

BY-LAWS
OF
RURAL WATER DISTRICT # 3, GRADY COUNTY

ARTICLE I

General Purposes

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

ARTICLE II

Name and Location

Section 1. The name of this Corporation is Rural Water District # 3, Grady County

Formally known as Bradley Water Company, Inc.

Section 2. The principal office of this Corporation shall be located at Bradley, County of Grady, State of Oklahoma, but the Corporation may maintain offices and places of business at such other places within the State as the board of Directors may determine.

ARTICLE III

Seal

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

ARTICLE IV

Fiscal Year

The fiscal year will begin the first day of November in each year.

ARTICLE V

Membership

Section 1. The holders of membership certificates of this Corporation are its members. Any applicant who receives approval of the Board of Directors may be admitted to membership upon, (1) subscribing for or otherwise acquiring a membership certificate, and (2) by signing such agreements for the purchase of water and sewer service as may be provided and required by the capacity of the Corporation's water or s system is exhausted by the needs of its existing members. The membership fee shall be \$350.00.

The membership fee is non-reimbursable and will be considered as a donation to the Corporation, however, membership certificates may be transferred in accordance with provisions of these By-Laws.

Water or sewer service will be supplied only to members however, the Board may make services available to the public for purchase at distribution points as it may establish.

Section 2. In case a member ceases to be eligible to hold membership as provided in Section 1, or willfully fails to comply with these By-Laws or the rules and regulations or other requirements, or willfully obstructs the purposes and proper activities of the Corporation, the Corporation through the Board of Directors may elect to terminate the membership certificate. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal the action of the Board of Directors to a vote of the members at the next regular meeting of the members of special meeting of the members called for such purpose.

ARTICLES VI

Membership Certificates

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

- (a) This membership certificate, No. is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and Bylaws and amendments to the same of Rural Water District # 3, Grady County
- (b) Transfers of membership certificates shall be made only upon the books of the Corporation, only to persons eligible to become members, only with the approval of the Board of Directors, and only when the member transferring is free from indebtedness to the Corporation.
- (c) No member of this Corporation shall be entitled to more than one vote at meetings of the members or to hold more than one of the membership certificates of the Corporation. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of water from the Corporation as may from time to time be provided and require by the Corporation.

Section 2. All transfers of membership certificates shall be made upon the books of the Corporation upon the surrender of the certificates covering the same by the holders thereof, or by their legal representatives, but only with the approval of the Board of Directors, and only to persons eligible to become member, and only when the transferring member is free from indebtedness to the Corporation.

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

ARTICLE VII

Meetings of Members

Section 1. The annual meeting of the members of this Corporation shall be held in Bradley, County of Grady, State of Oklahoma, at 7:00 p.m. on the first Tuesday after the third Monday in January of each year, if not a legal holiday or if a legal holiday, on the next day following.

Section 2. Special meetings of the members may be called at any time by the action of the Board of Directors, and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the Secretary-Treasurer or to the Board of Directors.

The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat except such as is specified in the notice.

Section 3. Notice of annual meetings of members of the Corporation will be given by notice mailed to each member of record, directed to the address shown upon shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat. Corporations having 300 members or more may give notice of special meetings of members by publication in a newspaper having general circulation in the county at least two successive weeks prior to the date of the meeting; however, the annual meeting will be by written notice.

ARTICLE VIII

Directors and Officers

Section 1. The Board of Directors of this Corporation shall consist, of three members, all of whom shall be members of the Corporation. The Directors named in the Articles of Incorporation shall serve as the Board of Directors until the first meeting of the members at which time their successors will be elected. Within 180 days from the date of incorporation, the initial Board of Directors will call a special meeting of the members, in accordance with Article vii hereof, to review the bylaws and elect a permanent Board of Directors. 1 director shall be elected for a term of one year, 1 director shall be elected for a term of

two years, and one director shall be elected for three years. At each annual meeting there after the members shall elect for a term of three years the number of Directors whose term of office have expired.

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

- (a) Call to order
- (b) Proof of notice of meeting
- (c) Reading and approval of minutes of last meeting
- (d) Reading of financial or audit report
- (e) Report of officers or committees
- (f) Elections of directors
- (g) Unfinished and new business
- (h) Adjournment

Section 3. Within 30 days after issuance of the Certificate of Incorporation by the Secretary of State, the initial Board of Directors shall meet within ten days after the first election of directors, and shall elect by ballot a president, vice president, and a secretary-treasurer from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor, unless sooner removed by death, resignation or for other cause.

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

5. The Board of Directors shall meet monthly at a designated time as may be determined by the Board, or upon call by the chairman or any two members of the Board. Notice of all meetings, except regularly scheduled meetings, shall be by mailing a notice to the last known address of each Board member at least two days before the holding of such meeting. A majority of those present at any board of Directors' meeting shall constitute a quorum.

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

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

ARTICLE IX

Duties of Directors

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

- (a) to pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.
- (b) To select and appoint all officers, agents or employees of the Corporation to remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation and pay for faithful services;
- (c) To see that the operator manager of the water system is licensed by the State Board of Health in the same manner as provided in the laws of the State of Oklahoma;
- (d) To borrow from any source, money, goods, or services and to make and issue notes and other negotiable and transferable instruments, mortgaged, deeds of trust and trust agreements and to do every act and thing necessary to effectuate the same;
- (e) To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed essential or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof;
- (f) To order, at least once each year, and audit of the books and accounts of the Corporation by a competent public auditor or accountant, The report prepared by such auditor or accountant shall be submitted to the members of the Corporation at their annual meeting;

- (g) To prepare annually an estimated budget for the coming year. To fix the charges to be paid by each member for services rendered by the Corporation to him, the time of payment, and the manner of collection;
- (h) To require all officers, agents and employees charged with responsibility for the custody of the any of the funds of the Corporation to give adequate bonds, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the directors to so require;
- (i) To select one or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation in the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks and the person persons signing such checks and the form thereof at will;
- (j) To levy assessments against the membership certificates of the Corporation and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The Board of Directors shall have the option to declare forfeited any membership certificate on which assessment has not been paid, at any time after ninety days from the date the assessment was due, provided that the Corporation must give the member at least thirty days written notice at address of the member on the books of the Corporation of its intention to forfeit the certificate if the assessment is not paid.

ARTICLE X Duties of Officers

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

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

Section 3. Duties of the Secretary-Treasurer: The secretary-treasurer shall keep a complete record of all meetings of the Corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He shall sign all membership certificates with the president and such other papers pertaining to Corporation as he may be authorized or directed to do by the Board of Directors. He shall serve all notices required by law and by these Bylaws; and shall make a full report on all matters and business pertaining to his office to the members at the annual meeting. He shall keep the Corporate seal and membership certificate records of the Corporation, complete and countersign all certificates issued, and affix said corporate seal to all paper requiring seal. He shall keep a proper

membership certificate record, showing the name of each member of the Corporation and date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the Corporation or Board of Directors. Upon the election of his successor, the secretary-treasurer shall turn over to him all books and other property belonging to the Corporation that he may have in his possession. He may also perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors.

ARTICLE XI

Benefits and Duties of Members

- (a) Each holder of a Membership Certificate shall be entitled to one line from the Corporation's water system and or one line of sewer from the Corporation's sewer system.
- (b) A member may make application to the Board of Directors for additional service lines. Upon approval of the Board and payment of a required charge for each line as may be determined by the Board, the additional service lines will be made available to the member.
- (c) Members desiring service after the final plans are drawn and approved by the Board of Directors and the Farmers Home Administration may be charged an additional fee, equal to the actual cost of providing service.
- (d) Irrespective of any other provisions in these bylaws, no water or sewer service will be furnished within the limits of any incorporated town, rural water district, or other public body without the written consent of the governing body thereof.

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

Section 3. Each participating member shall be intitled to purchase from the Corporation pursuant to such agreement as may from time to time be provided and required by the Corporation and the Board, such water for domestic, livestock and other purposes as a participating member may desire subject to the provisions of these bylaws, and such basis as is deemed equitable by the Board, and may also prescribe a schedule of hours, covering the use of water and require adherence thereto.

Section 4. In the event the total water supply shall be insufficient to meet all the need of the members and users, or in the event there is a shortage of water, the Corporation 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 and require adherence thereto.

Section 5. The Board of Directors shall, prior to the beginning of each fiscal year, prepare a budget for the following year and adopt a schedule of water and sewer rates sufficient to pay the normal operating and maintenance expenses, all debt service requirements, and the reserves required by the loan resolution. Any decrease in the rates shall be subject to the approval of the Farmers Home Administration if the Corporation is indebted to that agency on any loans made or insured for the construction of the Corporation's facilities.

Section 6. Failure to pay the minimum monthly charge, or failure to pay for water used through a meter shall constitute a forfeiture of the membership certificate on behalf of which such failure occurs; provided, that such membership certificate shall be reinstated if within three months after such forfeiture, all back charges are paid in full plus 25.00 reconnect fee and reasonable labor charges necessary to affect such reconnections.

ARTICLE XII

Section 1. It is not anticipated that there will be any surplus net income. If there should be, then at the end of the fiscal year, after paying the expenses of the Corporation for operation and otherwise, and after setting aside reserves for depreciation on all buildings, equipment, office fixtures, and such other reserves as the Board of Directors may deem proper; and, after providing for payments on interest and principal of obligations and amortized debts of the Corporation, and providing for the purchase of proper supplies and equipment, the net earnings shall be used for the retirement of indebtedness of the Corporation. The Board may make a general rate reduction to the members.

ARTICLE XIII

Amendments

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

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

at

President

ATTESTED:

Secretary-Treasurer

GENERAL RULES

1. The supplying and water and use of sewer service will be in conformance with these rules and schedule attached hereto; and filed with the secretary- treasurer of the Corporation provided, that such rate schedule is subject to change by action of the Board with the approval of the State Director. Provided further, that if at any time the Board of Directors determines the total amount derived from the collection of water and sewer charges is insufficient for the payment of operating cost, emergency repairs, or debt serviced, the Board shall increase the minimum water and sewer rate for the first month thereafter in an amount sufficient to pay such cost, emergency repairs, or debt service.

2. Applicants for service shall make application to the secretary of the Corporation. If the application for service is approved by the Board of Directors, the applicant pays the required costs and signs the standard application for water and sewer service, he shall receive service.

3. Before installing a service, extension and providing water available for use, the Board may require the applicant to pipe his home and be in readiness for service.

Service is for sole use of the consumer: A standard water and sewer service connection is for the sole use of the applicant or the consumer, and does not permit the extension of pipes to transfer water from one property to another, nor to share, resell, or sub-meter water to any other consumer or allow another user to connect to the applicant's sewer line. If any emergency or specific situation should make such an arrangement advisable, it shall be done only on specific written permission of the Board of Directors for the duration of the emergency.

Agreements with governmental and public bodies: The Corporation through its Board of Directors may make specific water and sewer service contracts with the Federal Government, the State of Oklahoma, or agencies thereof, school districts, municipal corporations and nonprofit corporations, differing from stipulations set out in the rate schedule and rules. Such contracts must receive approval by the consumers.

Right of Access: Representatives of the Corporation shall have the right to be safe and free from verbal, physical abuse, and threats of violence, and at all reasonable hours to enter upon consumers' premises to read and test meters, inspect piping and to perform other duties for the proper maintenance and operation of service, or to remove its meters and equipment upon discontinuance or termination of service by consumers. Members violating right of access will cause termination of membership, indefinitely without refund. If consumer wishes to appeal the action of the Board of Directors, consumer may plead his case and hold a vote of the members at the next regular meeting after termination. The member vote will be upheld by the Board of Directors. If not addressed at the following month of disconnection case is closed and no other action can be held.

Continuity of Service: The Corporation will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for other necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the Corporation will not accept responsibility for losses which might occur due to such necessary interruptions.

The Corporation does not accept responsibility for losses which might occur due to interruptions to service caused by storms, strikes, floods, or other causes beyond its control.

Meters: Meters will be furnished, installed, owned, inspected, tested and kept in proper operating condition by the Corporation, without cost to the consumer. A complete record of test and histories of meters will be kept. Meter test will be made according to methods of the American Water Works Association by the Corporation, as often as deemed necessary by its Board of Directors.

RULES AND REGULATIONS
OF
RURAL WATER DISTRICT # 3, GRADY COUNTY

These rules are issued in compliance with the provisions of the Articles of Incorporation and the Bylaws of the corporation and are designed to govern the supplying and taking of water and sewer service in a uniform manner for the benefit of the Corporation and its members. They are subject to change from time to time. However, all such changes must be approved by the State Director of the Farmers Home Administration, until such time as the Corporation is no longer indebted to the United States of America, or until such time as the Corporation has retired all loans made by or insured by the United States of America. If a provision of the rules conflict with provision of the rate schedule, the provision of the rate schedule will prevail. If any portion of these rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

Definitions: The following expressions when used herein will have the meaning stated below.

Applicant: Any individual, firm, partnership, corporation, or other agency living or owning land located within the service area applying for water and sewer service who applies for membership.

Membership Certification: A right entitling the holder to one water and sewer connection.

Board: The Board of Directors of Rural Water District # 3, Grady County

Consumer: Any individual, firm, partnership, corporation or other agency receiving water and /or sewer service from the Corporation's facilities.

Point of Delivery: the point of delivery shall be at the meter, unless otherwise specified in the Application for Water and Sewer Services. The point of sewer connection will be at the Corporation's collection line adjacent to the property.

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water adequate to meet the consumer's requirements and adequate sewage collection and treatment facilities. Service shall be considered as available when the Corporation maintains the water supply at normal pressure at the point of delivery, in readiness for the

consumer's use, regardless of whether or not the consumer makes use of it and when the Corporation has available to the member sewage and treatment facilities.

Application for Water and Sewer Service: The agreement or contract between the consumer and the Corporation, pursuant to which water and sewer service is supplied and accepted.

State Director: The State Director of the Farmers Home Administration.

Water and Sewer Service: Water and sewer service shall consist of facilities for supplying water and sewer to one residence or business establishment.

Meter Accuracy: Service meters whose errors do not exceed two percent fast or slow shall be considered as being within the allowable limits of accuracy for billing purpose. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent load, unless a consumer's rate of usage is known to be practically constant in which case the error at such constant use will be used.

Meter Location: Meters shall be set in an accessible place adjacent to the property line of the member except where otherwise directed by the Corporation. All meters shall be set horizontally and never connected into a vertical pipe. Meters set outside of a building shall be placed in a meter box furnished and installed by the Corporation.

Bills: Bills will be rendered for service by the 5th day of the month following that in which the service was rendered as set forth in the rate schedule. Service bills not paid by the 10th of the month shall be subject a 5.00 late charge. Bills not paid by the 15th of each month will incur another 25.00 late fee and have water shut off on the 25th of the month. Failure of the Corporation to submit a service bill shall not excuse the consumer from his obligation to pay for the water used when the bill is submitted. Failure to pay a bill by the first day of month following the month in which the bill is rendered, shall result in the disconnection of the service.

Reconnection Charge: The reconnection charge for restoration of service, if reconnection is authorized and approved under the provisions of the bylaws of the Corporation, after each suspension of service because of delinquent payment or for other infraction of these rules, shall be the unpaid amount charged to date against the consumers membership, plus 25.00 reconnect fee.

Requested meter tests: Meter test requested by the consumers will be performed without cost to the consumer if the meter is found to be in excess of two percent fast. Otherwise, the consumer for whom the requested test was made, will be charged for the cost of making the test.

- Record request- 25.00 per hour document research fee plus .25 per page that is printed. Payment required at pickup of research.

Consumers Responsibility: The consumer shall be responsible for any damage to the meter installed for his service, on account of any cause other than normal wear and tear.

Change of Occupancy: It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his membership certificate transferred to the new consumer as prescribed in the by-laws. Until the certificate is formally transferred, the original holder shall be responsible for payment of services. All charges levied against a member must be paid, before the membership certificate can be transferred, or service resumed where there has been a suspension.

Main Extensions:

1. In extending a water or sewer main to serve an applicant, the Board may at its discretion exercise one of the following options:
 - a. If the cost of the extension is less than the average cost of the entire system to each member, and sufficient construction funds are available, the Board may elect to make the extension upon the applicant's purchase of a membership or payment of the required fee.
 - b. If the cost of the extension is greater than the average cost of the entire system to each member, but funds are available to the extent of such average cost, and require the applicant to deposit in cash the additional cost in addition to the price of the membership. If, and as additional consumers are connected to the extension, and as funds become available, all or part of the original consumer's deposit may be returned to him. Any portion of the original deposit remaining after a five-year period will become the property of the Corporation. In no case will interest be paid on such deposits.
 - c. In the event that the Corporation does not have the funds available to pay for construction in the amount of the average cost per member of the entire system, it may require as a condition of extending service, that the applicant deposit in addition to the price of a membership, an amount which may equal the entire cost of the extension. In such event, the Board may, as funds become available, return to consumer that portion of his deposit equal to the average cost of the system per member. No interest will be paid on such deposits.
2. However, the Board shall not issue any bonds, notes, indentures, obligations, or other form of indebtedness in connection with the extension of lines hereunder, or mortgage or encumber the system in any manner.

Services: The Corporation will install and pay for all water services (except for private fire protection) from its main to the meters. The service pipe shall not be less than three-fourths inch in size. The Corporation will also install and pay for the Corporation cock, meter and meter setting. The meter will be set in front of the premises to be served or at the closest point on the consumers premises as designated by the Corporation. The Corporation will install the sewer collection lines which normally will be located in the alley. The user will be responsible for all piping from the dwelling to the collection lines.

Applicants having excessive requirements: In the event an applicant whose water requirements are found to exceed the Corporation's ability to supply it from existing plant without adversely affecting service to other consumers to a reasonable extent, the Corporation will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in additional plant.

Cross Connections: There shall be no cross-connections made or maintained between the water system of the Corporation or any other system (private or otherwise) and that all new structures constructed within the Corporation shall, prior to service connections, comply with the plumbing standards of the State of Oklahoma. In addition, all sewage disposal systems shall comply with the standards contained in Oklahoma Department of Health Engineering Bulletin Nos. 600, 0587, and 0575.

Representatives of the Corporation, the State and local Health Departments shall have the right at all reasonable hours to enter upon consumer's premises for the purpose of inspection and enforcement of this provision.

Violation of this provision shall constitute cause for disconnection of consumer's services.

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

President

ATTESTED

Secretary-Treasurer