for officers and employees shall be paid by the District, all agents shall submit proof of insurance and bonds to the district.

(f) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District in the form of checks, and the person by whom the same shall be signed on behalf of the Chairman, with the power to change such bank or person signing such checks and the form thereof at will.

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

(h) To establish rates and impose charges for water furnished to participating members and others.

Article 9

Powers and Duties of Manager

Section 1. The Board may employ for the District an operations manager and an office manager, who shall have charge of the daily business of the District; however both shall be under the general control, supervision and direction of the Board. No Director shall serve in either position.

a) Operations Manager: The operations manager shall be responsible to perform daily routine duties to assure continual compliance with all Federal and State statutes and regulations directly or indirectly related to providing safe drinking water in sufficient quantities for the District.

b) Office Manager: The office manager shall be responsible to perform daily routine duties directly and indirectly related to standard practices of accounting in order to provide accurate, current evidence of the financial condition of the District. They shall also be responsible for collecting, documenting and depositing funds for services provided by the District, and to prepare payment, approved by the Board, to those to whom the District owes. They shall also perform all duties as required to operate the District's office and business in an accurate, professional manner in accordance with all Federal and State statutes as related to the operation of a public entity.

Article 10

Duties of Officers

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 meeting of the District and the Board, perform all acts and duties usually performed by an executive and presiding officer, and shall sign all benefit unit certificates and such other papers of the District as they may be authorized or directed to sign by the Board, provided the Board may authorize any person to sign checks, on behalf of the District, provided, that all checks must be countersigned by the Treasurer. The Chairman shall perform such other duties as may be prescribed by the Board.

Section 2. Vice-Chairman: In the absence or disability of the Chairman, the Vice-Chairman, who shall be a member of the Board, shall 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, or a person designated and approved by the Board, to keep a record of the proceedings of the meetings of the Board and of the District. They shall serve, or cause to be served, all notices required to be served by law or the By-laws of the District; and in case of 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 shall be a member of the Board and may designate, with approval of the Board, a person or persons to perform day to day accounting and records maintenance related to all activities and operations of the District. Accounting and records maintenance shall be in accordance with Standard Accounting Practices related to, but not limited to receivables, payables, applications for benefit units, and other routine business. These accounting procedures shall at all times provide clear and accurate proof of the financial status of the District and shall be presented to the Board at the monthly meeting and the participating members at the annual meeting, unless otherwise requested or required.

All payments received shall be routinely deposited into accounts at locations authorized by the Board, with related deposit documents retained for audits and review as required by State Statute. All accounts payable shall be paid in the form of a check and shall bare two (2) signatures of officers, as designated and approved by the Board.

Article 11

Books and Records

Section 1. The books and records of the District, and such papers as may be placed on file by vote of the District or Board shall during all reasonable business hours, be subject to inspection by any landowner or participating member of the District.

Article 12

Annual Meeting of Participating Members

Section 1. The annual meeting of the participating members of the District shall be held at some suitable location within the district designated by the Board, at 8:00 o'clock pm on the Third Monday of May of Each Year.

Section 2. Special meeting 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 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 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 proceedings taken thereat.

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

Section 5. The order of business at the annual meeting and so far as possible, at all other meetings, shall be:

- (a) Call to Order
- (b) Proof of Notice of Meeting
- (c) Reading and Approval of Minutes of Last Meeting
- (d) Report of Officers and Committees
- (e) Election of Directors
- (f) Unfinished Business
- (g) New Business
- (h) Adjournment.

Article 13

Board Meetings

Section 1. The Board shall meet monthly on the first Tuesday of the month. The Board shall also meet on the third Monday in May:

(a) Monthly Board meetings shall be to conduct normal business related to the District operation, i.e., receive financial reports, operation reports, approve and remit payment for payables, review applications for benefit units, etc.

(b) Annual meeting shall be to inform attending participating members of the previous years activities, financial status, and other related information pertaining to the Districts operation. Election of board members and officers shall also be conducted.

(c) Public notice of meetings, conduct of meetings shall be in accordance with State Statute.

Article 14

Manner of Election and Voting

Section 1. At all annual meetings of the District, each participating member, qualified as stated in these By-laws, shall be entitled to vote upon all propositions coming before said District. No cumulative voting shall be permitted and each participating member of the District shall have but one vote.

Article 15

Seal

Section 1. The District shall have a corporate seal, consisting of a circle having in its circumference and face the words, "Comanche County Rural Water District No. 3, Oklahoma", which shall be in the custody of the Secretary or as designated by the Board in writing.

Article 16

Fiscal Year

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

Article 17

Amendment

Section 1. These By-laws may be repealed or amended by a vote of three-fourths (3/4) of the participating members present at any annual meeting of the District, or any special meeting of the District called for that purpose, except that the participating members shall not have the power to change the purposes of the District so as to impair its rights and powers under the laws of the State of Oklahoma, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its participating members, or to deprive any participating member or landowner of rights and privileges then existing or to so amend the By-laws as to affect a fundamental change in the policies of the District. Notice of any amendment to be made at any annual meeting or special meeting of the participating members must be given at least 10 days before such meeting and must set forth the amendments to be considered.

Section 2. In case of a conflict with State or Federal Statute, these By-Laws shall be amended in accordance with guidelines herein; to comply with said Statute.

Article 18

Basis of Operation

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

Article 19

Benefits and Duties of Members

Section 1. The District shall install, maintain and operate a main distribution pipe line or lines from the source of water supply, and the lines from the existing main distribution line, to the property line of each participating member of the district at which point designated as delivery point, meter to be purchased, installed, owned and maintained by the district, shall be placed.

If a new application to become a participating member or development requires a line extension or other system improvements, all costs associated with the extension and/or improvement shall be paid by the applicant or developer in accordance with District rules, policies and procedures.

Section 2. Each participating member shall be entitled to purchase from the District water as a participating member, subject however, to the provisions of these By-laws and such rules and regulations as may be prescribed by the Board. The water delivered to each participating member shall be metered.

Section 3. In the event the total water supply shall be insufficient to meet all of the needs of the members and users, or in the event there is a shortage of water, the District may 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 for garden purposes and require adherence thereto; or prohibit the use of water for garden purposes if at any time the total water supply shall be insufficient to meet all of the needs of all of the participating members for domestic, commercial, livestock, garden and other purposes, and 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 must satisfy all the needs of all the participating members for domestic, commercial, and livestock purposes before supplying water for gardens and other purposes.

Article 20

Printing

Section 1. After adoption, these By-laws shall be prepared and a copy thereof shall be delivered to each new participating member.

Definitions: as used in these By-Laws unless the context clearly requires otherwise:

- 1) District – Comanche County Rural Water District No. 3 public non-profit water district for the operation of waterworks.
- 2) Board – the governing body of a District.
- 3) Corporation -a not-for-profit corporation organized:
 - a) pursuant to the provisions of the Oklahoma General Corporation Act for purpose not involving pecuniary gain to its shareholders or members, paying no dividends or other pecuniary remuneration, directly or indirectly as such and having no capital stock, and
 - b) for the purpose of developing and providing rural water supplies to serve rural residents.
- 4) Rural Residents – any natural person, firm, partnership, association, corporation, business trust, federal agency, state agency, state or political subdivision thereof; or any other legal entity, owning or having interest in lands within the rural area located within the boundaries of the District.
- 5) Rural Area – any area lying outside the corporate limits of any municipal corporation and includes any area of open country, incorporated or unincorporated communities.

- 6) Benefit Unit – a legal right to one service connection to the district facilities and to participate in the affairs of the District.
- 7) Participating member – any rural resident who has subscribed to one or more benefit units and has met all requirements herein.
- 8) Water works – the necessary facilities from the initial source to the place for consumer utilization, and includes supply, storage, treatment, transportation and distribution.
- 9) Purpose of District – The district shall develop and provide an adequate, safe water supply to serve and meet the needs of all rural residents within the territory of the District and shall do so in accordance with all applicable Federal and State regulations and/or laws, and District By-laws.