

**AMENDED BY-LAWS  
OF STICK ROSS MOUNTAIN WATER CO., INC.**

**Article 1: Name and Place of Business.**

Section 1: The name of the Corporation shall be Stick Ross Mountain Water Co., Inc. As used in these By-Laws, the phrase "participating member" shall mean "Benefit Unit owner" and "Benefit Unit" shall mean a share or certificate to participate in the Corporation. Use of the word "he" shall mean "he or she" as appropriate.

**Article 2: Corporate Powers.**

Section 1: The corporate powers of this Corporation shall be vested in the Board of Directors, hereinafter referred to as the Board.

**Article 3: Purpose and Objectives.**

Section 1: The purpose and objectives of this Corporation are as follows:

(A) To have the ability and power to acquire water and water rights and to build and acquire pipelines and other facilities, and to acquire gas and gas rights and to build and acquire pipelines and other facilities, to build, operate and maintain a sewage disposal system and to acquire, operate and maintain a solid waste management system and to operate sewage collection and treatment and solid waste management to serve the needs of owners and occupants of land located within and/or without the boundaries of the Corporation, and as authorized by the By-Laws.

(B) To borrow money from any Federal or State agency, or from any other source, and to secure said loans by mortgaging or pledging all or any of the tangible and/or intangible assets and revenue and income of the Corporation, including easements and rights-of-way.

(C) To hold such real, personal and/or intangible property as may come into the Corporation's possession by will, gift, purchase, or otherwise, as authorized by law, and to acquire and dispose of such real and/or personal property and/or intangible property, including rights-of-way and easements, wherever located, and as may be necessary and/or convenient for the proper conduct and operation of the business of the Corporation.

(D) To establish rates and impose charges for water, sewer, gas, and solid waste management services furnished to participating members and others.

(E) To enter into contracts for the purpose of accomplishing the purposes of the Corporation or any purpose specified by the Board of Directors of the Corporation in the Board's collective discretion with any person or governmental agency in any undertaking designed to further any of the purposes of the Corporation or purposes specified by the Board of Directors.

(F) To cooperate with any person or with any governmental agency in any undertaking designed to further the purpose of the Corporation.

(G) To do and perform any and all acts necessary, convenient or desirable for the accomplishment of any of the purposes of the Corporation or purposes specified by the Board of Directors which may lawfully be done by such Corporation under the laws of the State of Oklahoma and/or applicable Federal laws.

#### **Article 4: Users.**

Section 1: Water, sewer, gas and/or solid waste management service shall be supplied to customers of the Corporation located within or without the boundaries of the Corporation subject to approval by the Board and subject to rules and regulations adopted by the Board for such purposes.

Section 2: No owner of land located within the Corporation shall be eligible to purchase services from the Corporation unless he has first subscribed and paid for one or more Benefit Units. The purchase of a Benefit Unit shall entitle the owner of said Benefit Unit to participate in the business affairs of the Corporation.

Tenants of a Benefit Unit owner may become customers of the Corporation provided, that the Benefit Unit owner (for the land occupied by the Tenant), has subscribed and paid for one or more Benefit Units in favor of the land or premises occupied by the tenant. The Benefit Unit owner agrees that the Benefit Unit owner is jointly and severally liable for any unpaid services provided by the Corporation to the tenant.

#### **Article 5: Right to Vote.**

Section 1: Only Benefit Unit owners shall have the right to vote provided payment of all sums due the Corporation are current according to the rules and regulations adopted by the Board governing payment terms. Each Benefit Unit owner shall be entitled to a single vote, regardless of the number of Benefit Units to which he may have subscribed/purchased. All Benefit Unit owners shall be eligible to vote at Annual or Special meetings of the Benefit Unit owners. There shall be no proxy voting, and no dual membership of Benefit Units for voting purposes. A participating member may be an individual, firm, partnership, association, corporation or other type of entity recognized by the laws of Oklahoma. All persons voting as the representative of an entity (corporation, LLC, partnership, etc.), which is a Benefit Unit owner, shall present to the Board written documentation acceptable to the Board, showing the person's authority to act for said entity in order to be entitled to vote on behalf of said entity.

Benefit Unit owners shall be owners of land located within the Corporation who have subscribed to one or more Benefit Units.

#### **Article 6: Benefit Units.**

Section 1: The Board shall from time to time declare the availability of Benefit Units for subscription to be entered in its minutes and shall establish a unit price for said subscriptions. Such price may be adjusted from time to time by the Board. Each Benefit Unit shall carry with it the obligation of paying a minimum monthly meter (or water access) charge and/or waste disposal charge and/or other service charge established by the Board, from the time the applicable service has been made available. The Board in its discretion may from time to time, if the capacity of the Corporation's facilities permit, make additional Benefit Units available. Subscriptions for Benefit Units will be given priority in the order in which they are received. The Board may refuse the subscription for a Benefit Unit in favor of a particular tract of land located within the Corporation, or impose special conditions on granting the same if, in the judgment of the Board, the granting of said subscription and the furnishing of water and/or gas and/or sewer and/or solid waste management services pursuant thereto would impair the service to other users in that locality or be uneconomical or not feasible, and place an undue burden on the Corporation.

Any landowner who feels himself aggrieved by such denial, or imposition of special conditions, may appeal from the action of the Board to a vote of the Benefit Unit owners at the next regular meeting of the Benefit Unit owners or special meeting of the Benefit Unit owners called for such purpose. The decision of the Board shall stand unless three-fourths of all participating members actually present at said meeting called for such purpose vote in favor of a motion to overrule the decision of the Board.

Section 2: Upon the purchase of a Benefit Unit or Benefit Units, the owner of land shall designate the tract or tracts of land to which the Benefit Unit(s) shall be assigned (a minimum of one Benefit Unit per tract), and each Benefit Unit shall not be transferred from one tract of land to another in the Corporation without the approval of the Board. The owner of lands subscribing for more than one Benefit Unit to be assigned to one tract of land shall at the time of said subscription designate as nearly as practical, the location of said tract where he intends to utilize said Benefit Units and no major change in location shall be made without the approval of the Board. Benefit unit certificates shall be issued by the Board, signed by the Chairman and Secretary showing name of owner, and identify the tract of land to which the Benefit Unit is assigned, numbered consecutively in the order in which issued.

Section 3: The consideration paid for Benefit Units shall be considered donations to the Corporation, and shall in no event, and under no circumstances, be refunded to the subscriber or successor in interest.

Section 4: Benefit Units shall follow the title of the land unless the owner of the land designates otherwise in writing and such designation is approved by the Board. Such designation and approval by the Board must occur at the time the landowner holds title to the land otherwise said designation shall be deemed invalid and the Benefit Unit shall follow title to the land. Owners may transfer Benefit Units from one tract of land to another tract owned by them within the Corporation, subject however, to the approval of the Board. No transfer in ownership of Benefit Units shall be permitted without the approval of the Board. No transfer will be approved unless all charges against all Benefit Units owned by said Benefit Unit owner are paid in full and said

Benefit Unit holder is in compliance with all rules and regulations adopted by the Board. All transfers when approved shall be recorded in the books of the Corporation.

Section 5: Each Benefit Unit shall entitle the owner to only one connection to the Corporation's water system or one connection to the Corporation's gas system, or one connection to the Corporation's sewage system, or one service related to the Corporation's solid waste management system, for one residence or business. A separate Benefit Unit shall be purchased in order to receive each particular connection or service. The Board shall determine the price for each Benefit Unit associated with each particular type of service. Each connection and/or disposal service shall serve only one residence or business establishment together with the necessary and usual non-residential outbuildings.

Section 6: Failure to pay the minimum monthly water meter or water access charge and/or sewer and solid waste management charge, or gas charge, or failure to pay for water or gas purchased from the Corporation within the time period specified by the Corporation's rules, regulations, or contract with the Benefit Unit owner, shall constitute an automatic forfeiture of the Benefit Unit(s) on behalf of which such failure occurs. The Board shall adopt rules and regulations associated with the termination or suspension of service when a default has occurred. A Benefit Unit shall be reinstated if, within three months after such failure to pay, all charges are paid in full, plus ten percent interest (APR) of said amount, plus payment of all reasonable labor, material, and equipment charges necessary to effect such reconnections are paid. The Board may, in its sole discretion, permit reinstatement within six months after such failure provided payment of all charges, plus ten percent interest (APR), plus payment of all reasonable labor, material, and equipment charges necessary to effect such reconnections are paid. Provided further, that if the defaulting subscriber is a tenant, the time set out above shall not commence to run until any officer of the Corporation has mailed by registered or certified mail notice of such default by the tenant to the Benefit Unit owner who owns the land associated with the tenancy at the Benefit Unit owner's last known address as shown on the books of the Corporation.

#### **Article 7: Election of Directors.**

Section 1: The Board of this Corporation shall consist of five members, all of whom shall be Benefit Unit owners of the Corporation.

At each Annual Meeting of the participating members, the Benefit Unit owners shall elect for a term of three years the number of Directors whose terms of office have expired. Notwithstanding the above, the number of Directors eligible at any election shall be adjusted in order to maintain staggered terms among the Board members.

Section 2: Immediately following the Annual Meeting of the participating members, the Board shall meet and shall elect a Chairman or President, Vice-Chairman or Vice President, Secretary, and Treasurer from among themselves, each of whom shall hold office until the next Annual Meeting of the Benefit Unit owners and until the election and qualification of his successor unless sooner removed by death, resignation, by operation of law, or for cause. The office of Secretary and Treasurer together may be held by one person.

Section 3: Any vacancy in the Board, other than from the expiration of a term office, shall be filled by appointment by the remaining members of the Board within a reasonable period of time.

Section 4: A majority of the Board shall constitute a quorum at any meeting of the Board.

Section 5: Any Director of the Corporation may be removed from office for cause by a vote of not less than three-fourths of the Benefit Unit owners physically present at any Annual or Special Meeting called for that purpose. The Director shall be informed in writing of the charges preferred against him at least ten (10) days before such meeting, whether an Annual or Special Meeting of the Benefit Unit owners and at the Meeting shall have an opportunity to present witnesses and be heard in person in answer thereto. Officers of the Board may be removed for cause by a vote of three (3) of the directors of the Board. Employees and agents of the Corporation may be discharged or removed from office or employment with or without cause by action of the Board or by action of a duly authorized representative of the Board having been formally granted such powers by the Board.

Section 6: Just cause for the removal of Board members shall include, but is not limited to the following:

A. Absent from three (3) consecutive regularly scheduled Board meetings without permission granted by the Board.

Section 7: Qualifications for a Board Member.

A. Be bondable to a fixed amount set by the Board.

B. Must be an individual (a person and not a business entity) Benefit Unit owner.

Section 8: Election of Board Members.

A. The Board may adopt rules and regulations regarding the procedure by which a person may qualify for nomination to serve on the Board and announce their candidacy.

For the election of a Director whose term has expired, a list of persons desiring to be on the Board will be submitted in compliance with the rules and regulations adopted by the Board, to the Benefit Unit owners at the Annual or Special meeting called for that purpose. In the event a person receives over 50% of the votes cast, then that person shall be elected to the Board. If no candidate received over 50% of the votes cast in the first round of voting, then two candidates (or top candidate plus tying candidates) who received the next greatest number of votes will participate in a runoff. This process will continue until there is a final vote for only two candidates. From the runoff, the one with the most votes will be elected onto the Board of Directors. This process will continue, with election for each position considered separately. This process for election of each Board Member position will be completed at the Annual Meeting or Special Meeting of the Benefit Unit owners called for that purpose and not extended, except with the consent of the majority of the Benefit Unit owners present at the Annual or Special Meeting.

**Article 8: Powers and Duties of Directors.**

Section 1: The Board, subject to the restrictions of law and these By-Laws, shall exercise all the powers of the Corporation and without prejudice to or limitation upon their General Powers, it is hereby expressly provided that the Board shall have, and is hereby given full power and authority in respect to the matters as hereinafter set out:

(A) To select and appoint all agents and employees of the Corporation or to remove such agents and employees of the Corporation with or without cause, prescribe such duties and designate such powers consistent with these By-Laws and/or the laws of Oklahoma, and fix their compensation and pay for faithful services.

(B) To borrow from any source, money, goods, or services and to make and issue notes, and other negotiable and transferable instruments, mortgages, deeds of trust, and trust agreements, and to do every act and thing necessary to effectuate the same.

(C) To prescribe, adopt and amend, from time to time, such equitable and uniform rules and regulations, as, in their discretion, may be deemed essential, necessary, or convenient for the conduct of the business and affairs of the Corporation, and the guidance and control of its agents and employees.

(D) To fix charges to be paid by each water, sewer, gas, and/or solid waste management service rendered by the Corporation, the time of payment, and the manner of payment and collection, and to establish reasonable rates for customers of the Corporation as permitted by Oklahoma Law. The Board may establish different classes of rates, including but not limited to, a commercial rate, a residential rate, a rate premised on the type or nature of the service rendered, a rate premised on the volume of service, or other reasonable criteria.

(E) To require all or particular officers, agents, and employees charged with the responsibility for the custody of any funds of the Corporation to give adequate bond, and cost thereof to be paid by the Corporation and it shall be mandatory upon the Directors to so require.

(F) To select one or more banks to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing, and disbursing the funds of the Corporation in the form of checks or by electronic transfer, and the person by whom the same shall be signed or issued with the power to change such bank or person signing checks or issuing electronic transfers and the form thereof.

(G) To prepare annually an estimated budget for the coming year, adjust rates, if necessary, (to produce sufficient revenue as required by the laws of Oklahoma or as is deemed appropriate by the Board), and cause an annual audit of the Corporation records and accounts to be made by a licensed certified public accountant or a qualified independent accountant as permitted by law, and make a report on said matters at each annual meeting of the Benefit Unit owners.

**Article 9: Powers and Duties of the Manager.**

Section 1: The Board may employ for the Corporation a Manager, who shall be in charge of the business of the Corporation under the general control, supervision, and direction of the Board.

No Director, other than the Chairman of the Board, shall serve as Manager. Subject to the express written approval of the Board granting such powers, the Manager shall employ, supervise, and dismiss all agents and employees of the Corporation with or without cause, and fix their compensation. He shall also, so far as practical, conduct the business of the Corporation in such a way that all patrons receive equal service and treatment and deposit in a bank selected by the Board, all money belonging to the Corporation, which comes into his possession; maintain Corporation records and accounts in such a manner that the true and correct condition of the business of the Corporation may be ascertained; furnish the Board a current statement of the business and affairs of the Corporation at each scheduled meeting of the Board and at the end of each fiscal year and at such times and in such form as the Board may direct; carefully preserve and turn over to his successor all the business records of the Corporation which may come into his possession; and perform such other duties as may be prescribed by the Board.

#### **Article 10: Duties of Officers.**

Section 1: Chairman. The Chairman or President, who shall be a member of the Board, shall preside over all meetings of the Corporation and the Board (or in his absence, any officer of the Board) and Special meetings of the Corporation, and shall perform all acts and duties usually performed by an executive and presiding officer and shall sign all Benefit Unit certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board, provided the Board may authorize any person to sign checks on behalf of the Corporation provided that all checks must be countersigned by the Treasurer. The Chairman shall perform such other duties as may be prescribed by the Board and/or permitted by Oklahoma law. The Chairman is entitled to vote in the same manner as all other directors at any Board meeting on matters brought before the Board.

Section 2: Vice-Chairman. In the absence or disability of the Chairman, the Vice-Chairman or Vice President, who shall be a member of the Board, shall perform the duties of the Chairman.

Section 3: Secretary. It shall be the duties of the Secretary, who shall be a member of the Board, to keep a record of the proceedings of the meetings of the Board and of the Corporation, in compliance with Oklahoma law. He shall serve, or cause to be served, all notices required to be served by law or by these By-Laws; and in case of his absence, inability, refusal or neglect to do so, then such notices may be served by any member of the Board directed by the Chairman.

Section 4: Treasurer. The Treasurer, who shall be a member of the Board, shall receive and account for all funds of the Corporation, shall deposit same in a bank designated by the Board as Depository, and pay the amounts, or cause them to be paid out of the depository only on checks signed by the Chairman, or someone authorized to sign on the Chairman's behalf as directed or specified by the Board, and countersigned by the Secretary or Treasurer. At each Annual Meeting of the Corporation, the Treasurer shall submit for the information of the participating members, a complete statement of his account for the past year and shall discharge such other duties pertaining to his office and sufficient bond in such amount as may be fixed by the Board.

#### **Article 11: Books and Records.**

Section 1: The books and records of the Corporation, and such papers as may be placed on file by vote of the Corporation or Directors, shall during reasonable business hours, be subject to inspection of any landowner or participating member of the Corporation, subject to rules and regulations as adopted by the Board.

**Article 12: Annual Meeting of Participating Members.**

Section 1: The Annual Meeting of the participating members of the Corporation shall be held at some suitable location, at a date and time designated by the Board.

Section 2: Notice of meetings of participating members of the Corporation shall be given by mail to each participating member of record directed to the address shown upon the books of the Corporation at least ten days prior to the meeting. Such notice shall state the nature, time, place, and purpose of the Meeting, but no failure or irregularity of a notice of any Annual Meeting shall affect any proceeding thereat.

Section 3: The participating members present at any meeting of participating members shall constitute a quorum for the purpose of transacting business.

Section 4: The order of business at the Annual Benefit Unit owner's meeting shall be in substantial compliance with the following:

- (A) Call to order;
- (B) Proof of Notice of Meeting;
- (C) Reading (which may be waived by a majority vote of the Benefit Unit owners present) and approval of minutes of last meeting;
- (D) Report of Officers and Committees;
- (E) Election of Directors (if applicable);
- (F) Unfinished business;
- (G) New Business;
- (H) Adjournment.

Any matter not placed on the Agenda for such meeting shall not be considered or acted upon at such meeting.

**Article 13: Board Meetings.**

Section 1: The Board shall meet each year to adopt a budget for the following year and will also meet annually to elect officers immediately following the time for election of any new Director. The Board shall meet at such other times as may be determined by the Board or upon call by the Chairman, or any two members of the Board. Notice of all meetings of the Board shall be by mailing a notice to the last known business or residence address of each Director, or by fax to a fax number provided to the Board by the applicable director, or by email at an email address provided to the Board by the applicable director, at least two days before the holding of such meeting.



**Article 14: Manner of Election and Voting.**

Section 1: At all meetings of the Benefit Unit owners, each participating member, qualified as stated in these By-Laws, shall be entitled to vote upon all propositions coming before said Corporation. No cumulative voting shall be permitted and each participating member of the Corporation shall have but one vote.

**Article 15: Seal.**

Section 1: The seal of the Corporation shall have inscribed thereon the name of the Corporation, the year of its organization, and the words, "Corporation Not for Profit, Stick Ross Mountain Water Co., Inc."

**Article 16: Fiscal Year.**

Section 1: The fiscal year of the Corporation shall begin the first day of July each year, if the Board has adopted a fiscal year rather than a calendar year for accounting purposes.

**Article 17: Amendment.**

Section 1: These By-Laws may be repealed or amended by a vote of three-fourths of the participating members present at any Annual or Special meeting of the Benefit Unit owners, provided that any proposed amendments to the By-Laws shall be set forth verbatim in any notice or agenda for said meeting. Benefit Unit owners shall not have the power to change the purposes of the Corporation so as to impair its rights and powers under the laws of the State of Oklahoma, or to waive any requirement of bond or other provisions for the safety and security of the property and funds of the Corporation or its participating members, or to deprive any participating member of rights and privileges then existing, or to so amend the By-Laws contrary to the laws of Oklahoma. Notice of any amendment to be made at any Annual or Special meeting of the Benefit Unit owners must be given at least ten (10) days before such meeting and must set forth the verbatim amendments to be considered.

**Article 18: Basis of Operation.**

Section 1: The Corporation shall at all times be operated on a non-profit basis for the mutual benefit of its participating members.

**Article 19: Benefits and Duties of Members.**

Section 1: The Corporation shall install, maintain, and operate a main distribution pipeline or lines from the source of water supply and gas supply, and lines from the main distribution pipeline or lines, as applicable, to a point or points specified by the Board. The Corporation may charge Benefit Unit owners receiving service from the Corporation for line extensions and other equipment necessary and convenient to provide service to the affected Benefit Unit owner. The Corporation may, in the discretion of the Board, also install, maintain, and operate a sewage disposal system with lines running from points designated by the Board as sewer delivery points

for each participating member to main sewage disposal lines and then to a sewage disposal facility. The Corporation may, in the discretion of the Board, operate a solid waste disposal system including containers at designated pickup points and the sanitary landfill or other disposal facility.

Section 2: Each participating member shall be entitled to purchase from the Corporation, as applicable, and pursuant to such agreement as may from time to time be provided and required by the Corporation and the Board, such water, sewer, gas, or solid waste management services for domestic, business, and other such purposes as a participating member may desire, subject, however, to the provisions of these By-Laws and such rules and regulations as may be adopted by the Board. The water and/or gas delivered to each participating member shall be metered.

Section 3: In the event the total water and/or gas supply shall be insufficient to meet all of the needs of the members and users, or in the event there is a shortage of water and/or gas, the Corporation may prorate the water and/or gas available among the various members and users on such basis as is deemed equitable by the Board, and may also prescribe a schedule of hours covering the use of water for garden purposes and require adherence thereto, or prohibit the use of water for garden purposes if at any time the total water supply shall be insufficient to meet all of the needs of all of the participating members for domestic, livestock, garden, and other purposes, and the Corporation must first satisfy all the needs of the participating members for domestic purposes before supplying any water for business or livestock purposes and must satisfy all needs of all the participating members for domestic and livestock purposes before supplying water for garden purposes and other purposes.

**Article 20: Amendment Supersedes Prior By-Laws of Corporation.**

These Amended By-Laws of Stick Ross Mountain Water Co., Inc. shall supersede any previous By-Laws of the Corporation.