

BYLAWS OF TUMALO BASIN SEWER DISTRICT

The Board of Directors accept and adopt these Bylaws, the “Original Bylaws” on _____, 2025.

PURPOSE; REGISTERED AGENT/OFFICE

Purpose. Tumalo Basin Sewer District (“District”), an Oregon nonprofit corporation formed under Oregon Revised Statutes (“ORS”) Chapter 450 may engage in any lawful activity unless a more limited purpose is set forth in the Articles of Incorporation of the Tumalo Basin Sewer District dated January 25, 2025 (the “Articles of Incorporation”).

Primary Purpose. District’s primary purpose includes, without limitation, constructing and maintaining a domestic wastewater collection, transport and treatment system to service the properties described in the Sewer Use Regulations Ordinance.

General Powers. Unless the Sewer Use Regulations Ordinance provide otherwise, the District has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its affairs. Without otherwise limiting the generality of the immediately preceding sentence, District has all powers authorized under ORS Chapter 450.

Registered Office and Agent. The District must continuously maintain in the State of Oregon a registered agent, who must be an individual who resides within the district, and the District must continuously maintain a registered office in the State of Oregon, such registered office must be the residence or office address of District’s registered agent.

MEMBERS’ RIGHTS AND OBLIGATIONS

Membership. A property owner, having opted into the District, is a member of District. All members have the same rights and obligations, except as set forth in or authorized by the Articles of Incorporation and/or these Bylaws. Membership is lost or gained through the sale or purchase by which legal title to any of land described in the Articles of Incorporation is transferred.

Member’s Liability for Dues, Assessments, and Fees. Subject to the provisions of these Bylaws and/or ORS Chapter 450, a member may become liable to District for assessments, charges, and/or fees.

BOARD OF DIRECTORS

General Duties. All corporate powers will be exercised by or under the authority of, District’s board of directors (the “Board”), subject to any limitations set forth in the Articles of Incorporation, and these Bylaws

Delegation of Powers. The District may authorize a person or persons, or the manner of designating a person or persons, authorized to exercise some or all the powers which would otherwise be exercised by the Board. To the extent so authorized, any such person(s) will have the duties and responsibilities of the directors, and the directors will be relieved to that extent from such duties and responsibilities.

Qualifications of Directors. These Bylaws may prescribe additional qualifications for directors. All directors must be individuals and must be either members of District (resident or property owner) or, In the case of a deficit of Board candidates, the Board may, at its discretion, allow and appoint a non-elect or owner, who lives outside the District, with a business operating within the District, to serve on the Board or on a committee.

Number of Directors. The Board will have five (5) directors.

Election of Directors. The directors will be elected by public vote on a Deschutes County ballot, sent officially to electors within the District.

Oath of Office. Each Director will, before entering upon their official duties, take and subscribe to an oath before a notary public to honestly, faithfully, and impartially perform the duties of the office of director, and not to neglect any of duties imposed by law.

Terms of Directors. The term of each director will be four years. Positions 1, 2, and 3 end 2027-06-30; positions 4 and 5 end 2025-06, effectively staggering terms. Directors may be elected for successive terms. A decrease in the number of directors or term of office does not shorten an incumbent director's term. Except as provided in the Articles of Incorporation or these Bylaws, the term of a director filling a vacancy in the office of an elected director expires at the next election of that director's position. Despite the expiration of a director's term, the director may continue to serve until the director's successor is elected and qualified.

Removal of Directors. The members may not remove a director elected by them without cause. An elected director may be removed by the members only at a meeting called for the purpose of removing the director and the meeting notice must state that the purpose(s) of the meeting is removal of the director.

Vacancy on Board. Unless the Articles of Incorporation or these Bylaws provide otherwise, if a vacancy occurs on the Board (a) the Board may fill the vacancy, or (b) if the directors remaining in office constitute fewer than a quorum of the Board, the Board may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

Compensation of the Board. The Board members in general will not receive compensation. The Secretary – whether a member of the public or of the Board - may receive compensation, providing they are paid as a 1099 contractor. Each director may be reimbursed for reasonable expenses incurred in the performance of the duties of director in an amount not to exceed \$600.00 per year.

Chairperson of the Board. The Board may appoint a chairperson of the Board at any time. The chairperson of the Board will preside at all meetings of the Board and will perform other duties prescribed by the Board.

MEETINGS; ACTIONS OF THE BOARD

Regular and Special Meetings. Subject to Oregon Public Meetings Law, the Board will hold a regular meeting monthly, at such time and at a place which it designates. The chairperson may, when the chairperson deems it expedient, or within seven days after receiving a request from two or more directors, call a special meeting of the Board to be held at the regular meeting place, unless otherwise specified in the call, for the purpose of transacting any business designated. All meetings, deliberations, and proceedings of District will be public except as applicable law allows otherwise.

Form of Participation in Regular and Special Meetings. Unless the Articles of Incorporation or these Bylaws provide otherwise, the Board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through, use of any means of communication by which either of the following occurs: (a) all directors participating may simultaneously hear or read each other's communications during the meeting; or (b) all communications during the meeting are immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors

Call and Notice of Meetings. All notices of meetings of the Board will be given in accordance with these Bylaws and Oregon Public Meetings Law. Without otherwise limiting the generality of the immediately preceding sentence, all notices of meetings of the Board may be given in person, by mail, by Social Media, and/or by email.

Quorum of the Board. Unless the Articles of Incorporation or these Bylaws require a greater number or a lesser number, a quorum of the Board consists of a majority of the number of directors in office immediately before the meeting begins.

Voting of the Board. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present when the act is taken is the act of the Board, unless the Articles of Incorporation or these Bylaws require the vote of a greater number of directors. A director is considered present regardless of whether the director votes or abstains from voting.

Committees. Unless the Articles of Incorporation or these Bylaws provide otherwise, the Board may create one or more committees of the Board which exercise the authority of the Board and appoint directors to serve on them or designate the method of selecting committee members. Each committee must consist of one or more directors, who serve at the pleasure of the Board. Minutes must be taken at every committee meeting.

Creation of Committees. The creation of a committee and appointment of directors to the committee or designation of a method of selecting committee members must be approved by the majority of all the directors in office when the action is taken.

Committee Members. These Bylaws may prescribe additional qualifications for Committee members. Committee members shall be individuals and members of District (resident or property owner). In the case of a deficit of interested persons, the Board may, at its discretion, allow and appoint a non-elector or owner, with a business operating within the District, to serve on a committee. Neither District employees nor persons having a contractual relationship with the District may serve on a District committees as public members.

POWERS AND DUTIES OF THE BOARD

General Powers. The Board has all the powers granted to it by the laws of Oregon, including, without limitation, ORS Chapter 450, as may be limited or refined by the Articles of Incorporation, or these Bylaws.

Rates. The powers of the Board include, without limitation, the power to provide by ordinance and/or resolution for the billing and collection of any District rate, tolls, fees, fines, and/or charges. Such provision may apply to rates, tolls, fees, fines, and/or charges imposed for the operation and maintenance of District, for the use of wastewater collection and/or for the use of any of the works of District, and/or for principal and interest (at the statutory rate of 1.5% per month or fraction of a month) of maturing indebtedness. The Board will fix the time when any rates, tolls, fees, fines, and charges become due and payable, and a time after which they become delinquent, which time will be no later than within one year from the due date. If any rates, tolls, fees, fines, and/or charges remain unpaid after the delinquency date, the secretary may file a Notice of Claim of Lien with the recording officers of Deschutes County.

Rules and Regulations. The Board may promote, adopt, amend, and/or repeal such rules and regulations governing the operations of District and/or the exercise of the powers of District and its directors in accordance with the Articles of Incorporation, these Bylaws.

STANDARDS OF CONDUCT

General Standards for Directors. A director must discharge the duties of a director, including, without limitation, the director's duties of a committee, (a) in good faith, (b) with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and (c) in a manner the director reasonably believes to be in the best interests of District. In discharging the duties of a director, a director is entitled to rely on information, opinions, reports, or statements (including financial statements and other financial data) if prepared or presented by (a) one or more officers or employees of District whom the director reasonably believes to be reliable and competent in the matters presented, and/or (b) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence. A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise unwarranted. A director is not liable to District for any action taken or not taken as a director if the director acted in good faith.

Director Conflict of Interest. Notwithstanding anything contained in these Bylaws to the contrary, a director will not participate in any District proceeding or action in which the member is presented with an *actual* conflict of interest as defined under ORS Chapter 244.

OFFICERS

Required Officers. District must have a president and secretary and will have such other officers as are elected or appointed by the Board or by any other person as may be authorized in the Articles of Incorporation or these Bylaws. The same individual may simultaneously hold more than one District office and an officer may be, but need not be, a director.

Duties and Authority of Officers. Each officer has the authority and will perform the duties set forth in

these Bylaws or, to the extent consistent with these Bylaws, the duties and authority prescribed by the Board or by direction of an officer authorized by the Board to prescribe the duties of other officers.

Contract Rights of Officers. The appointment of an officer does not itself create contract rights. Removal or resignation of an officer does not affect the contract rights, if any, of the District or an officer.

President. The president will supervise, direct, and control the affairs of District. The president will also perform all duties commonly incident to the office of president and other duties prescribed by the Board.

Secretary. The secretary will (a) prepare minutes of the directors' meetings and authenticate records of District, (b) ensure that all notices by District under ORS Chapter 450, Oregon Public Meetings Law, the Articles of Incorporation, or these Bylaws are given, (c) keep and maintain the records of District, and (d) perform all duties commonly incident to the office of secretary and other duties prescribed by the Board or an authorized officer. The secretary will hold the office of treasurer and will perform all duties commonly incident to the office of treasurer and other duties prescribed by the Board or an authorized officer.

INDEMNIFICATION

Indemnification of Directors. District will indemnify an individual made a party to a proceeding, because the individual is or was a director, against liability incurred in the proceeding if (a) the conduct of the individual was in good faith, (b) the individual reasonably believed that the individual's conduct was in the best interests of District, or at least not opposed to its best interests, and (c) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual's conduct was unlawful.

Limitation of Indemnification Obligations. District may not indemnify a director in connection with a proceeding by or in the right of District in which the director was adjudged liable to District, or (b) in connection with any other proceeding charging improper personal benefit to the director in which the director was adjudged liable on the basis that personal benefit was improperly received by the director. Indemnification permitted in connection with a proceeding by or in the right of District is limited to reasonable expenses incurred in connection with the proceeding.

Mandatory Indemnification. Unless limited by the Articles of Incorporation, District must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because of being a director of District, against reasonable expenses incurred by the director in connection with the proceeding.

Determination and Authorization of Indemnification. District may not indemnify a director unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because the director has met the standard of conduct set forth above. A determination that indemnification of a director is permissible must be made (a) by the Board by majority vote of a quorum consisting of directors not at the time parties to the proceeding, (b) if a quorum cannot be obtained, by a majority vote of a committee duly designated by the Board, consisting solely of two or more directors not at the time parties to the proceeding, (c) by special legal counsel selected by the Board.

Indemnification of Officers, Employees, and Agents. Unless the Articles of Incorporation provide otherwise, (a) an officer of District is entitled to mandatory indemnification, (b) District may indemnify and advance expenses to an officer of District, and (c) District may indemnify and advance expenses to an employee or agent of District; each of these to the same extent as to a director.

Non-Exclusivity of Rights. The indemnification and provisions for advancement of expenses will not be deemed exclusive of any other rights to which directors, officers, employees, or agents may be entitled under the Articles of Incorporation or these Bylaws, any agreement, general or specific action of the Board or otherwise, and will continue as to a person who has ceased to be a director, officer, employee, or agent and will inure to the benefit of the heirs, executors, and administrators of such person.

Severability. If any provision or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions or applications that can be given effect without the invalid provision or application, and to this end the provisions are severable.

Contract Right. All rights to indemnification under this Section 10 are contract rights that cannot be amended to retroactively reduce a director or officer's rights under Section 10.

Report to Members and Other Persons of Indemnification. If District indemnifies or advances expenses to a director in connection with a proceeding by or in the right of District, District will report the indemnification or advance in writing to (a) the members with or before the notice of the next meeting of members, and (b) any person having the right to designate or appoint the director not later than ninety (90) days after the first indemnification or advance.

AMENDMENTS

The Board may amend or repeal these Bylaws or adopt new bylaws, provided such amendment, repeal, or new bylaws are approved by the members by an affirmative vote of not less than three Directors.

RECORDS; NOTICE; FUNDS; AUDIT

Corporate Records. District must keep as records minutes of all meetings of the members and/or the Board and a record of all action taken by the members without a meeting. District must maintain a record of its members, in a form that permits preparation of a list of the name and address of all the members, in alphabetical order. District must maintain appropriate accounting records. District must maintain its records in written form or in another form capable of conversion into written form within a reasonable time. In addition, District must keep a copy of the following records: Articles of Incorporation (and all amendments to them currently in effect); these Bylaws (and all amendments to them currently in effect); a list of the names and business or home addresses of the current directors and officers.

Oral or Written Notice. Except as required otherwise under applicable law, notice may be oral or written unless otherwise specified for a particular kind of notice. Oral notice is effective when communicated if communicated in a comprehensible manner. Unless otherwise provided in these Bylaws, and subject to Oregon Public Meetings Law, written notice will be deemed to have been duly given (and is effective) if delivered personally, or by first class postage, or via email. Electronic notice in writing is effective at the earlier of (a) when the notice is received, or (b) two days after the notice is sent, if the notice is correctly addressed.

Deposit of Funds. All money of District will be deposited with a convenient insured bank institution or trust company, in the name of District. All funds provided to be segregated and held separate will be so kept, and an accounting of each such funds upon the books of District will be correctly kept.

Audits; Fiscal Year. In addition to and not in lieu of any required audit under applicable law, the Board, at the expense of District, may from time to time obtain an audit of the books and records pertaining to District and furnish copies thereof to the members. At any time, any member may, at the member's expense, cause an audit or inspection to be made of the books and records of the corporation. The fiscal year of the District begins July 1 and ends June 30.

CONFLICTS; DEFINITIONS

Conflicts. These Bylaws are intended to comply with ORS Chapter 450 to the greatest extent possible. Notwithstanding the immediately preceding sentence, if any portion of these Bylaws conflict with any applicable federal, state, or local laws, regulations, or ordinances, including, without limitation, ORS Chapter 450, the applicable federal, state, or local laws will control. If any section, subsection, sentence, clause, and/or portion of these Bylaws is for any reason held invalid, unenforceable, and/or unconstitutional, such invalid, unenforceable, and/or unconstitutional section, subsection, sentence, clause, and/or portion will not affect the validity, enforceability, and/or constitutionality of the remaining portion of these Bylaws.

Definitions. All terms used in these Bylaws that are not defined herein will have the meaning defined in the ORS Chapter 450.

These First Bylaws of Tumalo Basin Sewer District were considered by the Board of Directors on May 13, 2025.

These Bylaws were ratified by majority vote of the Tumalo Basin Sewer District Board of Directors.

As the need arises, a separate list of Directors and their signature acknowledging the Bylaws will be maintained as an attachment to the Bylaws.

President, Rob Fish

Date

Acting Secretary, Pro-Tem, Martha Gross

Date

Treasurer, Sophie Paez

Date

Dale Peer

Date

Jeannie Fraley

Date