

**BY-LAWS
OF
FIFTY-ONE EAST WATER, INC.**

ARTICLE I

GENERAL PURPOSE

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

ARTICLE II

NAME AND LOCATION

Section 1- The name of the Corporation is FIFTY-ONE EAST WATER, INC.

Section 2- The principle office of this Corporation shall be located in the County of Payne, State of Oklahoma, and the Corporation may maintain offices and places of business at such other places within the State of Oklahoma as the Board 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".

ARTICLE IV

FISCAL YEAR

Section 1- The fiscal year of the Corporation shall begin on the first day of October of each year.

ARTICLE V

MEMBERSHIP

Section 1- The holders of memberships of this corporation are its members. To be eligible for membership the applicant may be a person or a legal entity recognized by the laws of Oklahoma and such person or legal entity must be a landowner within the service area of the Corporation. The service area of the Corporation shall mean all areas where the Corporation is providing water service or has made water service available together with all areas where the Corporation has the physical ability to provide water service within a reasonable period of time following a request for service. If a member sells his property upon which the meter is located, the membership shall pass with the title to the land to the new landowner subject to Board (Board) approval and the membership shall be transferred, if approved by the Board, by action of the Board to the new landowner. If a member desires to transfer his membership to another eligible landowner for relocation of the meter at another site, an application for transfer must be approved by the Board. The relocation fee for the transfer of the membership and meter shall be determined by the Board. Any applicant who receives approval from the Board may be admitted to membership by:

1. Subscribing for or otherwise acquiring a membership 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 (i.e. an individual or legal entity) shall be permitted to acquire membership if the capacity of the Corporation's water system is exhausted by the needs of its existing members, or if the Board determines that such purchase of service would cause undue interference with water service to existing members. The Board shall have the power to adopt and enforce rules and regulations governing where and under what circumstances that water service will or may be provided.

The membership fee shall be established by the Board. The membership fee is non-reimbursable and will be considered as a donation to the Corporation; however memberships may be transferred in accordance with the provisions of these Bylaws. Water service may, subject to Board approval, be provided to any person or legal entity which the Board determines to be legally and economically feasible. If water service is supplied to a tenant of a member, the member shall be responsible and liable in the event that the tenant fails to pay the water bill. The Board is expressly authorized to make water service available to the public (members and/or non-members) for purchase at such distribution points as the Board may establish. Members are entitled to participate in the affairs of the Corporation. Non-members are not entitled to participate in the affairs of the Corporation.

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 Bylaws or the Rules and Regulations or other requirements adopted by the Board, or willfully obstructs the purposes and proper activities of the Corporation, the Corporation through the Board may, in their sole

discretion, 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 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 CERTIFICATION

Section 1- A membership shall be issued by the Board for each meter approved for membership. The Board shall adopt rules and regulations to govern residential and commercial connections, as well as regulations governing, restricting or permitting the use of a single meter to service one or more physical locations. The membership shall be issued to each holder to a fully paid up membership. Each membership shall be subject to the following statements:

- A. The membership number is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Articles of Incorporation and Bylaws and Amendments to the same and the Policies of FIFTY-ONE EAST WATER, INC., a non-stock, not-for-profit corporation.
- B. Transfers of memberships shall be made only upon the books of the Corporation and may include a change of the membership number; only with the approval of the Board; 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 members, regardless of the number of memberships held by such member. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of water from the Corporation as may from time to time be provided and required by the Corporation.

Section 2- All transfers of memberships shall be made upon the books of the Corporation only with the approval of the Board, 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 agreements as the Corporation shall from time to time provide and require.

ARTICLE VII

MEETINGS OF MEMBERS

Section 1- The annual meeting of the members of this Corporation shall be held in or within the general vicinity of the City of Stillwater, County of Payne, State of Oklahoma,

within a period of ninety days after the close of the fiscal year on September 30, of each year, the exact date and hour to be determined by the Board and notice thereof shall be given to all members.

Section 2- Special meetings of the members may be called at any time by the action of the Board, and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent of the membership holders entitled to vote and presented to the Secretary or to the Board. 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 on the books of the Corporation at least ten days prior to the meeting. Such notice shall state the nature, time, place and purpose of any annual meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat. Notice of special meetings of members may be given by publication once in a newspaper having general circulation in the County of Payne, at least ten days prior to the date of the meeting; however, the annual meeting will be by written notice as hereinabove provided.

ARTICLE VIII

DIRECTORS AND OFFICERS

For the purpose of this Article, one year is defined as the length of time from one annual meeting until the next annual meeting.

Section 1- The Board of Directors shall consist of five members, all of whom shall be members of the Corporation. The Board of Directors shall consist of the current elected Directors as of the 2019 annual meeting. During the 2019 annual meeting and at all subsequent annual meetings thereafter, one Director will be elected each annual meeting for a five-year term.

If a Director serves for one five year term or more than two years of an un-expired term (see ARTICLE VIII, Section 3.), the Director can only serve for one successive five year term. A Director who has served more than seven consecutive years is in-eligible (termed-out) for another consecutive five year term. A Director who has termed-out will only be eligible for another term at the next annual meeting (one year off the Board). Any Director or Officer who fails to attend three (3) consecutive regular monthly Board meetings or a total of four (4) Board meetings during a year shall automatically lose his/her position on the Board of Directors and the remaining Directors shall declare a vacancy; unless the remaining Directors determine that such absences should be excused for justifiable cause.

Section 2- The regular annual meeting of the members and, so far as possible, at other meetings shall include:

- A. Proof of notice of the meeting
- B. Presentation of the minutes of last meeting
- C. Presentation of financial or audit report
- D. Presentation of reports of officers or committees
- E. Election of Directors
- F. Unfinished or new business

Section 3- Officers of the Board shall be elected by a vote of the Board at the first meeting of the Board following an election of Directors.

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 may, by a majority vote, choose a successor who shall hold office for the un-expired remainder of the term if the un-expired remainder is less than half of the original term. If the un-expired remainder is more than half of the original term then at the next regular meeting of the members of the Corporation, the members shall elect a director for the un-expired term or terms, provided that in the call of such regular meeting a notice of such election shall be given.

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

Section 6- The officers shall receive a per diem for approved out of town travel to be reviewed by the board annually.

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, a petition signed by twenty percent of the members of record of the Corporation must accompany the charges. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by the majority vote of the members of record. The Director or Officer against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or persons presenting such charges against him shall have the same opportunity. If the removal of a Director is approved, such action shall also vacate any other office held by the removed Director 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, subject to restrictions of law, the Articles of Incorporation, or these Bylaws shall exercise all of the powers of the Corporation, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board shall have, and are hereby given, full power and authority in respect to the matters and as hereinafter set forth:

- A. To pass upon the qualifications of members, and to cause to be issued appropriate memberships.
- B. To select and appoint all officers, agents, or employees of the Corporation or remove such agents or employees of the Corporation with or without cause, prescribe such duties and designate such powers as may not be inconsistent with these Bylaws, fix their compensation and pay for faithful services.
- C. To see that the operator-manager of the water system is licensed by the Oklahoma Department of Environmental Quality or its successor agency in the 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 the funds of the Corporation to give adequate bond and liability insurance, the cost thereof to be paid by the Corporation, and it shall be mandatory upon the directors to so require, the Corporation shall have indemnification insurance for all board members.
- I. To select one or more banks to act as depositaries of 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 disbursements, and the person or persons by whom the same shall be signed or approved, with the power to change such banks and the person or persons signing such checks or approving such disbursements, and the form thereof at will. Each check or disbursement shall be signed or approved by two separate persons, one being a board member.

- J. To levy assessments against the members of the Corporation and to enforce the collection of such assessments by the forfeiture of delinquent memberships. The Board shall have the option to declare forfeited any membership on which assessment has not been paid, at any time after ninety days from the date of the assessment was due, provided that the Corporation must give the member at least thirty days written notice at the address of the member on the books of the Corporation, of its intention to forfeit the membership 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, call special meetings of the Board, 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; provided the Board 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.

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 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 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. He shall serve all notices required by law and by these bylaws; 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 Corporate 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. 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.

ARTICLE XI

BENEFITS AND DUTIES OF MEMBERS

Section 1-

- A. Each holder of a Membership shall be entitled to one line/connection from the Corporation's water system, however each Member shall be responsible to pay for all costs associated with such line and/or connection, in accord with the rules and regulations established by the Board.
- B. A member may make application to the Board for additional service lines/meters. Upon approval of the Board and payment of a required charge as specified in the rules and regulations established by the Board, for each line the additional service lines will be made available to the member.
- C. The Corporation shall have the power to provide water service at or to any physical location within the State of Oklahoma and to any person or legal entity, however the Corporation is not empowered to sell water outside the boundaries of the State of Oklahoma unless expressly permitted by law.

Section 2- The Corporation shall install, maintain and operate main distribution pipelines and other reasonably necessary or convenient facilities, including but not limited to water towers, pump stations, valves etc. at the discretion of the Board and the Board shall adopt rules and regulations governing same.

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 Bylaws; and such rules and regulations as may be prescribed by the Board. The water delivered to each participating member shall be metered. Non-members may purchase water service as provided by rules and regulations adopted by the Board.

Section 4- In the event the total water supply shall be insufficient to meet all the needs of the members and other customers/users, or in the event there is a shortage of water, the Corporation may pro-rate or ration the water available among the various members and other customers/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 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 United States Department of Agriculture, if the Corporation is indebted to that agency on any loan 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 on behalf of which such failure occurs; provided, that such membership shall be reinstated if within three months after such forfeiture, all back charges are paid in full plus a charge set by the Board and reasonable labor charges necessary to affect 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 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 may deem proper; and, after providing for payment on interest and principle 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 or other allocation to the members as the Board may deem proper.

ARTICLE XIII

AMENDMENTS

Section 1- These bylaws may be repealed or amended by a vote of 51 percent of the members present at the annual 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 of Oklahoma, or to waive any requirements of bond or other provision for the safety and security of the property and funds of the Corporation or its members, or to deprive any member of rights and privileges then existing, or so to amend the bylaws as to effect a fundamental change in the policies of the Corporation. Notice of any amendment to be made at a special meeting must set forth the amendments to be considered. Any amendment to the Bylaws as provided herein shall be subject to the approval of the United States Department of Agriculture, if the Corporation is indebted to that agency on any loans made, or insured for the purpose of construction the water system of the Corporation.

ARTICLE XIV

DISSOLUTION

Upon the dissolution of the Corporation, the Board shall, after paying and making provision for the payment of all the liabilities of the Corporation, distribute any remaining assets or funds to members in proportion to their patronage or business done with the FIFTY-ONE EAST WATER, INC. This was to certify that the Bylaws were amended by adding the above Article XIV at a meeting held on the 2nd day of April, 1974.

These Bylaws are recorded as amended and approved by more than $\frac{3}{4}$ vote of the members at the annual meeting held March 13, 1980.

AMENDMENT NO. 1- Article IV
AMENDMENT NO. 2- Article V
AMENDMENT NO. 3- Article VI
AMENDMENT NO. 4- Article VII

rev. 11/2015, 11/2019.