

PECAN VALLEY RURAL WATER DISTRICT
BYLAWS

KNOWN ALL MEN BY THESE PRESENTS §

These Bylaws are made and entered into this 30th day of September 2021, by Rural Water District No. 5, Comanche County, Oklahoma, Inc.

WITNESSETH

WHEREAS There is established a rural water district known as Rural Water District No. 5, Comanche County, Oklahoma, Inc., doing business as Pecan Valley Rural Water District, which has the following powers, duties, and responsibilities and which shall run with the land and be binding on the present and future owners of the real property located in Comanche County, Oklahoma, which is more particularly described as follows, to-wit:

SEE ATTACHED “SCHEDULE B”

ARTICLE 1

General Provisions

1.1 Name and Location. The name of this nonprofit corporation shall be the “Rural Water District No. 5, Comanche County, Oklahoma, Inc.” doing business as “Pecan Valley Rural Water District” hereafter referred to as “District.” The principal office of the District shall be located at 12 Winding Creek Rd., Lawton, Oklahoma 73505, but meetings of Participating Members and the Board of Directors (“Board”) may be held within the State of Oklahoma, County of Comanche, as may be designated by the Board with adequate notice.

1.2 Definitions. Several terms which may be capitalized and used in these Bylaws shall have a meaning set forth in the Definitions section included herein as “Schedule A.” The Definitions are hereby fully incorporated as part of the Bylaws herein.

1.3 Fiscal Year. Fiscal Year shall be the same as the Calendar Year to cut costs and reduce complications for multiple reporting periods.

1.4. Interpretation. In case of any conflict, the (1) provisions of Oklahoma law and federal law, (2) the District’s Certificate of Incorporation, (3) these Bylaws and as they may be amended, and (4) the District’s Rules and Regulations shall prevail, in that order.

1.5 Corporate Seal. The seal of the District shall include: the name of the District, the year of incorporation, and the state. Said seal shall be established by proposition of the Board for Participating Member vote.

1.6. Purposes and Objectives. The purposes and objectives of the District are as follows:

- A. Developing and providing an adequate rural water supply and sewage disposal facilities, to serve and meet the needs of rural residents within the District, and all other purposes that may be contemplated by the Oklahoma Rural Water, Sewer, Gas and Solid Waste Management Districts Act and as it may be amended.
- B. This District is organized exclusively for purposes contemplated by Section 501(c)(12) of the Internal Revenue Code.
- C. To operate not-for-profit and not to afford pecuniary gain, incidentally or otherwise, to its Members.
- D. To engage in any lawful act or activity for which corporations may be organized under the general corporation law of Oklahoma.

1.7. Existence. The District shall have perpetual existence, subject to dissolution as provided by the Rural Water, Sewer, Gas and Solid Waste Management Districts Act, and restated herein in Article 1, Section 10.

1.8. Powers of Rural Water District. Pursuant to 82 OKLA. STAT. § 1324.10, the District shall have the following powers:

- A. Acquire and maintain water supply and sewage disposal facilities for District use.
- B. Establish Water Rates for services rendered by the District to Participating Members, the time of payment, and the manner of collection.
- C. Adopt a seal which may be altered at pleasure, and to use it, or a facsimile thereof, as required by law.
- D. Acquire by purchase, lease, gift, or in any other manner, and to maintain, use, and operate any and all property of any kind, real, personal, or mixed, or any interest therein; and to acquire and own water rights under the laws of this state, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, equipment, apparatus, facilities, property rights and transportation and distribution lines, facilities, equipment or systems necessary to transport, distribute, sell, furnish and dispose of water, and either subsequent to, or in connection with, the installation of water distribution or sewage facilities to construct, operate and maintain sewage disposal facilities or solid waste management system to serve the users of the District. Provided, all projects of the District shall be self-liquidating, and the costs of construction shall be payable solely from the income, revenues, and properties of the District, and all property, assets and revenues of the District shall constitute a special fund for the accomplishment of the purposes and objectives of the Rural Water, Sewer, Gas and Solid Waste Management Districts Act.
- E. Borrow money and otherwise contract indebtedness for the purposes set forth in the Rural Water, Sewer, Gas and Solid Waste Management Districts Act, and, without

limitation of the generality of the foregoing, to borrow money and accept grants from the United States of America, or from any corporation or agency created or designated by the United States of America, and, in connection with such loan or grant, to enter into such agreements as the United States of America or such corporation or agency may require; and to issue its notes or obligations therefor, and to secure the payment thereof by mortgage, pledge or deed of trust on all or any property, assets, franchises, rights, privileges, licenses, rights-of-way, easements, revenues, or income of the said District.

- F. Make bylaws for the management and regulation of District affairs.
- G. Appoint officers, agents, and employees, to prescribe their duties and to fix their compensation; and to employ such common and skilled labor and professional and other services as may be necessary to the proper performance of such work or improvement as is proposed to be done within any such District, and the maintenance thereof.
- H. Sell or otherwise dispose of any property of any kind, real, personal, or mixed, or any interest therein, which shall not be necessary to the carrying on of the business of the District.
- I. In connection with the acquisition, construction, improvement, operation or maintenance of its transportation, and distribution lines, system, equipment, facilities or apparatus, use any street, road, alley or highway which is owned or held by the state, or any political subdivision. The location of sewer or water lines or other facilities connected with the water or sewer management District in such streets, roads, alleys or highways, must be concurred in by the governing or appropriate bodies of the cities, counties or state, which have jurisdiction over said property. The District plans for locating lines shall comply with the written specifications for location of lines and facilities as set forth by the governing body of the county for property within their jurisdiction. If the governing body of the county does not have written specifications for location of lines and facilities for property within their jurisdiction, they shall concur with the District plans or provide the District with an alternative plan. Provided that the relocation or rearrangement of any public utility's or common carrier's facilities of service required to be made to permit or accommodate installation or maintenance of a District's facilities on, across or under any such publicly owned or held real property or interest therein shall be performed at the sole cost of the District.
- J. Make any and all contracts necessary or convenient for the exercise of the powers of the District.
- K. Fix, regulate and collect rates, fees, rents or other charges for water and any other facilities, supplies, equipment or services furnished by the District. Said rates shall be just, reasonable and nondiscriminatory.
- L. Do and perform all acts and things, and to have and exercise any and all powers as may be necessary, convenient or appropriate to effectuate the purposes for which the District

is created.

- M. Buy from or sell water to any municipality, or to another district created under the Rural Water, Sewer, Gas and Solid Management Districts Act, or to any other legal entity engaged in the distribution and storage of water provided quantities of water sold do not exceed any vested right of appropriation granted by the Oklahoma Water Resources Board or the contract for purchase with the City of Lawton (“City”) (or any other municipality) (see Article 5 herein).
- N. Enter into contracts with the United States of America, or any agency thereof, or the state, or any political subdivision or agency thereof, for the construction, operation and maintenance of structures needed to provide water storage to meet present and future anticipated needs and demands of the District.
- O. Enter into contracts jointly with any other district, municipality, city or town, the state, the United States of America, or any governmental agency, for the purpose of purchasing water, constructing, acquiring, operating water facilities or purchasing or leasing reservoir space.
- P. Enter into contracts for fire protection and to construct, enlarge, extend or otherwise improve community facilities providing essential services to rural residents, including, but not limited to, fire protection, ambulance service, community centers and outdoor recreational facilities.
- Q. Sue and be sued, complain, and defend in its corporate name.
- R. Have and exercise the right of eminent domain in the same manner and according to the procedures provided for in Sections 51 through 65 of Title 66 of the Oklahoma Statutes, provided, that the use of said eminent domain provisions, shall be restricted to the purpose of developing and providing rural water works and sewage disposal facilities. Provided, however, no personal or real property, easement or right-of-way of any utility may be acquired by eminent domain.

1.9. Restrictions of Rural Water District. The District shall not, pursuant to 82 OKLA. STAT. § 1324.10:

- A. Sell or export water pursuant to the Rural Water, Sewer, Gas and Solid Waste Management Districts Act outside of the state without consent of the Legislature.
- B. Alienate or encumber appropriative rights to water held by the District apart from the alienation or encumbrances of the facilities of the District.

1.10. Dissolution. Should the District (after acquiring real property) desire to dissolve and dispose of assets, the Board may adopt a resolution setting forth the proposed plan for dissolution. Upon such plan being approved by three-fourths (75%) of the Participating Members in a meeting called

for that purpose, such resolution and plan may be submitted to the Comanche County Board of Commissioners (“Commissioners”). If approved by the Commissioners, the Commissioners shall then authorize the Board to carry through the proposed plan of dissolution and authorize the Board to wind up the affairs of the District, pay all debts and expenses, and to dispose of any property owned by the District for the apportionment of proceeds thereof together with any other monies belonging to the District to an adjoining rural water District or to any other political subdivision of the state. No money, property, or proceeds thereof shall be distributed to any private interests. Upon completion, the District shall be dissolved. (82 OKLA. STAT. § 1324.20)

1.11 Withdrawal. Should landowners within the District wish to withdraw from the District, 75% of the affected landowners or the Board may, by resolution, petition the Commissioners to release those lands from the District pursuant to 82 OKLA. STAT. § 1324.21.

1.12 Exemptions. The District shall have the following (but not limited to) exemptions and pardons from assessments:

- A. **State:** The District shall be exempt from all excise taxes of any nature and from payment of assessments in any general or special taxing district levied upon the property of the District, whether real, personal, or mixed. This exemption, pursuant to 82 OKLA. STAT. § 1324.22, shall include, but not be limited to: franchise taxes or assessments and fees levied by the county or municipality for inspections of the facilities that are not requested by the District. Any securities and/or evidence of indebtedness issued by the District and the income interest and capital gains thereon, shall not be subject to the income tax laws of the State of Oklahoma and persons owning or holding said securities and evidence of indebtedness, or their heirs, devisees, successors, or assigns, shall not be required to pay the State of Oklahoma income tax upon the profits and capital gains on said securities and evidence of indebtedness.
- B. **Federal:** Exemption from federal income tax pursuant to the Internal Revenue Code 501(c)(12).

ARTICLE 2

Board of Directors

2.1 Board Composition. The District shall have directors that shall collectively be known as the Board of Directors (“Board”). The Board shall be the governing body of the District. These Bylaws shall never be amended to provide for a Board that consists of more than 9 directors pursuant to 82 OKLA. STAT. § 1324.7 unless legislation changes the restrictions outlined said statute. The Board should consist of individuals that are representative of the demographics of the District’s communities. Demographics shall be determined before every meeting for the election of a new director(s) to ensure that the elected director(s) is/are representative of the respective composition of the Participating Members in the District’s Water System. Demographic composition guidelines are subject to change with fluctuation of need of the District.

2.2 Qualifications. Directors shall be of the age of majority in Oklahoma. Other minimum qualifications for directors of this District shall be as follows:

- A. Own a home and reside in said home located in either Pecan Valley North, Pecan Valley South, or Shelter Lake in a home that participates in the District's Water System.
- B. Participating Members of the District in good standing.
- C. Written pledge that upon election, such director shall attend 6 hours of workshop training pursuant to Article 2, Section 4 herein and 82 OKLA. STAT. § 1324.16.
- D. Ability and willingness to complete training required by Article 2, Section 4 herein and 82 OKLA. STAT. § 1324.16.
- E. Concurrent service on other local boards or committees must not present a conflict of interest or hinder director(s) from discharging duties in the best interest of the District. (Example: service on board for entity that competes for funding.)
- F. Intention to complete and thereafter actual completion of all other duties outlined in Article 4, Section 2 herein.
- G. Ability to facilitate the legal and ethical governance of the District, without regard to self-interest or concern.

2.3 Powers. The Board, subject to the restrictions, limitations, and duties recited herein, shall exercise the following powers in order to provide for the best interest and continued operation of the District:

- A. Subject to approval by the Participating Members of the District, prescribe, recommend, and amend, from time to time, such equitable and uniform rules and regulations, as, may be deemed essential or convenient for the conduct of the business and affairs of the District.
- B. Subject to approval by the Participating Members of the District, prescribe and recommend amendments to these Bylaws, as necessary, for efficient governance and management of the District.
- C. Select and appoint employees and agents of the District; remove said employees and agents pursuant to Article 8 herein; delegate and distinguish the duties of agents and employees; fix compensation and pay for employees and agents of the District, subject to Participating Member review at the annual meeting of the Participating Members.
- D. Develop employment policies and procedures for facilitating employment by the District of necessary employees and contractors.
- E. To borrow from any, money, goods, or services and to make and issue notes, and other negotiable instruments, so long as allowed by applicable law, and upon approval of and/or subject to review by the Participating Members of the District, as the case may be.
- F. Chairman may execute conveyancing instruments, including, but not limited to: mortgages, deeds of trust, trust agreements, subject to approval by the Participating

Members of the District.

- G. Manage the monies and finances of the District, including the ability to select one or more banks to act as depositaries of the funds of the District and perform all acts necessary to facilitate the efficient and ethical management of the District's funds.
- H. Sign checks as needed for the operation of the District, in their individual capacity as a director (multiple signatory of directors may be required if so provided by Board resolution).
- I. Take action, as necessary, for efficient and ethical governance of the District.
- J. Assemble the Participating Members of the District for vote on decisions of the District, as necessary and/or required by applicable law.

2.4 Duties. The directors composing the Board shall have certain mandatory duties to include:

- A. Determine a schedule of Benefit Units and unit fees and cause a declaration of availability of such units for subscription to be entered in Board minutes. (82 OKLA. STAT. § 1324.12)
- B. Provide an annual accounting to Participating Members of the District of the Board's management of District funds and significant Board activities and decisions made on behalf of the District.
- C. When a water purchase contract has been executed, either file a copy of the water purchase contract with the Oklahoma Water Resources Board or file an application for appropriation with the Oklahoma Water Resources Board. (82 OKLA. STAT. 1324.8)
- D. Adopt and maintain Rules and Regulations for the District pursuant to 82 OKLA. STAT. § 1324.9, as are deemed necessary for the conduct of business of the District.
- E. Determine, and provide for approval of the Participating Members of the District, fees to be included with Water Rates pursuant to 82 OKLA. STAT. § 1324.9.
- F. File with the County Clerk an annual report for the preceding calendar year, on or before July 1 of each year. Such report shall list all monies collected and all monies disbursed during said calendar year. Said report shall also specify any and all indebtedness outstanding at the end of the calendar year. (82 OKLA. STAT. § 1324.10)
- G. Prepare an annual estimated budget for the upcoming year and review and adjust Water Rates, as necessary, to ensure that revenues will be adequate for, but not exceed, the amounts required for the purposes of the District as herein defined. (82 OKLA. STAT. § 1324.11)
- H. Director attendance and participation in workshop training, minimum of 6 hours, to be

offered periodically on a regional basis, within 12 months following election of said director, and to be organized by the Oklahoma Water Resource Board in cooperation with the Oklahoma Rural Water Association, with the purpose of study and instruction in areas of District financing, law, and the ethics, duties, and responsibilities of rural water district board members. Further, directors shall be required to obtain continuing education by attaining 6 hours of workshop training every 3 years. The District shall reimburse all reasonable expense incurred by any director for attending such training. (82 OKLA. STAT. § 1324.16) To avoid interference with director jobs/employment, training sessions may be divided into 3 hour segments. (Workshops must be offered within 75 miles of the director's residence.)

- I. Cause an annual financial audit to be prepared by a licensed or certified public accountant if the District has a gross operating revenue of \$50,000.00 or more during a fiscal year, in accordance with generally accepted auditing standards, as of the end of each fiscal year. Copies shall be filed with the State Auditor and Inspector within 6 months after the close of the fiscal year. Should the gross operating revenue be less than \$50,000.00 during a fiscal year, the Board shall cause an annual review or compilation in compliance with the American Institute of Certified Public Accountants to be prepared. Copies of the review or compilation shall be filed with the State Auditor and Inspector within 6 months after the close of the fiscal year. Each review, compilation, or audit shall be reported at the District's annual meeting of Participating Members. (82 OKLA. STAT. § 1324.18)
- J. Ensure that any water purchase contract with the City, or any other source, remains current and unbreached. Further, the Board shall ensure District compliance with applicable City Ordinances pursuant to Article 5 herein.
- K. Stay generally familiar with and abreast of applicable laws, regulations, and ordinances (state, federal, and local) to operate the District in accordance with jurisdictional authority and employ professionals to advise on matters when necessary.
- L. Employ and maintain a duly qualified and licensed Operator of the Water System, pursuant to the Waterworks and Wastewater Works Operator Certification Act and the Oklahoma Administrative Code, Title 252.
- M. Honor fiduciary duties and responsibilities to act, pursuant to 18 OKLA. STAT. § 867, loyal to the District, in good faith in the best interest of the District, and without participating in self-dealing or allowing conflicts-of-interest to interfere with discharge of duties to the District.
- N. Disclose significant conflicts-of-interest to the other directors and Participating Members of the District before election or upon discovery.

2.5 Nonliability of Directors. Pursuant to 18 OKLA. STAT. § 865, the Board shall not be subject to vicarious liability for the negligence of District employees or other directors. So long as the

District remains a qualifying entity pursuant to 18 OKLA. STAT. § 866, no director shall be held personally liable for damages resulting from negligent acts and omissions of an employee or other directors of the District. However, said immunity shall not be extended to intentional torts or grossly negligent acts or omissions personal to any director. If the District transfers assets pursuant to 18 OKLA. STAT. § 865(C), said immunity shall not apply. Further, directors shall not be held personally liable, pursuant to 18 OKLA. STAT. § 867, for monetary damages for breach of fiduciary duty as a director, unless they: breach the duty of loyalty; act or omit action not in good faith or participate in intentional misconduct or knowing violation of the law; participate in a transaction where the director derives improper personal benefit.

2.6 Terms of Office. The term of office of every initial director shall be until the date of the annual meeting of the Participating Members of either the first, second, or third year following the year of incorporation of the District. Initial directors shall serve in staggered terms of 1, 2, and 3 years, to serve until their successors have been elected and qualified. Successor directors shall be elected at the annual meeting of Participating Members for a term of three years. Directors shall be elected based on the expiration of a term of an acting director (thus the Board terms should remain staggered). Under no circumstances shall these Bylaws ever be amended to allow for a single term of more than 6 years, unless legislative change is enacted, pursuant to 82 OKLA. STAT. § 1324.16. However, a director may be elected to succeeding terms without limitation pursuant to 82 OKLA. STAT. § 1324.16.

2.7 Removal, Resignation, Disqualification. Should any director fail to complete the training required by Article 2 herein and 82 OKLA. STAT. § 1324.16, or fall out of compliance with any of the qualifications stated in Article 2, Section 2 herein, they shall be deemed ineligible to serve as a director commencing at the next regularly scheduled meeting of the Board following the 12-month period. The remaining directors shall select, from the Participating Members, another qualified individual to serve until the next regularly scheduled election of directors and an election shall be held to fill the unexpired term of the vacated position. Any director of the District may be removed from the Board for cause. For cause can be but is not limited to: willful violation of applicable law, these Bylaws, or the Rules and Regulations; breach of fiduciary duty; conflict of interest interfering with ability to serve best interest of District; taking improper action on behalf of the District; substantial inefficient/unethical governance or management of the District or its affairs; and/or any other cause deemed detrimental to the best interest of the District. Removal must be decided by either a vote of no less than 60% of Participating Members present at any annual or special meeting called for that purpose or, should the situation be dire enough to necessitate quicker action, by resolution and vote of 60% of the other directors at the next meeting held after proper notice is given to said director. The director proposed to be removed shall receive written notice of the cause of removal and the date, time, nature of, and place where the removal vote is to take place, twice, no less than 30 days before the meeting where the vote on removal is to take place. At the meeting, the director proposed to be removed shall have the right to present evidence and be heard in person, with legal counsel if desired, to address, rebut, and/or answer the causes for removal. Further, directors may resign from their position on the Board by providing written notice of the last date of active duty to the other directors as soon as practicable, and if possible, serve until the other directors can fill the vacancy as provided below.

2.8 Vacancies. Vacancies on the Board shall be filled for any unexpired term by appointment by the remaining directors through informal recommendation by the community for which the vacancy represents, based on the demographics as determined pursuant to Article 2, Section 1 herein. Said appointee shall serve until they are elected as a director pursuant to these Bylaws or until their successor is elected and has qualified. This section shall not apply to filling vacancies created by natural expiration of a director's term.

2.9 Compensation. Monthly compensation of Directors, unless waived, shall be set for the year at the annual meeting of the Participating Members, subject to change, if necessary, at a special meeting before the next annual meeting. Directors shall receive no compensation if not present at the monthly meeting, unless other duties of equal or greater value are performed during the month and said duties are approved by the other directors. The directors shall receive reasonable compensation for performance of service or labor, subject to Board approval.

2.10 Officers of Board. Pursuant to 82 OKLA. STAT. § 1324.17 the Board shall annually elect a Chairman, Vice-Chairman, Secretary, and Treasurer for a term of 1 year until a successor is elected and has qualified. Specific duties of the officers of the Board shall include (not limited to):

- A. **Chairman:** Keep in repair such works as are constructed by the District and operate such works, as directed by the Board; facilitate and preside over annual meetings of Participating Members and regular meetings of the Board; sign all Benefit Unit certificates; and other duties as prescribed by the Board.
- B. **Vice-Chairman:** Act in place of Chairman when Chairman unavailable; keep track of applicable changes in state and local regulations pertaining to these Bylaws and the operation of the District and notifying the rest of the Board of significant changes; and other duties as prescribed by the Board.
- C. **Secretary:** Maintain corporate books and records; collect and file within the District records, plans, specifications, proposed operating budget, schedules of unit fees and Benefit Units, Rules and Regulations, estimates of cost for any proposed improvement authorized by the Rural Water, Sewer, Gas and Solid Waste Management Districts Act; keep records of all Board and Participating Members meetings; cause entry to be made upon the District records showing all minutes, decisions, resolutions, and orders made pursuant to the Rural Water, Sewer, Gas and Solid Waste Management Districts Act; maintain roll of Participating Members; serve or cause to be served, all notices required to be served herein; and other duties as prescribed by the Board.
- D. **Treasurer:** Maintain accurate financial records of the District; facilitate management of District funds; oversee and consult District employees on matters of District funds; maintain, or cause to be maintained, accurate records of payment for subscription and payment to Benefit Unit; maintain accurate financial records for the District, according to Standard Accounting Practices, and present same at the monthly meeting of the Board and annual meeting of the Participating Members and other duties as prescribed by the Board.

- E. The roles of Secretary and Treasurer may be combined into one role at the discretion of the board, consistent with 82 OKLA. STAT. § 1324.17 or specific duties of either role may be delegated to an employee.

ARTICLE 3

Members

3.1 Membership. Individuals or entities who own (not renting) homes located within the District and who subscribe to at least one Benefit Unit shall be admitted to be Members of the District and shall be supplied water by the District. Membership shall be effective for all individuals and entities owning a home so long as they remain in good standing. However, only 1 vote per membership shall be counted for matters requiring a vote of Participating Members, regardless of the number of Benefit Units subscribed to. Participating Members shall subscribe to Benefit Units as provided for in Article 4 herein and shall abide by these Bylaws and Rules and Regulations of the District to remain in good standing.

3.2 Time Restraints. Any individual who fails to become a Participating Member within 30 days after the Board's declaration of availability of Benefit Units and entry of same in Board minutes shall not be eligible to hold office as a director, nor shall any individual, firm, partnership, association, or corporation which fails to become a Participating Member within 90 days after such declaration be qualified to participate at any meeting or vote at any election held thereafter unless such individual, firm, partnership, association, or corporation shall thereafter become a Participating Member. (82. OKLA. STAT. 1324.12)

3.3 Right to Vote. Participating Members shall have the right to vote at any annual or special meeting of the Members. Each Participating Member shall be entitled to 1 vote regardless of the number of Benefit Units they may subscribe to, pursuant to 82 OKLA. STAT. § 1324.16. The following action/decision of the District must be brought before the Participating Members of the District for vote: dissolution (75% of all Participating Members), sale of District assets to dissolve (75% of all Participating Members), election of directors (majority of present Participating Members), amendment(s) to Rules and Regulations and these Bylaws (majority of present Participating Members), and other decisions considered to be a fundamental change to the corporation. Proxy Voting shall be permitted so long as: (1) the proxy delegated to vote is of the age of majority, and (2) the Participating Member delegating said proxy requires said proxy due to circumstances, including but not limited to disability and/or illness, for which they need reasonable accommodation, pursuant to the Americans with Disabilities Act and applicable state law. Delegated proxies may only cast a vote on behalf of one Participating Member. The Participating Member must inform the Secretary of the District of their proxy delegation no later than 72 hours before the scheduled vote to authenticate the proxy's authority to vote on behalf of the Participating Member. Further, the Participating Member must provide a notarized ballot to the proxy for them to cast, in person, at the time of the vote. In light of concerns related to disease and sickness at the time of the formation of this District, voting shall also be permitted via video conference in a manner designated by the Board via public notice before the respective meeting. No cumulative voting or "mail-in" ballots shall be permitted.

ARTICLE 4

Benefit Units, Water Rates, & Revenues

4.1 General. Benefit Units are, pursuant to 82 OKLA. STAT. § 1324.2(7), legal rights to one service connection (line) to the District's facilities and to participate in the affairs of the District. Benefit Units and participation in the District shall be available to/for landowners residing in the District. Upon determining a schedule of Benefit Units and unit fees, the Board shall cause a declaration of availability of such units for subscription to be entered in its minutes. The Board shall also establish a price for said Benefit Units. Benefit Units shall be issued by the Board, signed by the Chairman, showing the name of the Participating Member, and tract or land to which the benefit unit is assigned, numbered consecutively in the order in which issued. Existing homeowners connected to the water or sewer systems at the date of these ByLaws shall by Opting In receive their Benefit Unit at no charge. Future units resulting from the development of lots not currently built upon shall be priced at a rate consistent with the equity interest of each currently existing property owner's Benefit Unit.

4.2 Improvements. Plans, specifications, proposed operating budget, schedule of unit fees and Benefit Units, rules and regulations, estimates of cost for any proposed improvement authorized by the Rural Water, Sewer, Gas and Solid Waste Management Districts Act shall be filed with the Secretary of the District pursuant to 82 OKLA. STAT. § 1324.12. The total benefits of any such improvement shall be divided into a suitable number of Benefit Units. Each Participating Member within the District shall subscribe to a number of such units in proportion to the extent they desire to participate in the benefits of the improvements.

4.3 Subscription. To be a Participating Member of the District, said Member must subscribe and pay for to at least one Benefit Unit. Upon initial formation of the District, all present property owners connected to the Water or Sewer systems shall be grandfathered in at no charge upon their Opting In to the District. As long as the capacity of the District's facilities permits, Participating Members of the District may subscribe to additional units upon payment of a unit fee for each such unit. Owners or tenants of land located within the District who are not Participating Members may subscribe to such units as the Board, in its discretion may grant, and upon payment of the unit fee for each such unit shall be entitled to the same rights as original Participating Members. (OKLA. STAT. 82 § 1324.12) Upon purchase of a Benefit Unit, the Participating Member must designate the address of the home to which the Benefit Unit shall be assigned. Benefit Units are nontransferable absent written consent from the Board. Provided, however, Benefit Units shall follow the title of the land unless otherwise designated by the landowner. All transfers shall be recorded in the District records. The water delivered to each Participating Member shall be metered. Failure to pay the minimum monthly meter charge or failure to pay for water used through a meter shall constitute a forfeiture of the Benefit Unit.

4.4 Revenues. The District shall be operated without profit. However, the rates, fees, rents, and other charges for water and other facilities, supplies equipment, or services furnished by the District shall be sufficient at all times:

- A. To pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its affairs and the principal of and interest on the obligations issued or assumed by the District in the performance of the purposes for which it was organized; and
- B. For the creation of adequate reserves for the retirement of indebtedness, maintenance and other purposes necessary and expedient to meeting all obligations of the District.

4.5 Priority of Revenues. The revenues of the District shall be devoted, first, to the payment of operating and maintenance expenses and the principal and interest on outstanding obligations, and, thereafter, to such reserves for improvements, retirement of indebtedness, new construction, depreciation and contingencies as the Board may from time to time prescribe.

4.6 Establishment of Water Rates. Rates shall be established and reviewed and adjusted, as deemed necessary, by the Board to ensure that revenues will be adequate for, but not exceed, the amounts required for the purposes of the District, as stated herein, and as allowed by the Rural Water, Sewer, Gas and Solid Management Districts Act.

4.7 Added Charges and Fees to Water Rates. The District shall have the power to charge an amount, as determined by the Board and approved by the District's Participating Members, to be included in the water rates of the District and paid by the retail water consumers. Said charge shall not exceed ten cents per one thousand gallons of water sold (\$0.10/1,000 gal.). The charge shall be approved by a majority vote of the Participating Members of the District who are present at a regular or special meeting, for which public notice has been given and the issue is on the agenda and presented for a vote. The public notice of the meeting shall state the amount of the proposed fee, the intended purpose of the fee, and the entity(ies) which will receive the monies. If approved, the Board shall distribute the monies received from the charge to any entity(ies), except for any entity that has statutory or regulatory authority over any aspect of the District, selected by the Board for purposes that will assist or aid in the Board performance of its duties for the District and which will benefit the District. (82 OKLA. STAT. § 1324.9)

ARTICLE 5

Water Source

5.1 General. An adequate source of water must be secured and maintained for District use pursuant to the Rural Water, Sewer, Gas and Solid Management Districts Act.

5.2 Purchase Through City of Lawton. The Board shall ensure that any water purchase contract with the City of Lawton, or any entity, remains current and unbreached. Further, the Board shall make themselves familiar with and ensure District compliance with applicable City Ordinances.

5.3 Oklahoma Department of Environmental Quality Requirements. The District shall comply with the following prominent requirements provided by the ODEQ:

- A. Cannot perform construction work of any nature for supplying water, to the public from or by a Public Water System by means if any waterworks without a written permit to

construct issued by the Executive Director of the ODEQ, pursuant to 27A OKLA. STAT. § 2-6-304.

- B. File certified copy of the plans and surveys of the waterworks, with a description of the source from which the source the water supply is derived, with the ODEQ, pursuant to 27A OKLA. STAT. § 2-6-305.
- C. Payment of fees pursuant to 27A OKLA. STAT. § 2-6-306.
- D. Allow for inspection of the Water System pursuant to 27A OKLA. STAT. § 2-6-307.
- E. Comply with Orders from the ODEQ pursuant to 27A OKLA. STAT. § 2-6-308.

ARTICLE 6

Meetings

6.1 Time & Place of Meetings. The annual meeting of Participating Members shall be held on the last Thursday of April each year. Board meetings shall be regularly held, once per month, on the 2nd Tuesday of the month at 7:00 p.m. Said meetings shall occur either at the principal office location or at a Board-designated place within Comanche County, Oklahoma.

6.2 Annual Meeting of Participating Members. The District shall hold the annual meeting of the Participating Members of the District pursuant to 82 OKLA. STAT. § 1324.16. At said annual meeting, directors shall be elected for positions on the Board that are set to expire at that time; any vacancies on the Board shall be filled as necessary pursuant to Article 2, Section 8 herein; and any other business necessary to conduct and facilitate the business of the District shall, as necessary by law and/or these Bylaws, be brought before the Participating Members for vote.

6.3 Special Meetings of Participating Members. Special meetings of the Participating Members may be called at any time by the Chairman of the Board or upon written petition to the Chairman of the Board, signed by 51% of the Participating Members of the District. No business that is not stated in the notice to Participating Members shall be transacted at any special meeting.

6.4 Monthly Board Meetings. Monthly Board Meetings shall be had to conduct normal business related to the District's operation. Other meetings of the Board may be called, as needed, when called by an Officer of the Board.

6.5 Notice of Meetings. The Board shall cause notice of the time and place of any meeting of Participating Members and the nature and purpose thereof, to be given to the Participating Members of the District, pursuant to the Oklahoma Open Meetings Act. Notice shall be given at least 15 days prior to any meeting. Notice shall be given by postage on the official website of the District, pecanvalleyrwd.com, by postage on the door of the principal office, by postage on the District Facebook page and Neighborhood website. Should a virtual participation option be allowed, it shall be stated in the notice as well. Notice by mail will be undertaken when feasible, reasonable, and affordable without unreasonable cost to the District.

6.6 Quorum for Meetings. The Participating Members present and counted at any meeting shall constitute a quorum for purposes of transacting business. A majority of the Board shall constitute a quorum at any meeting of the Board.

6.7 Conduct of Meetings. The order of business at the annual meeting of Participating Members shall be:

1. Call to Order and Announcement of Quorum
2. Proof of Notice of Meeting
3. Reading and Approval of Minutes of Last Meeting
4. Report of Officers and Committees
5. Election of Directors
6. Unfinished Business
7. New Business
8. Other Business as the Board Deems Necessary
9. Adjournment.

ARTICLE 7

Books, Records, Changes, & Amendments

7.1 Books & Records. Proper corporate books shall be kept at the principal office of the District, readily available for public inspection during regular office hours, upon written request. Any person requesting to inspect District books and records shall submit a written request to the Treasurer. The Treasurer shall provide, within reason, ability to inspect or accurate copies of requested books and records within 72 business hours of request.

7.2 Change of Address of Principal Office. The designation of the District's principal office may be changed by amendment of these Bylaws. The Board of Directors, by 60% vote of Participating Members present at any regular or special meeting of the Participating Members, may change the principal office from one location to another within Comanche County, Oklahoma by noting the changed address, document referencing the vote, and, effective date below, and such change(s) of address shall not be deemed, nor require, a formal amendment to these Bylaws. If all blanks below are used and full, an attachment of a Schedule of Amendments may be attached to these Bylaws.

New Address: _____
Document Reference: _____ Date: _____
Effective Date: _____

New Address: _____
Document Reference: _____ Date: _____
Effective Date: _____

New Address: _____
Document Reference: _____ Date: _____
Effective Date: _____

7.3 Amendments. These Bylaws may be repealed or amended by a vote of 60% of the Participating Members present at any annual meeting of the District, or any special meeting called for that purpose. However, Participating Members shall not have the power to change or alter these Bylaws so as to impair its right and powers as a nonprofit or rural water district under the laws of the State of Oklahoma, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the District or its Participating Members, or to deprive any Participating Member or landowner of rights and privileges then existing, or so amend the Bylaws as to affect a fundamental change in the policies of the District without approval of 60% of all the Participating Members of the District. Notice for any meeting called to amend these Bylaws shall set forth the amendments to be considered.

7.4 Other. Amendments to these Bylaws may be made, at any time, to reflect mandatory changes due to change in applicable law by Board resolution, to ensure District compliance with law, without a vote of the Participating Members.

ARTICLE 8

Miscellaneous

8.1 Officers of District Optional. Officers, separate from the Officers of the Board, may be appointed by the Board if, in the Board's discretion, it is necessary for the District to have separate officers to help maintain and manage the day-to-day operations of the District. Director compensation may be altered to support officer compensation based on the proportion of work, responsibility, and duties delegated to said officers.

8.2 Employees & Agents. The Board may hire and set compensation for employees and contractors of the District, including but not limited to the Water System Operator. Employees and agents may be discharged or removed from employment at any time, by written notice signed by the Chairman of the Board, subject to the terms of individual employment contracts (should they exist), official District employment policy, should there be any existing, and state and federal employment law. Removal or discharge of an employee or agent can be for any lawful reason. Employment positions shall be open for public application.

8.3 Nepotism. Pursuant to 82 OKLA. STAT. § 1324.16, upon election of a related director, any employee already in the service of the District shall not be prohibited by Sections 481 through 487 of Title 21 of the Oklahoma Statutes from continuing such service or promotion within the District. However, the related director must excuse themselves from any Board meeting during any

discussion of or action taken on any matter that could affect the employment or compensation for such employee.

8.4 Water System Operator. The District must employ an Operator to operate and manage the District's Water System pursuant to the Waterworks and Wastewater Works Operator Certification Act and the Oklahoma Administrative Code, Title 252. Said Operator will discharge their duties, according to applicable law as an Operator of a Public Water System while under the supervision, direction, and control of the Board. No director may serve as Operator. Said Operator will perform daily duties to ensure efficient operation of the Water System and continual compliance with all Federal, State, and local, laws and regulations, directly or indirectly, related to providing safe drinking water.

8.5 Committees. The District may form committees from time to time, to be designated by resolution of the Board, as may be needed to address/provide advice or support on specific projects or issues of the Board. A director will Chair any committee(s) formed hereunder.

8.6 Committee Meetings & Action. Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these Bylaws concerning the meetings of the Board of Directors.

8.7 Enlargement of Powers. The District may, pursuant to 82 OKLA. STAT. 1324.26, enlarge its powers and purposes.

8.8 District Control: Should an appropriate offer to acquire the assets of the District be presented, said offer must be treated pursuant to 82 OKLA. STAT. 1324.41, *et seq.*

BOARD APPROVAL

DATED and APPROVED the 2nd day of July, 2021.

SCHEDULE A

Definitions

- Benefit Unit: a legal right to one service connection to the District's facilities and to participate in the affairs of the District. One Benefit Unit in Pecan Valley North shall cover both connections to the District's current water lines, potable and irrigation, as long as this dual system exists.
- City Ordinances: ordinances imposed by the City of Lawton through the District's contract for purchase of water. References to City Ordinance are as of August 2021; however, all amendments thereto are fully incorporated herein.
- District: residents, lands, and the Water and Sewer System serving same in the Pecan Valley North, Pecan Valley South, and Shelter Lake communities as shown in Schedule B herein.
- ODEQ: Oklahoma Department of Environmental Quality.
- Participating Member: any District resident who has subscribed to one or more Benefit Units and regularly pays their water charges and fees.
- Present/ce: either actual physical attendance at a meeting, attendance by proxy as provided herein, or by virtual attendance where the Board has provided for virtual attendance.
- Proxy Voting: a form of voting where a Participating Member may vote through another individual, who may or may not be a Participating Member, to enable a vote in absence of said Participating Member. No individual may vote more than one proxy.
- Public Water Supply: Water supplied to the public for domestic or drinking purposes. (27A OKLA. STAT. § 2-6-101)
- Rules & Regulations: a governing document that dictates the rules, regulations, and restrictions that Members must follow in relation to the District and Water System subscription.
- Rural Water, Sewer, Gas and Solid Waste Management Districts Act: 82 OKLA. STAT. § 1324.1 *et seq.*
- Water Rates: recurring cost of water use, paid by the Participating Members.
- Water System: all real, personal, tangible, and intangible property owned by the District used to facilitate the supply of water and related services to Participating Members of the District.
- Waterworks and Wastewater Works Operator Certification Act: 252 OKLA. ADMIN. CODE

§ 710-1 *et seq.*

SCHEDULE B

PECAN VALLEY NORTH AND SHELTER LAKE (PECAN VALLEY ADDITION NORTH OF CACHE RD), more particularly described as:

SECTION 23-2N-13W BEG AT NW/C SE/4; THN E ALG S R/O/W LNE OF HGWY 62 2640' TO NE/C SE/4 23-2N-13W; NW/C SW/4 24-2N-13W; THN CONT E ALG S R/O/W LNE OF HGWY 62 2640' TO NE/C SW/4 24-2N-13W; THN S 2640' TO SE/C SW/4 24-2N-13W; THN W ALG N R/O/W OF NW CACHE RD 2640' TO SW/C SW/4 24-2N-13W; SE/C SE/4 23-2N-13W CONT W ALG N R/O/W OF NW CACHE RD 1760', THN N 626.1', W 588.6', S 626.1' TO N R/O/W OF NW CACHE RD; THN W ALG R/O/W 180.2'; THN N PARA TO W LNE OF SE/4 23-2N-13W 153.91'; THN NE 165.36'; THN N 286.10'; THN W PARA TO S LNE OF SE/4 TO W BDRY 23-2N-13W 272.85'; THN N ALG W BDRY 2012.59' TO POB.

PECAN VALLEY SOUTH (PECAN VALLEY ADDITION SOUTH OF CACHE RD), more particularly described as:

SECTION 26-2N-13W BEG AT NE/C E/2; THN S ALG W R/O/W LNE OF 112TH ST NW 5280' TO SE/C E/2 26-2N-13W; NE/C NE/4 35-2N-13W THN S 560' TO RAILROAD R/O/W; THN W ALG R/O/W 2683.68' TO W BDRY 35-2N-13W; THN N TO NW/C NE/4 35-2N-13W 207.3'; SW/C E/2 26-2N-13W CONT N W BDRY 4955'; (S06°59'11W) 61.42'(S15°37'09W) 180.84' (S38°24;34W) 125.67' (N79°35'06W) 136.47' (S44°44'35W) 113.01' (N87°15'43W) 76.32' TO S R/O/W CACHE RD NW; THEN W ALG N BDRY 26-2N-13W 2255' TO POB.

SUMMARY DESCRIPTIONS:

SE/4 of Sec. 23-2N-13W, LESS LARRY COTTON'S HOME, 11902 NW CACHE RD, AND NATURESCAPE, 11703 NW CACHE RD;
SW/4 of Sec. 24-2N-13W;
E/2 of Sec. 26-2N-13W, LESS PORTION OF BOURLAND'S HOME, 11907 NW CACHE RD, ON WEST SIDE OF PECAN CREEK SOUTH OF CACHE RD; and
N/2 of NE/4 of Sec. 35-2N-13W lying North of the railroad track.

AMENDMENTS:

§ 6.1 Time & Place of Meetings. Amended January 13, 2023.

§ 1.3 Fiscal Year. Amended January 25, 2024.

§ 6.1 Time & Place of Meetings. Amended January 25, 2024.