BYLAWS OF TUMALO IRRIGATION DISTRICT

A. BOARD OF DIRECTORS

1. Composition: The Board consists of five Directors. One Director shall be elected from each of five electoral divisions. The term of office shall be from the first Tuesday in January following the election for three years and until a successor is appointed or elected as provided in these Bylaws.

2. Election of Directors: Voter qualifications, Director qualifications, and the procedure for nominating and electing Directors shall be as provided in ORS Chapter 545 (the "Irrigation District Act") and such additional policies and procedures as the Board may adopt from time to time.

a. Employees serving on the Board of Directors: An individual may not simultaneously serve as a member of the Board of Directors and be an employee of the District.

3. Resignation and Removal of Directors: A Director may resign from the Board at any time. A Director will vacate the Director's position if the Director ceases to be a resident of the State of Oregon or ceases to be an owner, or a shareholder of a corporate owner, of land that is subject to the charges or assessments of the district situated in the division from which the director was elected or appointed. A Director will be removed if the Director misses three consecutive regular meetings of the Board without the prior permission of the Board of Directors, excepting an absence for cause where prior permission could not have reasonably been obtained. A Director may be removed by a recall conducted pursuant to ORS 545.189. By the unanimous vote of the other Directors, a Director may be removed when the Board of Directors determines, after conducting a hearing on such removal, that the Director is incompetent to serve, is irresponsible or dishonest in the performance of the duties of the office, or has otherwise engaged in conduct that has substantially injured the interests of the District.

4. Vacancy in the Office of Director: If a vacancy occurs on the Board for any reason, notwithstanding ORS 198.320, the remaining Directors, even if less than a quorum, may appoint a replacement to fill the vacancy, which individual must otherwise be qualified to serve on the Board within the electoral division that the vacating Director represented. The appointee will serve until the Annual Meeting (as defined below) next following an election to fill the vacancy.

5. Duties and Powers of the Board: The Board shall possess all powers allocated to it by the laws of Oregon and shall generally perform all acts necessary to exercise these powers and comply with applicable law. Among these powers and responsibilities are the following:

a. Manage and conduct the business and affairs of the District.

b. Make and execute all necessary contracts, employ and appoint such agents, officers and employees as may be required, and prescribe their duties.

c. Establish equitable bylaws and rules and regulations governing the distribution and use of water among the landowners.

d. Adopt such additional policies, procedures, and resolutions to implement the Irrigation District Act, implement these Bylaws, and govern the affairs of the District.

e. Generally perform all acts necessary to fully carry out the purposes of the Irrigation District Act and these Bylaws.

6. Meetings:

a. Public Meetings Law. Except as modified or supplemented by these Bylaws, all meetings of the Board of Directors will be conducted in accordance with Oregon's Public Meetings Laws (ORS 192.610 to 192.705) and the Irrigation District Act.

b. Notice: Public notice reasonably calculated to give actual notice to interested persons of the time and place for a meeting, and of the principal subjects anticipated to be considered at the meeting, shall be given. This requirement does not limit the ability of the Board to consider additional subjects.

b. Annual Meeting: The Board shall hold its Annual Meeting at the District office on the Second Tuesday of each January. At the Annual Meeting, the Board shall by resolution: (i) elect the chair of the Board ("Chair") and the vice-chair of the Board ("Vice-Chair"); (ii) appoint the Board's secretary (" Secretary"); (iii) establish the time for regular monthly meetings; (iv) establish the date of the next Annual Meeting, which may be other than the first Tuesday in January; and (v) establish the date the Board shall next meet as a Board of equalization under ORS 545.418

c. Regular Meetings: The Board shall hold regular meetings at least monthly at the District office. The regular meetings shall ordinarily be held on the same day and at the same time each month, as the Board shall designate at the Annual Meeting; however, for good cause the Board may change the date and time of one or more regular meetings provided that each Director is given notice of the change at least five (5) days in advance of the new date, and that the change be posted in the District office not less than five (5) days in advance.

d. Special Meetings: When required for the proper transaction of business, special meetings may be held when ordered by a majority of the Board, by order entered in the minute book, five days' notice of which meeting must be given by the Secretary to each member not joining in the order, which specify all the business to be transacted at such special meeting; no business other than specified may be transacted unless all Directors are present.

e. Emergency Meetings: An emergency meeting may be held upon such notice as is appropriate to the circumstances. Any action taken at an emergency meeting must be ratified at the next regular meeting, and the reason for the emergency meeting recited.

f. Minutes: Written minutes of each Board Meeting, giving a true reflection of the matters discussed and the views of the participants, which shall be kept by a scribe appointed by the Chair at the

beginning of each meeting. The minutes shall include names of Directors present; all motions, proposals, resolutions, orders, ordinances and measures proposed and their disposition; results of all votes and the vote of each Director; the substance of all discussion; and, subject to ORS 192.311 to 192.478 relating to public records, reference to any document discussed. A copy of the minutes shall be sent to each Director and, except for minutes of an executive session exempt from disclosure, be available to the public within a reasonable time after the meeting. Minutes may be amended and shall be approved at the succeeding regular meeting. Once adopted, the minutes are the complete permanent official record of the business transacted by the Board for the applicable meeting.

g. Three Directors shall constitute a quorum for the transaction of business. The affirmative vote of at least three (3) directors shall be required to pass any motion.

h. Board Meetings shall be conducted in accordance with Robert's Rules of Order, except as otherwise provided in these Bylaws or applicable law.

i. All meetings of the Board are open to the public except as provided in ORS 192.610-705. The Board shall control the participation of the public and make such rulings as may be necessary to guide the decorum of a meeting.

j. Directors may receive from the District an attendance fee, in an amount up to that established by law, for each meeting at which they are present, the amount to be set by the Board each year at its Annual Meeting.

8. Records: All District records, except those exempt from disclosure under ORS 192.355, or other applicable law, are open to public inspection at the District office during business hours subject to applicable law and District's public records policies. No District records may be removed from the District office without the consent of the Secretary or as required by applicable law.

9. Conduct of Directors:

a. Directors shall adhere to the requirements of ORS Chapter 244 (Oregon's Government Ethics Law) and such additional policies as the Board may adopt from time to time.

b. Reimbursable Expenditures: Directors may be reimbursed for expenditures made on account of the District with Board approval. The Board may advance to a Director estimated travel expenses on account of the District, and shall take a signed receipt. In all cases, the Director shall present to the Board for approval at its next regular meeting an itemized statement of the expenditures, supported by vouchers, and shall return to the District at that time any unexpended balance of any advance.

B. OFFICERS.

1. Chair. The Chair or President shall serve in all respects as the other Directors, but in addition, shall sign all contracts and documents approved by the Board and preside over all meetings.

2. Vice-Chair. In the absence of the President, the Vice-Chair or Vice-President shall act in place of the Chair and possess all the authority, powers and duties of the Chair during such time. To the extent permitted by applicable law and these Bylaws, the Vice-Chair shall have all powers and perform all duties incident to the office of a vice-chair or vice-president, or as otherwise designated by the Board.

3. Secretary. The Secretary may be either a Director or the manager of the District (the "District Manager"). The Secretary, or a designee, shall keep the minutes of all meetings; provide appropriate notice of such meetings; act as custodian of the District's records; perform all duties and functions of Secretary in the conduct of District elections and execute documents on behalf of the District as provided by these Bylaws, by authority of the Board or applicable law. The Secretary shall collect all charges and assessments of the District; shall be responsible for preservation and maintenance of all funds, securities and related items of the District, and shall maintain full and complete books of account with respect thereto. The Secretary shall deposit funds of the District in such banks or other depositories and in such manner as is provided in these Bylaws, as directed by the Board, or as required by law. To the extent permitted or required by applicable law and these Bylaws, the Secretary shall have all powers and perform all duties incident to the office of Secretary or as otherwise designated by the Board.

4. District Manager. The District Manager is the chief administrative officer of the District and serves at the pleasure of the Board. The District Manager holds the following powers and responsibilities:

(a) The District Manager shall receive direction from a quorum of the Board and/or from the written policy of the Board and otherwise conform to all Federal, State, and local statutes and ordinances, provisions of governmental contracts, and bylaws and policies of the District.

(b) The day-to-day management of the District shall be the responsibility of the District Manager including, without limitation (i) the distribution, storage, and measurement of the irrigation water; (ii) the maintenance of the District's accounts and records; (iii) the operation and maintenance of the District's facilities, equipment, and real property; (iv) the preparation and submittal of the annual budget; (v) the purchase of services, equipment, and supplies within the expenditure limit set by applicable law and District's public contacting policies; (vi) the initiation and implementation of the District's public relations; and (vii) the planning and development of a comprehensive safety program.

(c) With the consent of the Board, the District Manager may hire all other employees.

(d) any other authority or responsibility that that the Board should assign to the District Manager from time to time.

C. ANNUAL BUDGET

1. Budget by Calendar Year: The Board shall operate based on an annual budget for each calendar year. The budget shall include all anticipated revenues, expenditures, and special funds.

2. Bonded Indebtedness, Charges and Fees: In carrying out and executing the powers conferred to the District, the District may borrow money and issue bonds or other evidences of indebtedness in the manner provided by applicable law. Bonded indebtedness and all charges, fees, and assessments shall be controlled by such rules and regulations, and by such resolutions, as are made by the Board from time to time.

3. Budget Resolution: At the Annual Meeting, the Board shall pass a budget resolution which states: (1) the number of acres and fractions thereof with an irrigation water right which is to be billed; (2) the number of these acres and fractions thereof owned by each landowner; (3) the amount of money necessary for repair, cure, operation, maintenance and other anticipated expenses of the District for the calendar year; (4) the amount of money necessary for payments to become due to the United States during the calendar year; (5) the amount to be assessed against each tract; (6) the dates when assessments are due and payable, and where; (7) the date after which assessments are delinquent.

4. Approval of Vouchers: All voucher checks must be approved by the Board prior to payment, except in exceptional cases.

5. Petty Cash: The Board shall set up a revolving cash fund in an amount set by the Board from time to time to be known as the Petty Cash Fund to be held in the District office. The District Manager is authorized to draw upon this fund as may be required to carry out District business, depositing in the fund a receipt covering each withdrawal, and at the end of the month submitting an itemized expense account supported by vouchers where practicable, covering these withdrawals. Any unexpended withdrawals are to be returned to the fund before the end of the month. Upon approval of the expense account by the Board, the latter will authorize the District Manager to replenish the account.

D. SPECIAL FUNDS

1. Long-Term Requirements Fund: The District shall maintain a Long-Term Requirements Fund. Such fund shall be maintained in investment or other asset accounts segregated from all other District funds and accounts and shall consist of such amounts as the Board in its discretion may designate. The purpose of the Fund is to provide for the long-term requirements of the District, including, but not limited to major repairs, improvement and replacement of system works, purchase and replacement of equipment, emergencies, other major expenditures, and other uses as determined by the Board. Expenditures or transfers from the fund shall be made only as directed by the Board. Transfers to, increases of, replenishment of, and sources of the fund are discretionary and as determined by the Board.

2. Other Restricted or Designated Funds: The Board may establish other restricted or designated funds for specific uses and shall also designate whether such funds shall be in segregated investment or asset accounts or may be pooled with other restricted or designated funds.

3. Management: Strict accounting shall be kept of the identity and amount of all revenue and expenditures with respect to each special fund. The signatures of at least two Directors or officers, who must be two separate individuals, is required for all checks or payment vouchers issued by District.

4. Interest: Interest earned on each special fund and on sales agreements related to the funds may be used as authorized by the Board.

E. DISTRICT PROPERTY

1. Sell, Lease, Encumber: Subject to the Irrigation District Law, these Bylaws, and other applicable law, and subject to approval by the Board, District may sell, lease, encumber, or otherwise dispose of lands, property, or any part thereof, through either a private or public sale.

2. Land Sales: District real property may be put up for sale upon majority vote of the Board at successive regular meetings.

3. Personal Property: Subject to the Irrigation District Law and other applicable law, the Board may dispose of any personal property of the District in any manner deemed appropriate by the Board.

4. Rental: District equipment may be rented to District water users under following conditions:

a. Equipment is operated only by District employees.
b. Equipment is used only for improvement of water distribution or drainage systems.
c. Equipment is rented only at such times as the equipment and its operator cannot be advantageously used on District work.
d. The charge to the water user must be not less than the actual cost to the District.

F. AMENDMENT

These Bylaws may be amended only upon written motion of a Director. A majority of the Board must vote in favor of the written motion to amend at two successive regular meetings, whereupon the amendment becomes immediately effective.

G. MISCELLANEOUS

1. In the event a court of competent jurisdiction determines that a provision of these Bylaws is invalid, void, or unlawful in any respect or circumstance, such determination will not affect the enforcement of these Bylaws in any other respect or circumstance nor affect the enforceability of the other provisions of these Bylaws.

2. Statutory references in these Bylaws include all amendments thereto and any renumbering thereof.