

CANADIAN COUNTY WATER AUTHORITY

AMENDED AND RESTATED BYLAWS

Article 1

Name and Place of Business

Section 1. The name of this public trust, organized under and pursuant to the laws of the State of Oklahoma now in force and effect (generally, but not exclusively, Sections 176 to 180.4, inclusive, of Title 60, Oklahoma Statutes, and the Oklahoma Trust Act), shall be the CANADIAN COUNTY WATER AUTHORITY, hereinafter referred to as the "Authority".

Section 2. The principal office of this Authority shall be located at Banner, Oklahoma, the mailing address being Route No. 2, Box 110, El Reno, Oklahoma 73036.

Article 2

Management Powers

Section 1. The management powers of this Authority shall be vested in the Board of Trustees, hereinafter referred to as the "Board".

Article 3

Purposes and Objectives

Section 1. The purposes and objectives of this Authority are as set forth in the Authority's Declaration of Trust and as follows:

(a) To acquire water and water rights and to build and acquire pipelines and other facilities, and to operate same for the purpose of furnishing water to serve the needs of the Participating Members and others as authorized by the bylaws. The serving district shall be as determined from time to time by the Board and as set forth in the minutes of the Board of Trustees.

(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 Authority, 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 Authority.

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

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

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

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

## Article 4

### Users

Section 1. Water shall be supplied only to the Participating Members and their authorized tenants. Provided, however, that the Board may make water available to others for purchase at such distribution points and under such terms as conditions as the Board may establish.

Section 2. No owner or resident of land located within the serving district shall be eligible to become a Participating Member unless he has first subscribed to and paid for one or more Benefit Units. Tenants occupying land located within the serving district may use the water service provided by the Authority to the occupied land, only with the consent of the owner of the land and only after the owner, or someone on behalf of the owner, has subscribed to and paid for one or more Benefit Units for the land or premises occupied by the tenant.

## Article 5

### Right to Vote

Section 1. As used in these bylaws, the term "Participating Member" shall mean an owner of a Benefit Unit who has subscribed to and paid for one or more Benefit Units. A Participating Member may be an individual, firm, partnership, association or corporation.

Section 2. Only those Participating Members who are current in payment of all charges for all Benefit Units owned, shall be entitled to vote on matters submitted to a vote of the Participating Members of the Authority. Each Participating Member shall be entitled to a single vote, regardless of the number of Benefit Units owned by that Participating Member, and no proxy voting or fractional votes shall be allowed. Only one vote will be allowed for a Benefit Unit which is owned jointly by more than one Participating Member.

## Article 6

### Benefit Units

Section 1. From time to time, the Board may declare the availability of subscriptions for Benefit Units and shall, with such declaration, establish a unit price for said subscriptions. 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 on a particular tract of land, or may 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 would be uneconomical, unfeasible, or would place an undue burden on the Authority. Any person who feels himself aggrieved by such denial or imposition of special conditions, may appeal from the action of the Board to a vote of the Participating Members at the next regular meeting of the Participating Members, or at a special meeting of the Participating Members called for such purpose. The decision of the Board may be overruled by the vote of three-fourths (3/4ths) of the Participating Members present at a meeting where at least twenty-five per cent (25%) of all Participating Members are present.

Section 2. Upon the purchase of a Benefit Unit, the Participating Member 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 without the approval of the Board. A Participating Member who subscribes to more than one Benefit Unit shall, at the time of subscription, designate the tracts of land where he/she intends to utilize said Benefit Units and no major change in location shall be made without the prior approval of the Board.

Section 3. The consideration paid to the Authority by Participating

Members for the purchase of a Benefit Unit shall not be refundable.

Section 4. A Participating Member may transfer a Benefit Unit from one tract of land to another tract of land owned by that Participating Member and located within the serving district, only with the prior approval of the Board.

Section 5. Ownership of a Benefit Unit shall entitle the Participating Member who owns the Benefit Unit to one line from the Authority's water system to the tract of land designated for that Benefit Unit. Each line from the Authority's water system to a designated tract of land shall serve no more than one residence or business establishment, together with the necessary and usual out-buildings, on the tract of land designated for that Benefit Unit. No cross-connections between the Authority's water system and any other system, private or public, shall be allowed.

Section 6. A violation of these bylaws, a failure to pay the minimum monthly meter charge, a failure to pay the monthly fee for water used through a meter or any other fee due to the Authority shall constitute grounds for disconnection of water service and eventual forfeiture of the Benefit Unit, as provided in the Rules and Regulations of the Authority.

#### Article 7

##### Election of Trustees/Officers

Section 1. The Board of Trustees of this Authority shall consist of five (5) members, all of whom shall be Participating Members of the Authority. The Trustees shall be elected for staggered terms of five (5) years each, and shall serve until the expiration of the term for which they were elected and until their successors are elected and have qualified. The election of Trustees to serve on the Authority's Board of Trustees shall take place at the annual meeting of the Participating Members.

Any Participating Member who has been a member for at least five (5) years in the Authority shall be eligible for nomination to the Board of Trustees, provided the Participating Member has attended a board member training workshop sponsored by the Oklahoma Water Resources Board in cooperation with the Oklahoma Rural Water Association. The workshop must include not less than six (6) hours of training and must be completed before the Participating Member is elected to the Board of Trustees.

The existing members of the Board of Trustees shall serve until the expiration of the terms for which they were elected as shown by the minutes of the Authority and until their successors are elected and have qualified. The existing members of the Board of Trustees on the date these Bylaws were re-adopted, the years remaining on their terms and the years their terms expire, are as follows:

<u>Name of Trustee</u>	<u>Years remaining in term</u>	<u>Year term expires</u>
Jerry Benda	4	1997
Herman Hendrickson	3	1996
Bill Manning	2	1995
Ted Waggoner	1	1994
James Clark	0	1993

Section 2. At the next meeting of the Board following the annual meeting of the Participating Members, the Board shall meet and elect from among themselves a Chairman, a Vice-Chairman, a Secretary and a Treasurer, each of whom shall hold office until the election and qualification of his/her successor unless sooner removed by death, resignation or for cause. The office of the Secretary and the Treasurer may be held by one person.

Section 3. Any vacancy on the Board, other than from the expiration

of a term of office, shall be filled by appointment by the remaining members of the Board. Each member of the Board must, during his/her term of office, remain a Participating Member in good standing with the Authority. Delinquency in payment of fees due the Authority, termination of membership, forfeiture of a Board member's Benefit Unit or absence from three (3) or more meetings of the Board during any fiscal year, shall be sufficient grounds for removal of that Trustee from the Board.

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

Section 5. Any Trustee of the Authority may be removed from the Board of Trustees for cause by a majority vote of the participating members of the Authority who are present at any annual or special meeting of the Participating Members called for that purpose. The Trustee shall be informed in writing of the grounds for removal at least ten (10) days before such meeting, 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 from their office by a vote of three (3) of the members of the Board. Employees and agents of the Authority may be discharged or removed from office or employment at any time by action of the Board.

#### Article 8

##### Powers and Duties of Trustees

Section 1. The Board shall exercise all the powers of the Authority which are authorized by law and, without prejudice to or limitation upon such general powers, it is hereby expressly provided that the Board shall have full power and authority in respect to the following matters:

(a) To select and appoint all agents and employees of the Authority, to remove such agents and employees of the Authority with or without cause, to prescribe the duties and designate the powers of such agents and employees, and to fix and authorize payment of compensation to such agents and employees.

(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 Authority, and the guidance and control of its agents and employees.

(d) To fix charges to be paid by each Participating Member and other users for services rendered by the District to him/her.

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

(f) To select one or more banks to act as depositories of the funds of the Authority and to determine the manner of receiving, depositing and disbursing the funds of the Authority in the form of checks. All officers of the Authority and its office Secretary shall be authorized signatories on all of the Authority's bank accounts. All checks drawn on the Authority's bank accounts must be signed by two authorized signatories.

(g) To prepare annually an estimated budget for the coming year, to adjust rates, if necessary to produce sufficient revenue required by such budget, to cause an annual audit of the Authority records and accounts to be made by a licensed public accountant or a qualified independent accountant, and to make a report on said matters at each annual meeting

of the Participating Members.

(h) To maintain, or cause to be maintained, an inventory of all assets of the Authority.

#### Article 9

##### Powers and Duties of Manager

Section 1. The Board may employ for the Authority a manager, who shall have charge of the day-to-day business of the Authority under the general control, supervision and direction of the Board. No Trustee shall serve as manager. Subject to the approval of the Board, the manager shall employ, supervise and dismiss all agents and employees of the Authority and fix their compensation. He/She shall also, so far as practical: conduct the business in such a way that all Participating Members receive equal service and treatment; deposit in a bank selected by the Board, all money belonging to the Authority which comes into his/her possession; maintain his/her records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time; furnish the Board a current statement of the business and affairs of the Authority at each scheduled meeting of the Board, 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/her successor all books, records, documents, and correspondence pertaining to the business of the Authority which may come into his/her possession; and perform such other duties as may be prescribed by the Board.

#### Article 10

##### Duties of Officers

Section 1. Chairman. The Chairman of the Board shall preside over all meetings of the Participating Members of the Authority and all meetings of the Board of Trustees, shall call special meetings of the Participating Members and of the Board, shall perform all acts and duties usually performed by an executive and presiding officer, and shall sign all Water User Agreements and such other documents of the Authority as he/she may be authorized or directed to sign by the Board. Further, 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 of the Board shall perform the duties of the Chairman.

Section 3. Secretary. It shall be the duty of the Secretary of the Board to keep a record of the proceedings at meetings of the Board and at meetings of the Participating Members of the Authority. The Board Secretary shall serve, or cause to be served, all notices required to be served by law or the bylaws of the Authority. In case of the Board Secretary's absence, inability, refusal or neglect to do so, the Board Chairman may direct any member of the Board to serve, or cause to be served, such notices. The offices of Board Secretary and Board Treasurer may be held by the same person.

Section 4. Treasurer. The Treasurer 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 depository, and shall pay, or cause to be paid, the amounts authorized only on Authority checks duly signed by two (2) authorized signatories. At each annual meeting of the Authority the Board Treasurer shall submit for the information of the Participating Members, a complete statement of account for the past fiscal year. The Board Treasurer shall discharge such other duties pertaining to the 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. The offices of Board Secretary and Board Treasurer may be held by the same person.

## Article 11

### Books and Records

Section 1. The books and records of the Authority, and such papers as may be placed on file by vote of the Participating Members or the Board, shall during all reasonable business hours, be subject to inspection of any Participating Member of the Authority at the Authority's principal place of business. The Board shall, from time to time, determine the hours the office of the Authority will be open for business and such determinations shall be reflected in the Board minutes.

## Article 12

### Annual Meeting of Participating Members

Section 1. The annual meeting of the Participating Members of the Authority shall be held on the third (3rd) Tuesday of May of each year, at some suitable location within the serving district designated by the Board.

Section 2. Special meetings of the Participating Members may be called at any time by the Chairman of the Board 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 Authority. 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 Authority shall be mailed to each Participating Member of record at least ten (10) days prior to the meeting and directed to the address of the Participating Members shown on the books of the Authority. Such notice shall state the nature, the time, the place, and the purpose of the meeting, but no failure or irregularity in such notice of an 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 of the Participating Members, shall be:

- (a) Call to Order by the Chairman of the Board of Trustees;
- (b) Proof of Notice of Meeting by the Board Secretary;
- (c) Reading and approval of minutes of last meeting by the Board Secretary;
- (d) Report of officers and committees;
- (e) Election of Trustee(s);
- (f) Unfinished business;
- (g) New business;
- (h) Adjournment.

## Article 13

### Meetings of The Board of Trustees

Section 1. The Board shall meet each year to adopt a budget for the following year, and will also meet annually to elect officers. The annual meeting of the Board of Trustees shall be at 8:00 p.m. on the last working day (Monday through Friday) of May. The annual meeting of the Board of Trustees shall be held at the principal place of business of the Authority, or at such other location as directed by the Board of Trustees. The Board shall meet at such other times as may be determined by the Board, or upon call by the Chairman or by any two members of the Board. Notice of all meetings of the Board shall be mailed or delivered

to the last known business or residence address of each member of the Board, at least two (2) days prior to such meeting. Provided, however, that when all members of the Board are present at any meeting, however called, or when all members of the Board consent in writing that such meeting may be held, the proceedings thereat shall be as valid as though the written notice described hereinabove had been given.

#### Article 14

##### Seal

Section 1. The Authority shall have a corporate seal, consisting of a circle having in its circumference and face the words, "The Canadian County Water Authority", which shall be in the custody of the Secretary of the Board of Trustees.

#### Article 15

##### Fiscal Year

Section 1. The fiscal year of the Authority shall begin the first day of April of each year.

#### Article 16

##### Amendment to Bylaws

Section 1. These bylaws may be repealed or amended by a vote of three-fourths (3/4ths) of the Participating Members present at a meeting where at least twenty-five per cent (25%) of all Participating Members are present. So long as any indebtedness is held by or guaranteed by the Farmers Home Administration the Participating Members shall not have the power to change the purposes of the Authority 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 Authority or its Participating Members, or to deprive any Participating Member of rights and privileges then existing, or to so amend the bylaws as to affect a fundamental change in the policies of the Authority without the prior approval of the Farmers Home Administration's State Director in writing. So long as any indebtedness is held by or guaranteed by the Farmers Home Administration, notice of any amendment to be considered at any regular or special meeting of the Participating Members must be given to the said State Director at least ten (10) days prior to such meeting and must set forth the amendments to be considered.

Section 2. If any Participating Member desires to repeal or amend these bylaws, such Member shall be required to provide each Participating Member of the Authority written notice at least ten (10) days prior to the meeting of the Participating Members where the matter of repeal or amendment is to be considered. Such notice shall include a clear and concise statement of the desired amendment or repeal of the bylaws, and the notice shall be mailed by the Authority to each Participating Member at his/her last known address shown on the records of the Authority. The cost of such mailing shall be paid by the Participating Member seeking the amendment to or repeal of the bylaws. Provided, in the event at least fifty (50) Participating Members request consideration of the repeal or amendment of a bylaw, then the Authority shall bear the cost of such mailing.

Section 3. The Board of Trustees may, by resolution, seek to amend or repeal the bylaws, and any such resolution shall be referred to the Participating Members for their consideration at a regular or a special meeting of the Participating Members. Written notice of such a meeting of the Participating Members, together with a concise statement of the proposed amendment or repeal, shall be mailed by the Authority to each Participating Member at his/her last known address shown on the records of the Authority. The cost of mailing such notices shall be borne by the

Authority.

#### Article 17

##### Benefits and Duties of Participating Members

Section 1. The Authority 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 delivery point on the property of each Participating Member of the Authority. The Authority shall provide, install and maintain meters at the designated delivery points. The Authority shall retain ownership of such meters.

Section 2. Each Participating Member shall be entitled to purchase from the Authority, pursuant to such agreement as may from time to time be provided and required by the Board, such water services for domestic and other purposes as the Participating Member may desire, subject however, to the provisions of these Bylaws and the Rules and Regulations of the Authority. The existing Rules and Regulations heretofore adopted by the Board are hereby re-adopted as the Rules and Regulations of the Authority.

Section 3. The water delivered to each Participating Member's designated delivery point shall be metered.

Section 4. In the event the Authority's water supply shall be insufficient to meet all needs of the Participating Members and other authorized users, or in the event there is a shortage of water, the Authority may prorate the available water among the various Participating Members and authorized users on such basis as is deemed equitable by the Board. The Board may also prescribe a schedule of hours and days of use for designated purposes. The Board must first satisfy the needs of the Participating Members for domestic purposes before supplying water for other purposes.

Section 5. In the event the Authority contracts to supply water to areas not within its normal servicing area, all such contracts obligating the Authority to supply such water to any such expansion area shall state that the Authority may abrogate any such contract by the Board adopting a resolution that the water being furnished pursuant to such contract is required by the Authority for its own use and the use of its Participating Members, and the Board is hereby empowered to abrogate all such expansion area contracts by taking such aforesated action.

#### Article 18

##### Effective Date of Amended and Restated Bylaws

Section 1. These Bylaws, which are to replace and supersede any Bylaws heretofore adopted, shall become effective upon being approved by the Board of Trustees and by the Participating Members of the Authority at an annual or special meeting of the Participating Members. The effective date of such Amended and Restated Bylaws shall be the date such Bylaws are fully and finally approved by the Participating Members of the Authority.

#### Article 19

##### Availability of Bylaws

Section 1. After adoption of Bylaws by the Participating Members of the Authority, copies shall be provided to each Participating Member of the Authority. The Authority shall bear the expense of providing a copy of the bylaws to each Participating Member.