

Grady County

Rural Water, Sewer, Gas and

Solid Waste Management

District #7

Bylaws and

Rules and Regulations

Nimkeah, Oklahoma

BYLAWS
OF
RWSGS District No. 7

Article I

GENERAL PURPOSES

The purposes for which this District is formed, and the powers which it may exercise, are to provide water, sewer, gas and solid waste management facilities for the territory under its jurisdiction as the need arises and the economics are feasible.

Article II

NAME AND LOCATION

Section 1. The name of the District is Rural Water, Sewer, Gas and Solid Waste Management District No. 7, Grady County, Oklahoma.

Section 2. The principal office of this District shall be located at Ninnekah, County of Grady, State of Oklahoma, but the District may maintain offices at such other places within the State as the Board of Directors may determine.

Article III

The seal of the District shall have inscribed thereon the name of the District.

Article IV

FISCAL YEAR

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

Article V

MEMBERSHIP

Section 1. The holders of membership certificates of the District are its members. Any applicant who receives approval of the Board of Directors may be admitted to membership upon, (1) subscribing for or otherwise acquiring a membership certificate; and, (2) by signing such agreements for the purchase of water, sewer, gas and solid waste services as may be provided and required by the District; provided that no person shall be permitted to acquire membership if the capacity of the District's water, sewer or gas system is exhausted by the needs of its existing member.

The membership fee shall be determined by the Board of Directors.

The membership fee is non-reimbursable and will be considered as a donation to the district, however, membership certificates may be transferred in accordance with the provisions of these Bylaws. Water, sewer, gas or solid waste services 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 from time to time.

Section 2. The District may sell water, sewer, gas or solid waste services to municipalities, other Districts or other public suppliers of such services on long-term contractual basis.

Section 3. 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, or willfully obstructs the purposes and proper activities of the District, the District through the Board of Directors may elect to terminate the membership certificate. Any member whose membership is so terminated for cause other than that of ceasing to be eligible may appeal the action of the Board of Directors to a vote of the members at the next regular meeting of the members, or special meeting of the members, called for such purpose.

Article VI

MEMBERSHIP CERTIFICATES

Section 1. A membership certificate shall be issued to such 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:

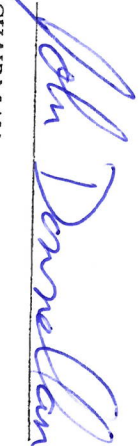
- (a) This membership certificate No. _____, is issued and accepted in accordance with, and subject to the conditions and restrictions stipulated in the Order establishing the District and Bylaws and amendments thereof.
- (b) Transfers of membership certificates shall be made only upon the books of the District; only to persons eligible to become members, only with the approval of the Board of Directors; and only when the transferring member is free from indebtedness to the District.
- (c) No members of this District shall be entitled to more than one vote at meetings of the members or to hold more than one of the membership certificates of the District. Every member upon becoming a member of this District agrees to sign such agreement

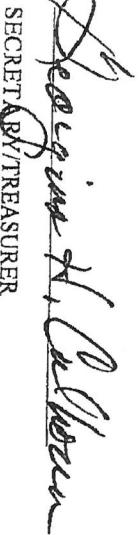
UNAUTHORIZED TAKING OF WATER: Water taken by bypassing meters and unauthorized use of, or tampering with, fire connections will be considered theft and will be prosecuted to the full extent of the law.

Violation of Provisions: Violation of any provisions shall in the discretion of the Board of Directors of the Water District constitute cause for disconnection of a consumer's service

Adopted by the Board of Directors on the 7th day of July, 2025.

RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 7,
GRADY COUNTY, OKLAHOMA


CHAIRMAN


SECRETARY/TREASURER

becoming a member of this District agrees to sign such agreement for the purchase of water from the District as may from time to time be provided and required by the District.

Section 2. All transfers of membership certificates shall be made upon the books of the District when the certificate is surrendered 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 transferring member is free from indebtedness to the district

Section 3. Each member agrees to sign such water, sewer, gas and solid waste users' agreements as the District shall from time to time provide and require.

Article VII

MEETING OF MEMBERS

Section 1. The annual meeting of the members of the District shall be held at Nimmekah, Oklahoma at 7:00P.M. on the 2nd Monday of July.

Section 2. A special meeting of the members may be called at any time by the Board of Directors, and such meetings must be called whenever a petition requesting such meeting is signed by at least ten percent (10%) 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 meeting of members of the District will be given by a notice mailed to each member of record, directed to the address shown upon the books of the District, at least ten (10) days prior to the meeting. Such a notice shall state the nature, time, place and purpose of the meeting, but no failure or irregularity of notice of any annual meeting, regularly held, shall affect any proceedings taken thereat.

Article VIII

DIRECTORS AND OFFICERS

Section 1. The Board of Directors of this District shall consist of five (5) persons, all of whom shall be members of the District. The Directors shall be elected by those members present at the annual meeting in July and serve for a term of 3 years. Offices No. 1 & 2 shall be elected at the same annual meeting with Offices No. 3 & 4 elected at the following year's annual meeting, and Office 5 elected at the next year's annual meeting.

Section 1A. A requirement for qualification to serve as a board member for a rural water district shall be a written pledge that upon election such board member shall attend a minimum of six (6) hours of workshop training to be offered periodically on a regional basis with in twelve (12) months following such election. The training is to be organized by the Oklahoma water Resources 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 District Board Members. All new and existing board members shall be required to obtain continuing education by attending a minimum of six (6) hours of workshop training every three (3) years.

Section 1B. To avoid directors having to interfere with their jobs or employment, such training may be divided into three hour segments and insofar as possible be scheduled for evening sessions. Technology center school facilities, college facilities or other public facilities may be utilized in all parts of the state for convenience of the members. Workshops must be offered within seventy-five (75) miles of the members' residences.

Section 1C. Should any pledging board member fail to attend the workshop training in subsection 1B of this section, he or she shall be deemed ineligible to serve as a board member commencing at the next regularly scheduled board meeting following the twelve-month period. The board member will be replaced in accordance with Section 4.

Section 1D. Upon the election of a board member, the provisions of Sections 481 through 487 of Title 21 of the Oklahoma Statutes relating to nepotism shall not prohibit any employee already in service to the district from continuing such served or promotion therein. Provided, however, the board member related to the employee shall be excused from the board meeting during any discussion of or action taken on any matter that could affect the employment or compensation for employment of such employee.

Section 2. The order of business at the regular annual meeting of the members held in July, and, so far as possible, at other meetings of members shall be:

- (a) Call to order
- (b) Public forum
- (c) Proof of notice of meeting
- (d) Reading and approval of minutes of last annual meeting
- (e) Reading of financial or audit report

(2) However, the Board shall not issue any bonds, notes, indentures, obligations or other form of indebtedness in connection with the extension of lines hereunder, or mortgage or encumber the system, in any manner for a single applicant or user unless that single applicant or user is a municipality or other public water supplier.

Services. The District will install all water service pipe (except for private fire protection) from its main to the meters. The service pipe shall not be less than three-fourths (3/4) inch in size. The District will also install the District's cock, meter and meter setting. The meter will be set in front of the premises to be served or at the closest point on the consumer's premises as designated by the District. The District will install the sewer collection lines which normally will be located in the alley. The user will be responsible for all piping from the dwelling to the collection lines and at the discretion of the District, pay for all cost of extending.

Applicants Having Excessive Requirement. In the event an applicant whose water requirements are found to exceed the District's ability to supply it from the existing plant without adversely affecting service to other consumers to a reasonable extent, the District will not be obligated to render such service, unless and until suitable self-liquidating financing is arranged to cover necessary investment in the additional plant.

Cross Connections. There shall be not cross-connections made or maintained between the water system of the District or any other system (private or otherwise) and that all new structures constructed within the District shall, prior to service connections, comply with the plumbing standards of the State of Oklahoma and or Federal Regulations. In addition, all sewage disposal systems shall comply with the standards contained in Oklahoma Department of Health Engineering Bulletin Nos. 600, 0587, and 0575. Representatives of the District, the state and local Health Department shall have the right at all reasonable hours to enter upon consumer's premises for the purpose of inspection and enforcement of this provision.

Change of Occupancy. It shall be the consumer's responsibility to anticipate changes of occupancy, and to have his membership certificate transferred to the new consumer as prescribed in the Bylaws. Until the certificate is formally transferred, the original holder shall be responsible for payment for service. The Governing Body may refuse to transfer a membership until all back bills have been paid. However, this would not preclude a new owner from purchasing a new membership in the District.

and maintenance of all facilities upstream of the meters to the water source. In the event of a severe leak on a customers line, represented by a charge of in excess of \$500.00 over the past 12 months average usage, the district will absorb half of the loss upon presentation of evidence of successful repair. Such evidence might be a copy of invoices from the repairing plumber or contractor, photographs showing before and after conditions or witness of repair by District personnel. If the leak persists past two months, the customer will be solely responsible for the payment of the bill. This aid will be granted only each five years per meter.

Main Extensions: Extensions of water and sewer mainlines shall be subject to the following:

(1) In extending a water or sewer main to serve an applicant, the Board may, at its discretion, exercise one of the following options;

(a) If the cost of the extension is less than the average cost of the entire system to each member, and sufficient construction funds are available, the governing body may elect to make the extension upon the applicant's purchase of a membership or payment of the required fee.

(b) If the cost of the extension is greater than the average cost of the entire system to each member, but funds are available to the extent of such average cost, the Board may elect to contribute to the extension in the amount of such average cost, and require the applicant to deposit, in cash, the additional cost in addition to the price of the membership. If, and as additional consumers are connected to the extension, and as funds be come available, all or part of the original consumer's deposit may be returned to him. Any portion of the original deposit remaining after the expiration of a five (5) year period will become the property of the District. In no case will interest be paid on such deposits.

(c) In the event that the District does not have funds available to pay for construction in the amount of the average cost per member of the entire system, it may require as a condition of extending service, that the applicant deposit in addition to the price of a membership, an amount which may equal the entire cost of the extension. In such event, the District may as such funds become available, return to the consumer that portion of his deposit equal to the average cost of the system per member. No interest will be paid on such deposits.

(f) Report of officers or committees

(g) Election of directors

(g) Unfinished and new business

(i) Adjournment

Section 3. The Board of Directors shall meet within ten (10) days after each annual election of directors, and shall elect by ballot a chairman, vice-chairman and a secretary-treasurer from among themselves, each of whom shall hold office until the next annual meeting and until the election and qualification of his successor, unless sooner removed by death, resignation or for other cause.

Section 4. If the office of any director becomes vacant by reason of resignation, death, 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 annual meeting of the members of the District, at which time the members shall elect a director for the unexpired term or terms, provided that in the call of such annual 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 or e-mailing a notice to the last known address of each Board member at least two (2) days before the holding of such meeting. A majority of the Board of Directors' shall constitute a quorum.

Section 6. The Board of Directors shall appoint a compensation committee comprised of two (2) Directors and three (3) members who are not Directors. The committee shall meet within thirty (30) days after the annual meeting in July and establish a reasonable compensation for the Directors and report such to the Directors at the regular monthly meeting in August.

Section 7. The District shall pay for the travel and lodging of Directors to attend State and Regional conferences and seminars pertaining to the management regulation and operation of rural water districts.

Section 8. Officers and Directors may be removed from office in the following manner: any member, officer, or director may present charges against a director or officer by filing them in writing with the secretary of the District. If presented by a member, the charges must be accompanied by a petition signed by ten percent (10%) of the members of the District. Such removal shall be voted on at the next regular or special meeting of the members and shall be effective if approved by a majority vote of the members. The director or officer against whom such charges have been presented shall be informed, in writing, of such

charges five (5) days prior to the meeting, and shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses; and the person or person presenting such charges against him shall have the same opportunity. If the removal of the director is approved, such action shall also vacate any other office held by the removed director in the District. A vacancy in the Board thus created shall immediately be filled by a vote of a majority of the members present and voting at such meeting. A vacancy in any office thus created shall be filled by the directors from among their number so constituted after the vacancy in the Board has been filled.

Article IX

DUTIES OF DIRECTORS

Section 1. The Board of Directors, subject to restrictions of law or these Bylaws shall exercise all of the powers of the District and all those powers granted by the statutes of the State of Oklahoma, and without prejudice or to limitations upon their general powers, it is hereby expressly provided that the Board of Director shall have, and are hereby given, full power and authority in respect to the matters and as here based upon a majority of the quorum present, after set forth:

- (a) To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership;
- (b) To select and appoint all officers, agents or employees of the District or remove such agents or employees of the District, 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 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 service 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 District and the guidance and control of its officers and employees, and to prescribe adequate penalties for the breach thereof;

Meter test will be made according to the methods of the American Waterworks Association by the District as often as deemed necessary by its Governing Body.

Meter Accuracy: Service meters whose errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes. The percentage of error will be considered as that arrived at by taking the average of the error at full load and that at ten percent (10%) load, unless a consumer's rate of usage is known to be practically constant in which case the error at such constant use will be used.

Bills: Bills will be rendered for service by the 1st day of the month following that in which the service was rendered as set forth in the rate schedule. Service bills not paid by the 10th of the month shall be subject to a ten percent (10%) late charge. Failure of the District to submit a service bill shall not excuse the consumer of his obligation to pay for the water or waste disposal services used when the bill is submitted. Failure to pay a bill by the 20th day of the month shall result in the disconnection of the service.

Reconnection Charge: The reconnection charge for restoration of service, if reconnection is authorized and approved under the provisions of the Bylaws of the District, after each suspension of service because of delinquent payment or for other infraction of these rules shall be the unpaid amount charged to date against the consumer's membership, and a sum to cover the reasonable cost of labor necessary to make such reconnection.

Requested Meter Tests: Meter test requested by consumers will be performed without cost to the consumer if the meter is found to be in excess of two percent (2%) fast. Otherwise, the consumer for whom the requested test was made will be charged for the cost of making the test. Consumer's Responsibility: The consumer shall be responsible for any damage to the meter installed for his service on account of any cause, other than normal wear and tear.

Leak Policy: The reduction and elimination of leaks is very important to the system as it represents loss of product and a threat to the integrity of the system. Only rarely do leaks diminish on their own accord. Therefore we encourage customers and employees alike to be alert to possible leak indications such as unusual wet areas and above normal usage. System employees are glad to check these suspicious areas and will help customers identify leaks on their lines. The customer is responsible for maintenance and repair of the lines downstream (user side) of the meter including regulators. The District is responsible for repair and

(2) **Subdivision And Developers:** Developers are expected to pay for essential utilities to new or developing areas, including subdivisions. Owners of subdivisions or developments will be expected contribute an amount equal to the cost of enlarging the District's water or sewer system to serve the area being developed. The owner must also pay for constructing their own lines within the development or subdivision. If the District's consulting engineer and Board of Directors determine that the owner has installed service and main lines within the subdivision or development in accordance with approved plans and specifications, the District may agree to accept ownership and overall operation and maintenance responsibility of the service lines within the subdivision or development. Also, if the Board of Directors determines adequate water is available, water service may be provided to the development or subdivision through a master meter.

Agreements with Governmental and Public Bodies: The District, through its Governing Body, may make specific water and waste disposal service contracts with the Federal Government, the State of Oklahoma, or agencies thereof, school districts, municipal corporations and nonprofit corporations, differing from stipulations set out in the rate schedule and rules.

Right Of Access: Representatives of the District shall have the right, at all reasonable hours, to enter upon consumer's premises to read and test meters, inspect piping and to perform other duties for the proper maintenance and operation of service, or to remove its meter and equipment upon discontinuance of service by consumers.

Continuity Of Service: The District will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extensions, or for other necessary work. Efforts will be made to notify consumers who may be affected by such interruptions, but the District will not accept responsibility for losses which might occur due to such necessary interruptions. The District does not accept responsibility for losses which might occur due to interruptions to services caused by storms, strikes, floods or other causes beyond its control.

Meters: Meters will be furnished, installed, owned, inspected, tested and kept in proper operating condition by the District without cost to the consumer after initial installation. A complete record of tests and histories of meters will be kept.

(f) To order, at least once each year, an audit of the books and accounts of the District by a competent public auditor or accountant shall be completed. The report prepared by such auditor or accountant shall be submitted to the members of the District at their annual meeting.

(g) To prepare annually an estimated budget for the coming year. To fix the charges to be paid by each member for services rendered by the District to them, 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 District to give adequate bonds, the cost thereof to be paid by the District, and it shall be mandatory upon the directors to so require;

(i) To select one or more banks to act as depositories of the funds of the District and to determine the manner of receiving, depositing and disbursing the funds of the District and the form of 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; and

(j) To levy assessments against the membership certificates of the District and to enforce the collection of such assessments by the forfeiture of delinquent certificates. The Board of Directors shall have the option to declare forfeited any membership certificate on which assessment has not been paid at any time after ninety (90) days written notice at the address of the member in the books of the District, of its intention to forfeit the certificate if the assessment is not paid.

Article X

DUTIES OF OFFICERS

Section 1. Duties of the Chairman. The chairman shall preside over all meetings of the District and the Board of Directors, call special meetings of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, sign all membership certificates and such other papers of the District as he may be authorized or directed to sign by the Board of Directors; provided, the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the District. The chairman shall perform such other duties as may be prescribed by the Board of Directors.

Section 2. Duties of the Vice-Chairman. In the absence or disability of the chairman, the vice-chairman shall perform the duties of the chairman; provided, that in case of death, resignation or disability of the chairman, the vice-chairman shall become the chairman and the Board of Directors may declare the office of vice-chairman 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 District and of the Board of Directors and shall have general charge and supervision of the books and records of the District. They shall sign all membership certificates with the chairman and such other papers pertaining to the District as they may be authorized or directed to do by the Board of Directors. They shall serve all notices required by law and by these Bylaws and shall make a full report of all matters and business pertaining to their office to the members at the annual meeting. They shall keep the District seal and membership certificates records of the District, complete and countersign all certificates issued; and affix said District seal to all papers requiring seal. They shall keep a property membership certificate record showing the name of each member of the District and date of issuance, surrender, cancellation or forfeiture. They shall make all reports required by law and shall perform such other duties as may be required of them by the District or the Board of Directors. Upon the election of their successor, the secretary-treasurer shall turn over to them all books and other property belonging to the District that they may have in their possession. They shall also perform such duties with respect to the finances of the District as may be prescribed by the Board of Directors.

Article XI

BENEFITS AND DUTIES OF MEMBERS

Section 1. Each holder of a Membership Certificate shall be entitled to one line from the District's water system and/or one line from the District's sewer system or gas system. A member may make application to the Board of Directors for additional service lines, Upon approval of the Board and payment of a required charge for each line as may be determined by the Board, the addition service line (s) will be made available to the member.

Section 2. The District shall install, maintain, and operate a main distribution pipeline or lines from the source of water supply and lines from the main distribution pipeline or lines, to, or near, the property line of each participating member of the District, at which point designated as delivery points, meters to be purchased, installed, owned and maintained by the District shall be placed.

application for water and waste disposal service. He then shall receive service. Costs may include membership fee, system equity fee, meter setting fee, and road boring fee.

(3) Before installing a service extension and providing water available for use, the Governing Body may require the applicant to pipe his home and be in readiness to accept service.

Service Is For Sole Use Of The Consumer: A water and waste disposal service connection is for the sole use of the applicant or the consumer, and does not permit the extension of pipes to transfer water from one property to another, nor, transfer water from one residence to another facility or residence on the same property, nor to share, resell, or sub-meter water to any other consumer or allow another user to connect to the applicant's water line or sewer line (except for water sold to a municipality, other district or public supplier). If an emergency or specific situation should make such an arrangement advisable it shall be done only on a specific written permission of the Governing Body for the duration of the emergency. Each residence or business establishment will pay the established water and waste collection fee for each residence of business establishment served.

Multiple Users: Multiple users or consumers shall be subject to the following:

(1) **Mobile Home Parks:** The classification, method of service and minimum charge to be assessed each mobile home resident, whether located in a trailer park or located on an individual lot, will be the same as for any other residential user on the system. Each mobile home resident is expected to pay the same water charges as other users on the system. Normally, this would be accomplished by installing a water meter at each mobile home. If the residents of mobile homes are not permanent residents, the Governing Body may elect to serve mobile homes located in a trailer park through a master meter, provided the owner of the trailer park agrees in writing that he will be responsible for collecting a minimum water bill each month for each mobile home, plus water used through the master meter in accordance with the rate schedule used for other residential users. Owners of trailer parks serving non-resident users will be expected to contribute an amount equal to the cost of enlarging the District's water system as required to serve the trailers. The trailer park owners must also pay for constructing their own lines within the trailer park. Waste disposal service will be provided on the same basis as water.

side of the street will connect.

Service: The term service when used in connection with the supplying of water shall mean the availability for use by the consumers of water adequate to meet the consumer's requirements and adequate waste disposal collection and treatment facilities when the collection lines are installed. Service shall be considered as available when the District maintains the water supply at normal pressure at the point of delivery in readiness for the consumer's use, regardless of whether or not the consumer makes use of it and when the District has available to the member waste disposal collection and treatment facilities.

Users Agreement: The agreement or contract between the consumer and the District pursuant to which water and waste disposal service is supplied and accepted.

Water and Waste Disposal Service: water and waste disposal service shall consist of facilities for supplying water and waste disposal to one's resident or business establishment.

Meter Setting Fee: Contractor costs to tap line and install meter.

System Equity: Average cost of system per member (value of the system divided by the number of members).

GENERAL RULES

Conformance with Rules: The supplying and taking water and use of waste disposal service will be in conformance with these rules and the applicable rate schedule, provided, that such rate schedule is subject to change by action of the Governing Body.

- (1) Provided further, that if at any time the Governing Body determines the total amount derived from the collection of water and waste disposal charges is insufficient for the payment of operating costs, emergency repairs, or debt service, the Governing Body shall increase the minimum water and waste disposal rate for the first month thereafter any amount sufficient to pay such operating costs, emergency repairs or debt service.
- (2) Applicants for service shall make application to the secretary of the District. If the application for service is approved by the Governing Body, the applicant pays the required costs and signs the standard

Section 3. Each participating member shall be entitled to purchase from the District pursuant to such agreement as may from time to time be provided and required by the District and the Board, 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.

Section 4. In the event the total water supply shall be insufficient to meet all the needs of the members and users, or in the event there is a shortage of water, the District may pro-rate the water available among the various members and users on such basis as deemed equitable by the Board and may also prescribe a schedule of use 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 and sewer rate sufficient to pay the normal operating and maintenance expenses, all debt service requirements and the reserves required by the loan resolution.

Section 6. Failure to pay the minimum monthly charge, or failure to pay for water or sewer 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 six (6) months after such forfeiture, all back charges are paid in full plus six percent (6%) interest and reasonable labor charges necessary to effect such reconections.

Article XII

DISTRIBUTION OF SURPLUS FUNDS

Section 1. It is not anticipated that there will be any surplus net income. However, if there should be, then at the end of the fiscal year, after paying the expenses of the District for operation and otherwise; and after setting aside reserves for depreciation on all buildings, equipment, office fixtures and such other reserves as the Board of Directors may deem proper; and after providing for payments on interest and principal of obligations and amortized debts of the District; and providing for the purchase of property supplies and equipment, the net earnings shall be used for the retirement of indebtedness or the Board may make a general rate reduction to the members.

Article XIII

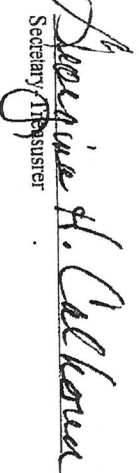
AMENDMENTS

Section 1. The Bylaws may be repealed or amended by vote of a majority of the members present at any annual meeting of the District, or at any special meeting of the District called for that purpose with a list of attached changes, except that the members shall not have the power to change the purposes of the District so as to decrease its rights and powers under the laws of the State, or to waive any requirements of bond or other provision for the safety and security of the property and funds of the District or its members, or to deprive any member of rights and privileges then existing, or so to amend the Bylaws as to effect a fundamental change in the policies of the District.

These Bylaws were adopted at the initial meeting of the members held on July 13, 1992. Amendments to these Bylaws were adopted at the annual meeting held 7th day of July, 2025.

RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 7
GRADY COUNTY


Chairman


Secretary/Treasurer

RULES AND REGULATIONS

for

RWSGS Dist #7

Grady County, Oklahoma

These rules are designed to govern the supplying and taking of water, sewer, gas and waste disposal service in a uniform manner for the benefit of Rural Water, Sewer, Gas and Solid Waste Management District No. 7, Grady County, Oklahoma ("District") and its members. They are subject to change from time to time. If a provision of the rules conflict with a provision of the rate schedule, the provision of the rate schedule will prevail. If any portion of these rules shall be declared invalid by competent authority, such voidance shall not affect the validity of the remaining portions.

DEFINITIONS

The following expressions when used herein will have the meaning stated below.

Applicant: Any individual, firm, partnership, corporation, authority or other agency living or owning land located within the service area applying for water and waste disposal service who applies for membership.

Membership Certificate: A right entitling the holder to one water, sewer, gas and solid waste disposal service connection, if such service is at the time being provided.

Board: The Governing Body.

Consumer: Any individual, firm, partnership, corporation, authority, municipality or other agency receiving water and/or waste disposal service from the District's facilities.

Point of Delivery: In rural areas, water transmission lines will be installed parallel to section lines and highways and on private property, where possible. Service lines to the meter will not extend across private property unless necessary to serve users whose property does not join the section lines or road. Water will be delivered at the meter which will be located about five (5) feet inside the user's property line. Sewer collection lines will normally be installed in the alley and the user required to connect to the sewer riser at the collection line. When the collection line must be installed on one side of a street, the District will extend the line across the street to the user's property line where the user on the opposite