

BY-LAWS
OF
HEASTON RURAL WATER DISTRICT

ARTICLE I
General Purposes

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

ARTICLE II
Name and Location

Section 1. The name of this District is the Heaston Canadian County Rural Water District #5.

Section 2. The principal office of this District shall be located at El Reno, County of Canadian, 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.

ARTICLE III
Seal

Section 1. The seal of the District shall have inscribed thereon, the name of the District, the year of its organization, and the words "Non-Stock District, Heaston Rural Water District.

ARTICLE IV
Fiscal Year

The fiscal year of the District shall begin the 1st day of September in each year.

ARTICLE V
Membership

Section 1. The holders of membership certificates of this District or 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 members be provided and required by the District, provided that no person shall be permitted to acquire membership, if the capacity of the Districts water and sewer service is exhausted by the needs of its existing members. The membership fee shall Four Thousand Dollars (\$4,000). There will be a charge of the difference between the pasture tap and residential membership at the present day membership fee. The membership fee is non-refundable and will be considered as a donation to the District, however, membership may be transferred in accordance with the provisions of these By-Laws. Water service will be supplied only to members, however, the Board may make service available to the public for the purchase at distribution points as it may establish. When the old living quarters, has been replaced by a new living structure of any kind, the old structure must be torn down within a six month period, or it will be considered livable and a new membership and meter will be put in place at the going rate.

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 District, the District 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.

A. Transfers of membership shall be made only upon the books of the District; only to persons eligible to become members; only with the approval of the Board of Directors, and only when the membership its transferring is free from indebtedness to the District.

B. No member of this District shall be entitled to more than one (1) vote at meetings of the members or to hold more than one (1) of the membership certificates of the District. Every member, upon, becoming a member of this District agrees, to sign such agreement for the purchase of water from the District as may from time to time be provided by the District.

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

Section 3. Each new member agrees to sign the membership contract agreement as the District shall from time to time provide and require.

ARTICLE VI OMITTED

ARTICLE VII Meetings of Members

Section 1. The three (3) quarterly meetings and the annual meeting of the members of this District shall be held in El Reno, County of Canadian, State of Oklahoma, at 7:00 o'clock P.M., on the second (2) Monday of January, April, July and October at Heaston Church, if not a legal holiday or if a legal holiday, on the next business 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 (10) percent of the members and presented to the Secretary of to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted, there at, except such is specified in the notice.

Section 3. Notice of meetings of members of the District will be given by a notice mailed to each member of record, directed to the address shown upon the books of the District, at least ten (10) days prior to the meeting. Such a notice shall state the nature, time place and purpose of the meeting, regularly held, shall affect any proceedings taken there at.

ARTICLE VIII
Directors and Officers

Section 1. The Board of Directors of this District, shall consist of five (5) members, all of whom shall be a member of the District. The Directors named in the Articles of Incorporation shall serve as the Board of Directors, until the first (1st) annual meeting of the members at which time the members will review the By-Laws, Rules and Regulations and elect a permanent Board of Directors. One (1) Director shall be elected for a term of one (1) year, two (2) directors for a term of two (2) years and two (2) Directors for a term of three (3) years. At each annual meeting, thereafter, the members shall elect for a term of three (3) years, the number of Directors whose terms 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 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) Election of directors
- (g) Unfinished and New business
- (h) Adjournment

Section 3. Within thirty (30) days after issuance of the Certificate of Incorporation, by the Secretary of State, the initial Board of Directors, will meet, after proper notice, for the purpose of adopting the initial by-laws, electing officers and performing other acts in the internal organization of the District. The permanent Board of Directors, shall meet within ten (10) days, after the first election , held at the first (1st) annual election of directors, and shall, elect by ballot, a President, a 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.

Section 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 a majority vote, choose a successor, who shall hold office until the next regular meeting of the members of the District. At which time, the members 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.

Section 5. The Board of Directors, shall meet at a designated time as may be determined by 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 (2) day 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 District. 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 District. If presented by a member, the charges must be accompanied by a petition signed by ten (10) percent of the members of the District. Such removal shall be voted on at the next regular or special meeting of the members. The director or officer, against whom such charges have been presented shall be informed, in writing, of such charges five (5) 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. 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 in the District. A vacancy in the Board, thus created, shall immediately be filled by a vote of a majority of the members 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.

Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporations, or these By-Laws shall exercise all of the powers of the District, 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, set forth.

(a) To pass upon the qualifications of members and to cause to be approved appropriate membership.

(b) To select and appoint all officers, agents or employees of the District or remove such agents or employees of the District for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful services.

© 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, mortgages, deed of trust and trust agreements and to 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 discretions, may be deemed essential or convenient for the conduct of the business and affairs of the District 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, an audit of the books and accounts of the District by a competent public auditor or accountant. The report prepared by such auditor or accountant shall be submitted to the members of the District at their annual meeting.

(g) To prepare annually and estimated budget for the coming year. To fix the charges to be paid by each member for services rendered by the District to him, the time of payment and manner of collection.

(h) To require all officers, agents, and employees charged with responsibility for the custody of any of the funds of the District to give adequate bonds, the cost, thereof, to be paid by the District. And it shall be mandatory upon the directors to so require.

(i) 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 and the form of check and the person or persons by whom the same shall be signed, with the power to change such banks and the person or persons signing such checks and the form, thereof, at the will.

(j) To levy assessments against the membership of the District 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 District must give the member, at least, thirty days written notice at the address of the member on the books of the District, of its intention to forfeit the membership, if the assessment is not paid.

(k) A requirement for qualification to serve as a Board member upon election, such board member will attend six (6) hours of training within twelve (12) months, following election. Failure to attend the workshop training deems the individual ineligible to serve as a Board Member commencing at the next regular scheduled meeting of the Board following the twelve (12) month period. While serving on the board, if a board member misses two (2) consecutive meetings, without notification of the Chairman or Treasurer, deems the individual ineligible to ser as a Board Member commencing at the next regular scheduled meeting of the Board.

ARTICLE X
Duties of Officers

Section 1. Duties of the President; the President shall preside over all meetings of the District and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, papers of the District 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, contracts, and other instruments in writing on behalf of the District. The President shall perform such other duties as may be prescribed by the Board of Directors.

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

Section 3. Duties of the Secretary-Treasurer; The Secretary shall keep a complete record of all meetings of the District and of the Board of Directors and shall have general charge and supervision of the books and records of the District. He shall sign all membership certificates with the President and such other papers pertaining to the District 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 By-Laws and shall make a full report of all matters and business pertaining to his office to the members at the annual meeting. He shall keep the District seal and membership certificate records of the District, complete and countersign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of member of the District 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 District or the 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 District that he may have in his possession. He shall, also, perform such duties with respect to the finances of the District as may be prescribed by the Board of Directors.

ARTICLE XI Benefits and Duties of Members

Section 1.

(a) Each holder of a membership, shall be entitled to one (1) line from the Districts water system .

(b) A member may make application to the Board of Directors for additional service line(s). Upon approval of the Board and payment of a required charge for each line as may be determined by the Board, the additional service line(s) will be made available to the member.

© Members desiring service after the final plans are drawn and approved by the Board of Directors, may be charged an additional fee, equal to the actual cost of providing service.

(d) Irrespective of any other provisions in these By-Laws, no water 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 District 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 District, at which point designated as delivery points, meters to be purchased, installed, owned and maintained by the District shall be placed.

Section 3. 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, the meter size is at the discretion of the Board and then such, livestock and other purposes as a participating member may desire, subject to the provision of these By-Laws, and such rules and regulations as may be prescribed by the Board. The water delivered to each participating member shall be metered.

Section 4. 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 pro-rate the water available among the various members and users of such basis as is deemed equitable to 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 rates sufficient to pay the normal operating and maintenance expenses, all debt service requirements and the reserves required by the loan resolution. Any increase or decrease in the water rates from the preceding year shall affect each member, both corporate and individual, proportionately. That is to say, that if the individual rate is raised ten (10) percent, the corporate rate in will be raised ten (10) percent. Any decrease in the rates shall be subject to the approval of the Farmers Home Administration, if the District is indebted to that agency on any loans made or insured for the construction of the District 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 (3) months, after such forfeiture, all back charges are paid in full plus ten (10) percent interest and labor charges necessary to effect such reconnections.

ARTICLE XII
Distribution of Surplus Funds

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 District 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 District, and providing for the purchase of proper supplies and equipment, the net earnings shall be used for the retirement of indebtedness or the Board may make a general rate reduction to the members.

ARTICLE XIII
Amendments

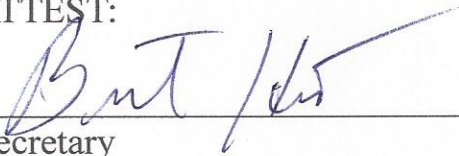
Section 1. These By-Laws may be repealed or amended by a vote of a majority of the members present at any annual meeting of the District, or at any special meeting of the District, called for that purpose, except that the members shall not have the power to change the purposes of the District, so as to decrease its rights and powers under the laws of the State, 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 members, or to deprive any member of rights and privileges then existing, or so to amend the By-Laws as to effect a change in the fundamental change in the policies of the District. Notice of any amendment to be made at a special meeting must set forth the amendments to be considered. Any amendment to the By-Laws as provided herein shall be subject to the approval of the Board of Directors.

Unanimously, amended at a meeting of the Board of Directors held at the Heaton Church Building in El Reno, Oklahoma, at 7:00 o'clock P.M., July 12, 2021 with five (5) members of the Board of Directors present.



President

ATTEST:



Secretary

Rev: 01-2017