

**BY-LAWS
OF
ELM BEND WATER DISTRICT, INC.**

ARTICLE I

General Purposes

The purposes 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 ELM BEND WATER DISTRICT, INC.

Section 2. The principle office of this corporation shall be located at 119 ½ North Maple, Nowata, County of Nowata, 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 the corporation, the year of its organization, and the words “Non-Stock Corporation, Elm Bend Water District, Inc.”.

ARTICLE IV

Fiscal Year

The fiscal year of the corporation shall begin the first day of July 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) subscription for or otherwise acquiring a membership certificate, and (2) by signing such agreements for the purchase of water service as may be provided and required by the Corporation; provided that no person shall be permitted to acquire membership if the capacity of the Corporation’s water system is exhausted by the needs of its existing members. The membership fee shall be consistent with engineering report requirements. 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 the provisions of these By-Laws. Water will be supplied only to members; however, the Board may make service 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 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, or special meeting of the members called for such purpose.

ARTICLE 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 By-Laws and amendments to the same of the ELM BEND WATER DISTRICT, INC.

(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 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 purpose of water from the Corporation as may from time to time be provided and required 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 members, and only when the transferring member is free from indebtedness to the Corporation.

Section 3. Each member agrees to sign such water users' agreement 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 District shall be held in Nowata, County of Nowata, State of Oklahoma, at 8:00 o'clock p.m. on the 2nd Monday in September of each year, 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 percent of the members and presented to the Secretary 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 meetings of members of the Corporation will be given by a notice mailed to each member of record, directed to the address shown upon the books of the Corporation, at least ten (10) days prior to the meeting. Such a notice 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 five (5) 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 the members will review the By-Laws, rules and regulations and elect a permanent Board of Directors. One Director shall be elected for a term of one (1) year, two Directors for a term of two (2) years, and two 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 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) Election 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 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 Corporation.

The permanent Board of Directors shall meet within ten (10) days after the first election held at the first annual meeting of members, and within ten (10) days after each annual 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 causes.

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 Corporation, 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 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 know address of each Board member at least two (2) 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 (10) 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 office 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; 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 in the Corporation. 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.

ARTICLE IX

Duties of Directors

Section 1. The Board of Directors, subject to restrictions of law, the Articles of Incorporation, or these By-Laws 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 as hereinafter set forth,

(a) to pass upon the qualification 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 or 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 By-Laws, 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, mortgages, 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, an 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 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 and 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 or persons signing such checks and the form thereof at will;

(j) the 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 (90) days from the date the assessment was due, provided that the Corporation must give the member at least thirty (30) days written notice at the 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, perform 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, contracts, and other instruments in writing on behalf of the Corporation. 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 the 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-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 the 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 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 Corporation seal and membership certificate records of the Corporation; 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 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 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 Corporation that he may have in his possession. He shall 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

Section 1. (a) Each holder of a member certificate shall be entitled to one line from the Corporation's water system. The line shall serve (not to exceed) one residence or business establishment together with the necessary and usual out-buildings.

(b) A member may make application to the Board of Directors for additional service line(s). Upon approval of the Board of Directors and payment of a required charge for each line as maybe determined by the Board, the additional service line(s) 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 By-Laws, no water 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 pipe line or lines from the source of water supply and lines from the main distribution pipe line 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 entitled 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 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 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 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 (3) months after such forfeiture, all back charges are paid in full plus six (6%) percent interest and reasonable 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 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 or the Board may make a general rate reduction to the members.

ARTICLE XIII

Amendments

These By-Laws 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 purposes 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 By-Laws as to effect 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 amendments to the By-Laws as provided herein 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 purpose of constructing the water system of the Corporation.

Unanimously adopted at a meeting of the Board of Directors, held the 8th day of November, 1971, at Nowata, Oklahoma, with five members of the Board of Directors present.

A M E N D M E N T
BY-LAWS
OF
ELM BEND WATER DISTRICT, INC.

Unanimously adopted at a meeting of the Board of Directors, held February 5, 2008 at Nowata, Oklahoma with 5 members of the Board of Directors present.

ARTICLE II

Name and Location

Section 2. The principal office of this Corporation shall be located at the office of **Utility Management & Construction Company, P. O. Box 420, Ochelata, Oklahoma 74051**, however the Corporation may maintain offices and places of business at such other places within the State as the Board of Directors may determine.

ARTICLE VI

Membership Certificates

Section 4. In the event of the change of ownership of any real estate on which a water tap is located, the membership certificate shall, upon request of the new owner or owners, **be transferred to such new owner for a transfer fee of \$25 per meter**. If there area any delinquent charges, the new owner will be required to pay them before the transfer is completed.

Section 5. In the event of the sale of any real estate on which there is a water tap or taps by any judicial process whatsoever, the membership certificate will **be transferred to such new owner for a transfer fee of \$25 per meter** upon application being made and upon any delinquent charges being paid by the new owner. In such event, the former owner or owners will cease to be members of this Corporation and cease to be the owner of a membership certificate.

Chairman _____

ATTEST:

Secretary of the Board

Date

**RESOLUTION OF THE BOARD OF DIRECTORS OF
ELM BEND WATER DISTRICT, INC.**

Whereas, at a meeting of the general membership of the Elm Bend Water District, Inc. on November 11, 2004, held at the Hillside Christian Church, the members voted on an addition to the By-Laws to maintain dependable water service. This addition becomes Article XIV.

ARTICLE XIV

MAINTAIN DEPENDABLE WATER SERVICE

Section 1. It is the goal of Elm Bend Water District, Inc. to provide a dependable supply of water to every Elm Bend Water District member. To ensure that this goal is realized, if an existing or future Elm Bend Water District member uses or plans to use quantities of water which the Elm Bend Water District Board determines may interfere with dependable service to its members, the Board will have the authority to limit water usage by such present or future members. If an application for a new Elm Bend Water District membership is received by the Board and the Board determines such a membership could negatively affect the supply of water to existing members, the application can be denied.

ATTEST:

Secretary of the Board

Member of the Board

Date

Date