

RURAL WATER DISTRICT SEVEN

BY – LAWS

WAGONER COUNTY

Approved at 2006 Annual Meeting of February 16, 2006

# **BY-LAWS**

## **ARTICLE 1**

### **NAME AND PLACE OF BUSINESS**

Section 1. The name of this corporation shall be Rural Water District No. 7, Wagoner County, Oklahoma, hereinafter referred to as the District.

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

## **ARTICLE 2**

### **CORPORATE POWERS**

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

## **ARTICLE 3**

### **PURPOSES AND OBJECTIVES**

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

(a) To acquire water and water rights and to build and acquire pipe lines and other facilities, and to operate the same for owners of land located within the District.

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

(c) To hold such real and personal property as may come into its possession by will, 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 the proper conduct and operation of the business of the District.

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

(e) To enter into contracts with any person or governmental agency for the purpose of accomplishing the purposes of the District.

(f) To cooperate with any person and with any governmental agency in any undertaking designed to further the purposes of the District.

(g) To do and perform any and all acts necessary or desirable for the accomplishment of the purpose 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 owners of land located within the District. Provided, however, that the Board may make water available to the public for purchase at such distribution points as it may establish.

Section 2. No owner of land located within the District shall be eligible to become a water subscriber unless he has first subscribed and paid for one or more Benefit Units. Tenants occupying land located within the District may become water subscribers. The owner, or someone on behalf of the owner, must have subscribed and paid for one or more Benefit 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 be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed. There shall be no proxy voting, and no multiple ownership of Benefit Units for voting purposes. A participating member may be an individual, firm, partnership, association, or corporation.

Section 2. Participating members shall be owners of land located within the District who have subscribed to one or more Benefit Units. Payments of charges must be current on at least one of the Benefit Units.

## **ARTICLE 6**

### **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. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter charge from the time service is available. The Board, at its discretion, may, from time to time, make additional Benefit Units available if the capacity of the District's facilities permits.. Subscriptions for Benefit Units shall be given preference and priority in the 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 landowner who feels himself aggrieved by such denial, or imposition of special conditions, may appeal the action of the Board to a vote of the members at the next regular meeting of the members, or special meeting of the members called for such purpose. The decision of the Board shall stand, unless 3/4ths of the members present vote in favor of a motion to overrule the decision of the Board.

Section 2. Upon the purchase of a Benefit Unit, the owner of the land shall designate the tract of land to which the Benefit Unit shall be assigned. 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 and signed by the Chairman and Secretary, showing the name of owner and tract of land to which the Benefit Unit is assigned, numbered consecutively in the order in which issued.

Section 3. The consideration paid for a Benefit Unit shall be considered a donation to the District and shall in no event and under no circumstances be refunded to the Subscriber.

Section 4. A Benefit Unit shall follow the title of the land. Owners may transfer a Benefit Unit from one tract of land to another tract of land owned by them within the District, subject, however, to the approval of the Board. No transfer in ownership of a Benefit Unit 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 one line from the District's water system. Each line shall serve one residence or business establishment together with the necessary and usual out-buildings.

Section 6. Failure to pay the minimum monthly meter charges, 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. Such Benefit Unit shall be reinstated if within three (3) months after such failure all back charges are paid in full, plus interest at existing rate and reasonable labor charges necessary to effect such reconnections. Provided further, that the Board may permit such reinstatement within six months after such failure upon payment of all back charges, plus interest at existing rate and reasonable labor charges necessary to effect such reconnection. If the defaulting water subscriber is a tenant, the time set out above shall not commence to run until the Office Manager of the District has mailed or caused to be mailed, by registered or certified mail, notice of such default of the tenant to the owner of the Benefit Unit at the last known address as shown on the books of the District.

Section 7. The owner of a Benefit Unit shall remain, in a non-voting status, within a family unit even after the meter is removed and may be re-activated under certain conditions at the discretion of the Board.

Section 8. Reconnection for individuals, or family of individuals, that have paid for a Benefit Unit and have requested the meter be removed while not in arrears, may be reconnected with the following provisions:as provided in the Rules and Regulations. No line work shall be necessary for reconnection, only a meter installed.

(This paragraph amended at Annual Meeting on 2/16/2006)

## **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 and who shall serve 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 (3) years the number of Directors whose terms of office have expired. When a city or town is part of a Rural Water District, the Board of Directors must be composed of residents of said city or town in direct proportion to the number of users in said city or town; provided further that when a Rural Water District is totally within the municipal city limits of a city or town the Board of Directors of the Rural Water District shall be the Governing Body of the town.

Section 2. Immediately following the annual meeting of the participating members, the Board shall meet and shall elect a Chairman, Vice-Chairman, and Secretary, from among themselves, each of whom shall hold office until the next annual meeting of the participating members and until the election and qualification of his successor unless sooner removed by death, resignation or for cause.

Section 3. Any vacancy in the Board, other than from the expiration of a term of office, shall be filled by appointment by the Board. The appointee shall serve until the next annual meeting. The disqualification of a Director as a participating member of the District shall 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 3/4ths of the members of the District present 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 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 a vote of a majority of the members of the Board, and employees and agents may be discharged or removed from office or employment at any time by action of the Board.

Section 6. Persons elected to the Board must agree to attend training classes required by state law.

## **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 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 and trust agreements, and to do every act and thing necessary to effect 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 including the cost of a Benefit Unit, late payment charges, and interest rates, the time of payment and the manner of collection, and to establish equal rates for farm members and non-farm members according to the amount of services furnished.

(e) To require all officers, agents, and employees, charged with the responsibility for the custody of any funds of the District to give adequate bond, the cost thereof to be paid by the District. It shall be mandatory upon the Directors to so require.

(f) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District in the form of checks, and the person by whom the same shall be signed on behalf of the 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 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 municipal accountant or a certified public accountant, and make a report on said matters at each annual meeting of participating members.

## **ARTICLE 9**

### **INDEMNIFICATION OF BOARD MEMBERS**

Section 1. Every member of the Board of Directors shall be indemnified by Rural Water District No. 7, Wagoner County, Oklahoma, against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon such member in connection with any threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or on behalf of the District against said member) to which he or she may be made a party or in which he or she may become involved by reason of being or any settlement thereof, whether or not he or she is a member of the Board of Directors at the time such expenses are incurred, if such member acted in good faith, and in a manner reasonably believed to be in the best interest of the District. This indemnification shall not apply in such cases where the member is found not to have acted in good faith or in a manner reasonably believed to be in the best interest of the District, or where the member is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties. Provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approve such settlement and reimbursement as being for the best interest of the District. The provisions of this Section shall be applicable to actions, suits or proceedings pending at the adoption hereof or commence after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof and to members of the Board of Directors and other persons who have ceased to render such services, and shall inure to the benefit of the heirs, executors, and administrators of the members of the Board of Directors referred to in this Section.

## **ARTICLE 10**

### **POWERS AND DUTIES OF MANAGERS**

#### Section 1. PLANT MANAGER

The Board may employ for the District a Plant Manager, who shall have charge of all buildings, grounds, vehicles, equipment, and facilities for water treatment and distribution. No Director shall serve as manager. Subject to the approval of the Board, the manager shall supervise any personnel hired or contracted to assist in his duties. He shall, so far as practical, conduct the business in such a way that all members or potential members receive equal service and treatment. He shall prepare and maintain in a current manner any records that the Board or any appropriate state agency may require of him. Each month he must present to the Board a report of any significant activities, or any change in conditions of the water system and make recommendations to the Board for changes or improvements that he deems advisable. He shall acquire and maintain any licenses required by state law. All moneys belonging to the District which may come into his possession shall be conveyed to the Office Manager along with an explanation of the source. He shall carefully preserve any 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, and shall give a good and sufficient bond in such amount as may be fixed by the Board.

Section 2. OFFICE MANAGER

The Board may employ for the District an Office Manager who shall supervise any personnel hired or contracted to assist in her duties. She shall receive and account for all funds of the District, shall deposit or cause to be deposited the same in the bank designated by the Board as a depository, and pay the amount, or cause them to be paid out of the depository only in the checks of the Chairman, or someone authorized to sign on the Chairman's behalf, countersigned by the Vice Chairman or Secretary of the District. At each annual meeting of the District, she shall submit for the information of the participating members a complete statement of accounts for the past year and shall discharge such other duties pertaining to her office as shall be prescribed by the Board, and shall give a good and sufficient bond in such amount as may be fixed by the Board. She shall furnish the Board with a current financial report 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 as the Board may direct. She shall serve as recording secretary at any meeting of the Board. She shall carefully preserve any correspondence pertaining to the business of the District which may come into her possession. She shall maintain records for review according to Oklahoma Open Records Act.

**ARTICLE 11**

**DUTIES OF OFFICERS OF THE BOARD**

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 and such other papers of the District as he may be authorized or directed to sign by the Board. 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, to keep a record of the proceedings of the annual meeting of the District. The Secretary shall serve, or cause to be served, all notices required to be served by law or the By-Laws of the District. In case of the Secretary's absence, inability, refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairman.

**ARTICLE 12**

**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 Directors, shall, during all reasonable business hours, be available for inspection.



## **ARTICLE 13**

### **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 7:30 P.M., the third Thursday in February of each year.

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 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 (ten) 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 at any meeting of participating members shall constitute a quorum for the purpose of the transacting of 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 14**

### **BOARD MEETINGS**

The Board shall meet annually to elect officers immediately following the time for election of any new director. The Board shall meet monthly and at such other times as may be determined by the Board or upon call by the Chairman or any two (2) members of the Board. Notice of all meetings of the Board, other than the Annual Meeting of the members to be held on the third Thursday in February, 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.

## **ARTICLE 15**

### **MANNER OF ELECTION AND VOTING**

At all 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 (1) vote.

## **ARTICLE 16**

### **SEAL**

The District shall have a corporate seal, consisting of a circle having in its circumference and face the words, "Rural Water District No. 7, Wagoner County, Oklahoma", which shall be in the custody of the Secretary.

## **ARTICLE 17**

### **FISCAL YEAR**

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

## **ARTICLE 18**

### **AMENDMENT**

These By-Laws may be repealed or amended by a vote of 3/4ths of the members present at any regular meeting of the District, of 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 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 proposed 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.

## **ARTICLE 19**

### **BASIS OF OPERATION**

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

## **ARTICLE 20**

### **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 line or lines to the property line of each participating member of the District, at which point designated as delivery points, meters to be purchased, owned and maintained by the District shall be placed.

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 the Board, such water for domestic, livestock, garden and other purposes as a participating member may desire, subject, however, to the provisions of these By-Laws and such rules and regulations as may be prescribed by the Board.

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 prorate the water available among the various members and users on such basis as is deemed equitable by the Board. The Board 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 the participating members for domestic, livestock, garden and other purposes, the District must first satisfy all the needs of the participating members for domestic and livestock purposes before supplying water for gardens and other purposes.

## **ARTICLE 21**

### **PRINTING**

Section 1. After adoption, these By-Laws shall be made available at the District's Office to each participating member.

AFFIDAVIT

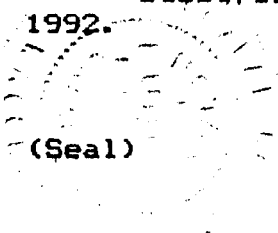
STATE OF OKLAHOMA, COUNTY OF WAGONER, SS;

Don Bontrager, Fred Ashmore, John Stevenson, Clay Myers and Nancy Coffey, being first duly sworn, depose and state, each for himself, that he is a Director of Rural Water District No. 7, Wagoner County, Oklahoma, and the foregoing By-Laws were amended at a meeting of the landowners of said District, duly held on the 20th day of February, 1992, at 7:30 o'clock P.M. That there were 29 landowners present in person and that the vote for the amendment of the By-Laws was unanimous.

Fred Ashmore  
Donald L. Bontrager  
John H. Stevenson

Clay Myers  
Nancy Coffey

Subscribed and sworn to before me this 20th day of February, 1992.



Ronald Roberts  
NOTARY PUBLIC

My Commission Expires: March 17, 1995

AFFIDAVIT

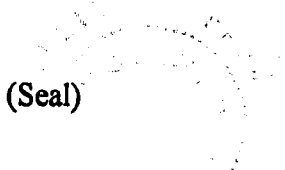
STATE OF OKLAHOMA, COUNTY OF WAGONER, SS;

John Stevenson, Gary Crow, Ed Steadman, Frankie Burk, and Mary Ross, being first duly sworn, depose and state each for himself, that he is a Director of Rural water District No. 7, Wagoner County, Oklahoma, and the foregoing By-Laws were amended at a meeting of the members of said District, duly held on the 19<sup>th</sup> day of February, 2004, at 7:30 P.M; that there were 18 members present in person and that the vote for the amendment of the By-Laws was unanimous.

John Stevenson  
Gary Crow  
Frankie L. Burk

Mary Ross  
Edward J. Steadman

Subscribed and sworn to before me this 19<sup>th</sup> day of February, 2004.



Billie Crow  
Notary Public

My Commission Expires: December 17, 2006

Commission Number 02020533

**AFFIDAVIT**

**STATE OF OKLAHOMA, COUNTY OF WAGONER, SS;**

Gary Crow, John Stevenson, Jack Crocker, Lavoy Young, and Mary Ross, being first duly sworn, depose and state each for himself, that he is a Director of Rural Water District No. 7, Wagoner County, Oklahoma, and the foregoing By-Laws were amended at the annual meeting of the landowners of said District, duly held on the 16<sup>th</sup> day of February, 2006, at 7:30 P.M. That there were 27 landowners present in person representing 19 voting members, and that the vote for the amendment of the By-Laws was 17 for the amendment and 2 opposed.

*Gary Crow*  
Gary R. Crow, Chairman

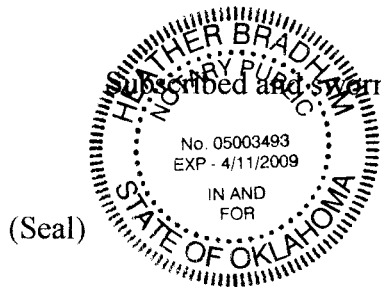
*Jack Crocker*  
Jack R. Crocker, Secretary

*John Stevenson*  
John Stevenson, Vice-Chairman

*Lavoy Young*  
Lavoy Young, Member

\_\_\_\_\_  
Mary Ross, Member

Subscribed and sworn to before me this 9<sup>th</sup> day of March, 2006.



*Heather Bradham*  
Notary Public

My Commission Expires: 04/11/2009

Commission Number: 05003493