**RURAL WATER DISTRICT NO.2 LINCOLN COUNTY, OKLAHOMA BY-LAWS**

These By Laws are subject to Amendment, as provided in the By Laws and by amendment, modification or repeal of the Statutes of the State of Oklahoma or by the passage of new laws by State of Oklahoma. Therefore, please take notice that these By Laws may, from time to time, be amended. Should you have any questions after the effective date of these By Laws, you should contact the Secretary of the Lincoln County Rural Water District No. 2.

**Article No. 1: Name and Place of Business**

**Section 1**. The name of this corporation shall be Rural Water District No. 2, Lincoln County, Oklahoma, hereinafter referred to as the District.

**Section 2.** The principal office of the District shall be located in Lincoln County, Oklahoma.

**Article No. 2: Corporate Powers and Services**

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

**Section 2**. The District shall provide and operate a water system.

**Article No. 3: Purposes and Objectives**

**Section 1.** The purposes and objective of this District are as follows

(a) To acquire water and its rights, build and operate water works, for the purpose of furnishing services for the needs of rural residents 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 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 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 services furnished to participating benefit members and others.

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

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

(g) To do and perform any and all acts necessary or desirable for the accomplishment of the purposes of the District which may lawfully be done by such District under the laws of the State of Oklahoma.

**Article No. 4: Users of Services**

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

**Section 2**. No owners of land located within the District shall be eligible to become a benefit member (hereinafter referred as benefit member or participating member or participating benefit member) unless he has first subscribed and paid for one or more benefit units for each service used. Tenants occupying land located within the District may receive water: Provided, that the owner, or someone on behalf of the owner has paid for one or more benefit units for each service used in favor of the land or premises occupied by the tenant.

**Article No. 5: Right to-Vote**

**Section 1.**  Only benefit members shall have the right to vote and each participating benefit 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 dual ownership of benefit units for voting purposes. A participating benefit member may be an individual, firm, Partnership, association, or corporation.

Benefit members shall be:

(a) Owners of land located within the District who have one or more benefit units: Provided, payments of charges are current on all of the benefit units.

**Article No. 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 benefit unit price. 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 capacity of the District's facilities permit, make additional benefit units available. Benefit units shall be given preference and priority in order in which received. The Board may refuse 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 benefit unit and the furnishing of services pursuant thereto would impair the service to other 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 from the action of the Board to a vote the benefit members at the next regular meeting of the benefit members, or special meeting of the benefit members called for such purpose: Provided, the decision of the Board shall stand, unless three-fourths of all participating benefit members (or landowners at meetings where only qualification to vote is ownership of land within the District), vote in favor of a motion to overrule the decision of the Board.

**Section 2**. Upon the purchase of benefit unit, the owners of land shall designate the tract of land to which the benefit unit shall be assigned, and the benefit unit shall not be transferred from one tract of land to another within the District without the approval of the Board. All charges against benefit units must be paid in full. Benefit unit holders must be in compliance with all rules and regulations adopted by the Board. All transfers shall be recorded in the books of the District. The owner of lands having 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 unit 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 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 deposits and price of benefit unit shall be considered donations to the District and shall in no event and under no circumstances be refunded.

**Article No. 7: Election of Directors**

**Section 1.** The Board of this District shall consist of five (5) members, all of whom shall be benefit members of the District. The Directors shall be elected for staggered terms of one, two, and three years. 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 benefit 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. The office of the Secretary and Treasurer may be held by one person.

**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.

**Section 4.** A majority of the entire board shall constitute a quorum at any regular or special meeting of the Board. A majority of the entire board shall be needed to approve any matter brought before the board.

**Section 5***.* Any Director of the District may be removed from office for cause by a vote of not less than 3/4 this of the benefit 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 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.

**Article No. 8: Insurance and Indemnity for Officers and Directors**

**Section 1**. Each Director, or Officer of the District now or hereafter in office and his heirs, executors and administrators shall be indemnified by the District against all costs, expenses and amounts of liability, including counsel fees, reasonable incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may be made a party, or in which he may be or become involved by reason of his acts of omission or commission or alleged acts of omission or commission of any Director, or Officer of the District, or subject to the provisions hereof, any settlement thereof, whether or not he continues to be such Director, or Officer at the time of incurring such costs, expenses or amounts, and whether or not the action or omission to act on the part of such Director, or Officer, which is the basis of such suit, action, proceeding or action, or claim, occurred before or after the adoption of this By-Law, provided that such indemnification shall not apply with respect to any matter as to which such Director, or Officer shall be finally adjudged in such action, suit or proceeding to have been individually guilty of willful misfeasance or malfeasance in the performance of his duty as such Director, or Officer and provided, further, that the indemnification herein provided shall, with respect to any settlement of any such suit, action, proceeding or claim, include reimbursement of any amounts paid and expenses reasonable incurred in settling any such suit, action, proceeding or claim, when, in the judgement of the Board of Directors of the District, such settlement and reimbursement appear to be for the best interests of the District. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such Director, or Officer may be entitled under any By-Laws, agreement, vote of Benefit Unit holders or otherwise. District agrees to defend against any claims brought or actions filed against any Director, or Officer with respect to the subject of the indemnity contained herein, whether such claims or actions are rightfully or wrongfully brought or filed. The District shall purchase and maintain appropriate insurance coverage to cover any liability which might arise against any Director, or Officer arising from or relating to their actions or inactions in performing their duties and powers as indemnified herein, and shall maintain such coverage for at least two (2) years after the Director, or Officer ceases to function in his position. The Board of Directors shall determine and set the amount of coverage to be obtained and maintained.

**Article No. 9: 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 a limitation upon their general powers, it is hereby expressly provided by 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, prescribed 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 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 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.

(e) 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 persons signing such checks and the form thereof at will.

**Article No. 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 meetings of the District and the. Board, perform all acts and duties usually performed. by an executive and presiding officer, and shall sign 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, provide that all checks must be countersigned by a second board member. 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 may be the duty of a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the District. \_He 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 his absence, inability, refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairman.

**Section 4**. Treasurer. The Treasurer, who shall be a member of the Board shall account for all funds of the District, being deposited in a bank designated by the Board, and cause them to be paid out of the depository only in the checks signed by two board members. 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 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 No.11: Books and Records**

**Section 1.** The books and records of the District, shall be stored in a secure location, and when requested, be available for inspection during all reasonable business hours upon written request.

**Article No. 12: Annual Meeting of Participating Benefit Members**

**Section 1.** The annual meeting of the participating benefit members of the District shall be held at some suitable location within the District designated by the Board.

**Section 2**. Special meetings of participating benefit 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 benefit 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 of the District shall be given by posting in the local county paper and on the District’s web site. A yearly mailing of payment booklet to inform each benefit member of our yearly schedule and annual schedule of Districts Board Meetings. Such notices 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 by members of the Board, and employees and agents discharged or removed from office or employment at any time by action of the Board members.

**Article No. 13: Board Meetings**

**Section 1.** The Board shall meet annually in October each year, to elect officers following the time for election of any new Director. The Board shall meet at such 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 posted. 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 No. 14: Manner of Election and Voting**

**Section 1**. At all meetings of the District, each benefit 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 benefit member of the District shall have but one vote.

**Article No. 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. 2, Lincoln County, Oklahoma" which shall be in the custody of the Secretary.

**Article No. 16 Fiscal Year**

**Section 1**. The Fiscal Year of the District shall begin the first day of July each year.

**Article No. 17: Amendment**

**Section 1**. By-laws may be repealed or amended by a majority vote of the benefit members present at any regular meeting of the District, or any special meeting of the District called for that purpose except that the participating benefit 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 it’s of the District which may come into his possession; and to perform such other duties as may be prescribed by the Board.

**Article No. 18: Basis of Operation**

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

**Article No. 19: Benefits and Duties of Benefit Members**

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

**Section 2**. Each participating benefit 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 benefit member may desire, 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 benefit member shall be metered.

**Section 3**. In the event the total water supply shall be insufficient to meet all of the needs of the benefit members and users, or in the event there is a shortage of water, the District may prorate the water available among the various benefit 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 required 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 benefit members for domestic, livestock, garden and other purposes, and the District must first satisfy all the needs of the participating benefit members for domestic purposes before supplying any water for livestock purposes and must satisfy all the needs of all the participating benefit members for domestic and livestock purposes before supplying water for gardens and other purposes.

**Article No. 20: Compliance with Oklahoma Law**

To the extent that any provision of these By-Laws is contrary to or inconsistent with e the Rural Water, Sewer, Gas and Solid Waste Management Districts Act (Title 82, Okla. Stat & 1324.1 et. seg.) (**The Act**) the provisions of The Act shall apply.