

**BYLAWS OF
OF
RURAL WATER DISTRICT NO. 9,
ROGERS COUNTY, OKLAHOMA**

Article 1

Name and Place of Business

Section 1. The name of the corporation shall be Rural Water District No. 9, Rogers County, Oklahoma.

Section 2. The principal office of this District shall be located at 212 South Missouri, Claremore, County of Rogers, State of Oklahoma, but the District may maintain offices and places of business at such other places within the State as the board of Directors may determine. The mailing address of the District may be established and maintained by the Board from time to time.

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

Purposes and Objectives

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

- (a) To acquire water and water rights and to build and acquire pipelines and other facilities, and to operate and maintain 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 Bylaws.
- (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 proper conduct and operation of the business of the District.
- (d) To establish rates and impose charges for water 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, private entity (including, without limitation, companies, partnerships, LLC's, and corporations) 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, which may lawfully be done by such District under the laws of the State of Oklahoma.

Article 4

Users

Section 1. Water service shall be supplied only to owners of land located within the District. Provided, however, that the board may make water available to other persons or entities at such distribution points as may be established, within or without the District, and may serve water outside the boundaries of the District, should the Board in its sole discretion, deem it in the best interest of the District, such determination to be made on a case by case basis by the Board.

Section 2. 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 users of the facility: Provided, that the owner, or someone on behalf of the owner, has subscribed and paid for one or more Benefit Units in favor of the land or premises occupied by the tenant.

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: Provided all owners of land located within the District shall be eligible to vote at meetings of landowners until 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 participating member may be an individual, firm, partnership, association, or corporation.

Participating members shall be owners of land located within the District that have subscribed to one or more Benefit Units, and who have paid to date on at least one Benefit Unit all charges and assessments (whether for water service, late fees, penalties, interest or otherwise).

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 in its discretion may from time to time, if the capacities 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 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 services pursuant thereto would impair the service to other users in that locality or be uneconomical, unfeasible, or place an undue burden on the District.

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 the name of the 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 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 and water is available at the proposed new service point. 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 for one residence or business. Each line shall serve not to exceed one residence or business establishment together with the necessary and usual outbuildings.

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 months after such failure all back charges and assessments necessary to effect such reconnections have been paid. Provided, further, that the board may permit such reinstatement within six months after such failure upon payment of all back charges, plus interest to be determined by the Board, and reasonable labor charges necessary to effect such reconnection: Provided, further, that if the defaulting 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 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 terms of 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 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. 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, 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 to 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 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 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 discharged 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 Bylaws, 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, prescribe such duties and designate such powers as may not be inconsistent 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, and/or policies as, in the Board's 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, penalties and/or interest to be levied for past due accounts or breaches of the Bylaws, rules and regulations, 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, 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 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 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 qualified accountant, and make a report on said matters at each annual meeting of participating members.

Article 9

Powers and duties of Manager

Section 1. The Board may employ for the District a manager, who shall have charge of the business of the District 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. The Manager shall also, so far as practical: conduct business in such a way that all patrons receive equal service and treatment; make all deposits in a bank selected by the Board of all money belonging to the District which comes into the Manager's 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.

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 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, 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, a Vice-Chairman, who shall be a member of the board, shall perform the duties of the Chairman.

Section 3. Secretary. It shall be the duty of the Secretary who shall be a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the District. He shall also 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 receive and account for all funds of the District, shall deposit the same in some bank designated by the Board as a depository, and pay the amounts, or cause them to be paid out of the depository only by checks signed by the Chairman, or someone authorized to sign on the Chairman's behalf, and countersigned by the Treasurer. At each annual meeting of the District, he shall submit for the information of the participating members a complete statement of his account for the past year and he shall discharge such other duties pertaining to his 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.

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 Directors, shall during all reasonable business hours be subject to inspection.

Article 12

Annual Meeting of Participating Members

Section 1. The annual meeting of the participating members of the District shall be held on the first Tuesday in December of each year at some suitable location designated by the Board. Such meeting location may be within or without the District, but shall be within Rogers County.

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 percent 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 at any meeting of participating members shall constitute a quorum for the purpose of 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 each year to adopt a budget for the following year, and will also 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 has been given.

Article 14

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.

Article 15

Seal

Section 1. The District shall have a corporate seal, consisting of a circle having in its circumference and face the words, "Rural Water District No. 9, Rogers County, Oklahoma," which shall be in the custody of the Secretary.

Article 16

Fiscal Year

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

Article 17

Amendment

Section 1. These Bylaws may be repealed or amended by a vote of a majority 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 Bylaws as to affect a fundamental change in the policies of the District. Notice of any amendment to be made at any annual 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 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 lines from the main distribution pipe line or lines to the meter of each participating member of the District, such points being designated as delivery points and subject to approval by the Board, with meters to be purchased, installed, owned and maintained by the District at each such delivery point. All piping, appurtenances and facilities on the participating member's side of the meter shall be maintained and shall be the responsibility of, the participating member.

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 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 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 is deemed equitable by the Board, and may also prescribe a schedule of hours covering the use of water for plant life purposes if at any time the total water supply shall be insufficient to meet all other needs of the participating members for domestic purposes before supplying any water for livestock purposes and must satisfy all needs of all the participating members for domestic and livestock purposes before supplying water for plant life and other purposes.

Article 20

Printing

Section 1. After adoption, these Bylaws shall be prepared in pamphlet or booklet form, and a copy thereof shall be delivered to each participating member.

Article 21

Severability

Section 1. If any section, subsection, sentence, clause, phrase, or word of these Bylaws is for any reason held invalid or unenforceable, then such decision or decisions shall not affect the validity of the remaining sections, subsections, sentences, clauses, phrases or words contained herein.

AFFIDAVIT

STATE OF OKLAHOMA

COUNTY OF ROGERS SS

Joe Henderson, Gene Denton, Linda Jerchau, Brian Moody, and Lynn Armstrong, being first duly sworn, depose and state each for himself, that he is a Director of Rural Water District No. 9, Rogers County, Oklahoma, the foregoing Bylaws were adopted at a meeting of the landowners of said District, duly held on the 7th day of December, 2004, at 7:30 o'clock. That there were 15 landowners present in person and that the vote for the adoption of the Bylaws was unanimous.

All Signatures on Original Document

Subscribed and sworn to before me this 7th day of December, 2004.

Arlene Brown #01008380
Notary Public
My commission expires: 5/17/2005