

**FIRST AMENDED AND RESTATED BYLAWS
OF
CRESCENT WATER SUPPLY AND IMPROVEMENT DISTRICT**
an Oregon nonprofit corporation

The Board of Directors amend and restate the Crescent Water Supply and Improvement District an Oregon Nonprofit Corporation Bylaws dated March 9, 2010 (the “Original Bylaws”) by the adoption of these First Amended and Restated Bylaws of Crescent Water Supply and Improvement District dated _____, 2021.

1. PURPOSE; REGISTERED AGENT/OFFICE

1.1 Purpose. Crescent Water Supply and Improvement District, an Oregon nonprofit corporation formed under Oregon Revised Statutes (“ORS”) Chapter 554 (“District”), may engage in any lawful activity unless a more limited purpose is set forth in the Articles of Incorporation of the Crescent Water Supply and Improvement District dated January 25, 2010 (the “Articles of Incorporation”).

1.2 Primary Purpose. District’s primary purpose includes, without limitation, constructing and maintaining a domestic water supply and distribution system to service the property described in the Articles of Incorporation.

1.3 General Powers. Unless the Articles of Incorporation provide otherwise, 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 554.

1.4 Registered Agent. District must continuously maintain in the State of Oregon a registered agent, who must be (a) an individual who resides in the State of Oregon, (b) a corporation, a domestic business corporation, domestic limited liability company, or domestic professional corporation with an office in the State of Oregon, or (c) a foreign corporation, foreign business corporation, foreign limited liability company, or foreign professional corporation authorized to transact business in the State of Oregon with an office in the State of Oregon.

1.5 Registered Office. District must continuously maintain a registered office in the State of Oregon, which registered office must be the residence or office address of District’s registered agent.

2. MEMBERS’ RIGHTS AND OBLIGATIONS

2.1 Membership; Transfer. Each Homeowner (as defined below) 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, as the case may be, through the sale or purchase by which legal title to any of land described in the Articles of Incorporation is transferred. Subject to the immediately preceding sentence and except as provided in Section 4.2 pertaining to proxies or as set forth in or authorized by the Articles of Incorporation or these Bylaws, no member may transfer a membership or any right arising therefrom. For purposes of these Bylaws, “Homeowner” means the record owner, whether one or more persons or entities and including contract purchasers, of the fee simple title to any Lot, excluding those having such interest merely as security for the performance of any obligation; the term “Lot” means any distinct tract of land located in District and

described in the “Consents for Inclusion” attached as “Exhibit A” to the Articles of Incorporation (and any amendments thereto).

2.2 Member’s Liability for Dues, Assessments, and Fees. Subject to the provisions of these Bylaws and/or ORS Chapter 554, a member may become liable to District for dues, assessments, charges, and/or fees. Any provision of the Articles of Incorporation or Bylaws or resolution or rules and regulations adopted by the Board (as defined below) authorizing or imposing dues, assessments, or fees does not, of itself, create liability to pay the obligation; provided, however, District may pursue any remedy available to District, including imposing fines and penalties, for nonpayment of such dues, assessments, or fees.

3. MEMBERSHIP MEETINGS; ACTION WITHOUT MEETINGS

3.1 Annual and Regular Meetings. District will hold a member meeting annually on the second Monday of September or at such time fixed by the Board. Annual and regular member meetings will be held in the State of Oregon and at District’s principal office or at any other place fixed by the Board. At the annual meeting, (a) the president, and any other officer the Board or the president may designate, will report on District’s activities and financial condition, and (b) the members will consider and act upon such other matters as may be raised consistent with the notice requirements of Section 3.3. When a quorum cannot be had at the regular annual meeting of the members, the Board may call another meeting within sixty (60) days thereafter. At the subsequent annual meeting the presence in person or by proxy of members representing ownership of at least twenty-five percent (25%) of the number of Lots will constitute a quorum for the transaction of business. At regular meetings, the members will consider and act upon such matters as may be raised consistent with the notice requirements of Section 3.3. The failure to hold an annual or regular meeting does not affect the validity of any corporate action.

3.2 Special Meeting. District will hold a special meeting of members (a) on call of the Board, or (b) except as provided in the Articles of Incorporation or these Bylaws, if holders of at least twenty percent (20%) of District’s voting power sign, date, and deliver to District’s secretary one or more written demands for the meeting describing the purpose(s) for which the special meeting is to be held. If not otherwise fixed under Section 3.5, the record date for members entitled to demand a special meeting is the date the first member signs the demand. If a notice for a special meeting demanded under Section 3.2(b) is not given pursuant to Section 3.3 within thirty (30) days after the date the written demand(s) are delivered to District’s secretary then a person signing the demand(s) may set the time and place of the meeting and give notice pursuant to Section 3.3. Special meetings of members will be held in the State of Oregon and at District’s principal office or at any other place fixed by the Board. Only matters within the purpose or purposes described in the meeting notice required by Section 3.3 may be conducted at a special meeting of the members.

3.3 Notice of Meeting. District must give notice consistent with these Bylaws of meetings of the members in a fair and reasonable manner. District must give notice to members entitled to vote at the meeting and to any other person specified in ORS Chapter 554, the Articles of Incorporation, or these Bylaws. Any notice which conforms to the requirements of Section 3.3(a), (b), and (c) is fair and reasonable, but other means of giving notice may also be fair and reasonable when all the circumstances are considered; provided, however, that notice of matters referred to in Section 3.3(b) must be given as provided in Section 3.3(b). Notice is fair and reasonable if (a) District notifies its members of the place, date, and time of each annual, regular, and/or special meeting of the members

no fewer than seven days before the meeting, (b) notice of an annual or regular meeting includes a description of any matter(s) which must be approved by the members under these Bylaws, and (c) notice of a special meeting includes a description of the purpose(s) for which the meeting is called. Unless these Bylaws require otherwise, if an annual, regular, or special meeting of the members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under Section 3.5, however, notice of the adjourned meeting must be given under this Section 3.3 to the persons who are members as of the new record date. Notice of meetings of members may be made by email and given to the members who provide District with the member's email address.

3.4 Waiver of Notice. A member may at any time waive any notice required by ORS Chapter 554, the Articles of Incorporation, or these Bylaws. The waiver must be in writing, be signed by the member entitled to the notice, and be delivered to District for inclusion in the minutes or filing with the corporate records. A member's attendance at a meeting waives objection to (a) lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice, unless the member objects to considering the matter when it is presented.

3.5 Record Date. The Board may fix a future date as the record date in order to determine the members entitled to notice of a members' meeting, to demand a special meeting, to vote, or to take any other lawful action. If no such record date is fixed, then the following applies: (a) to determine the members entitled to notice of a members' meeting, the record date will be the day before the day on which first notice is mailed or otherwise transmitted to members in accordance with Section 12, or if notice is waived, the day preceding the day on which the meeting is held; (b) to determine the members entitled to demand a special meeting, the record date will be as set forth in Section 3.2; (c) to determine the members entitled to take action without a meeting, the record date will be as set forth in Section 3.3; (d) to determine the members entitled to vote at a members meeting, the record date will be the date of the meeting; and (e) to determine the members entitled to exercise any rights in respect to any other lawful action, the record date will be the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later. A record date fixed under this Section 3.5 may not be more than sixty (60) days before the meeting or action requiring the determination of the members. A determination of the members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting unless the Board fixes a new record date, which it must do if the meeting is adjourned to a date more than sixty (60) days after the date fixed for the original meeting.

3.6 Organization of Meeting. At each annual, regular, and special members' meeting, (a) the president, or if the president is absent then the chairperson of the Board, or if no chairperson of the Board has been appointed or is present, then any individual chosen by members having a majority of votes present at the meeting, will act as chairperson of the meeting, and (b) the secretary, or if the secretary is absent then any assistant secretary, or if no assistant secretary has been appointed or is present, then any individual chosen by members having a majority of votes present at the meeting, will act as secretary of the meeting.

4. MEMBERS' VOTING

4.1 Voting Entitlement of Members. Unless the Articles of Incorporation or these Bylaws provide otherwise, each member is entitled to one vote per Lot owned by the member, including each matter on which a member is entitled to vote under ORS Chapter 554, the Articles of Incorporation, or these Bylaws. Unless the Articles of Incorporation or these Bylaws provide otherwise, if a membership stands of record in the names of two or more persons, the act of one will bind all.

4.2 Proxies. Unless the Articles of Incorporation or these Bylaws prohibit or limit proxy voting, a member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by the member's attorney-in-fact; a corporate member may, by resolution of its board, appoint and designate a proxy. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for twenty-four (24) months unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the member. The death or incapacity of the member appointing a proxy does not affect the right of District to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment. Appointment of a proxy is revoked by the person appointing the proxy (a) attending any meeting and voting in person, or (b) signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. Subject to Section 4.6 and any express limitation on the proxy's authority appearing on the face of the appointment form, District is entitled to accept the proxy's vote or other action as that of the member making the appointment.

4.3 Adjournment. Unless otherwise provided in the Articles of Incorporation or these Bylaws, a majority of votes represented at a meeting of the members, whether or not a quorum, may adjourn the meeting from time to time to a different time and place without further notice to any member of any adjournment, except as such notice may be required by Section 4.4. At the adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting originally held. When a meeting is adjourned for thirty (30) days or more, or when a redetermination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting will be given as for an original meeting.

4.4 Quorum Requirements. Unless the Articles of Incorporation or these Bylaws provide for a higher quorum, votes representing a majority of the Lots is necessary to constitute a quorum for the transaction of business at membership meetings. An amendment to the Articles of Incorporation or these Bylaws to increase the quorum required for any member action must be approved by the members.

4.5 Voting Requirements. Unless ORS Chapter 554, the Articles of Incorporation, or these Bylaws require a greater vote, if a quorum is present the affirmative vote of a majority of the votes represented and voting is the act of the members. An amendment to the Articles of Incorporation or these Bylaws to add to, change, or delete the vote required for any member action must be approved by the members by two-thirds of the votes of the members before they become effective.

4.6 Action by Written or Electronic Ballot. Notwithstanding anything contained in these Bylaws to the contrary, any action which may be taken at any annual, regular, or special meeting of members may be taken without a meeting if District delivers a written or electronic ballot (a ballot by

email, fax, posting on a District website with notice to all members of the posting and how to access the posting) to all members entitled to vote on the matter. The ballot will set forth the proposed action and provide an opportunity to vote for or against such proposed action. With the exception of approval of directors, approval by ballot will be valid only when the number of approvals exceeds fifty percent (50%) of the number of votes cast by ballot that constitutes a quorum. All solicitation for votes by ballot will specify a reasonable time, but not less than seven (7) days, by which a ballot must be received by District in order to be counted. An electronic ballot is effective when it is electronically transmitted to an address, location, or system designated by District for that purpose. A vote by electronic ballot cannot be revoked.

5. BOARD OF DIRECTORS

5.1 General Duties. All corporate powers will be exercised by or under the authority of, and the affairs of District managed under the direction of, District's board of directors (the "Board"), subject to any limitations set forth in the Articles of Incorporation, these Bylaws, and except as provided in Section 5.2.

5.2 Delegation of Powers. The Articles of Incorporation 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.

5.3 Qualifications of Directors; Oath of Office. All directors must be individuals and must be members of District. The Articles of Incorporation or these Bylaws may prescribe additional qualifications for directors. 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.

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

5.5 Election of Directors. The directors will be elected at each annual member meeting. Directors are elected by a plurality of the votes cast by the members entitled to vote in the election at a meeting which a quorum of members present.

5.6 Terms of Directors; Staggered Terms for Directors. The term of each director will be two years. 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 directors. Despite the expiration of a director's term, the director continues to serve until the director's successor is elected and qualifies. The Articles of Incorporation or these Bylaws may provide for staggering the terms of directors by dividing the total number of directors into groups. The terms of office of the several groups need not be uniform.

5.7 Resignation of Directors. A director may resign at any time by delivering written notice to the Board, the presiding officer of the Board, the president, or secretary. A resignation is effective when the written notice is effective under Section 13, unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board.

5.8 Removal of Directors. The members may remove one or more directors elected by them with or without cause unless the Articles of Incorporation provide that directors may be removed only for 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.

5.9 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 under Section 5.7, or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

5.10 No Compensation of the Board. The Board will not receive compensation; provided, however, 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.

5.11 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.

6. MEETINGS; ACTIONS OF THE BOARD

6.1 Regular and Special Meetings. Subject to Oregon Public Meetings Law, if applicable, the Board will hold a regular meeting at least once quarterly, 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.

6.2 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; provided, however, if any meeting is conducted under this Section 6.2(a) or (b), all participating directors must be informed that a meeting is taking place at which official business may be transacted and a director participating in the meeting by this means is deemed to be present in person at the meeting.

6.3 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, if applicable. Without otherwise limiting the generality of the immediately preceding sentence, all notices of meetings of the Board may be given in person, by postal mail, by fax, by telephone, and/or by email.

6.5 Waiver of Notice. A director may at any time waive any notice required by ORS Chapter 554, the Articles of Incorporation, or these Bylaws. Except as provided in this Section 6.5, the waiver must be in writing, must be signed by the director entitled to the notice, must specify the meeting for which notice is waived, and must be filed with the minutes or the corporate records. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director, at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

6.6 Quorum of the Board. Unless the Articles of Incorporation or these Bylaws require a greater number or a lesser number as authorized under this Section 6.6, a quorum of the Board consists of a majority of the number of directors in office immediately before the meeting begins.

6.7 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. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

6.8 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 two or more directors, who serve at the pleasure of the Board.

6.9 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 greater of (a) a majority of all the directors in office when the action is taken, or (b) the number of directors required by the Articles of Incorporation or these Bylaws to take action under Section 6.7. The provisions of Sections 6.1-6.7 governing meetings, notice, waiver of notice, quorum, and voting requirements of the Board apply to committees and their members.

7. POWERS AND DUTIES OF THE BOARD

7.1 General Powers. The Board has all the powers granted to it by the laws of Oregon, including, without limitation, ORS Chapter 554, as may be limited or refined by the Articles of Incorporation, or these Bylaws; provided, however, the Board may not engage in, contract for, and/or otherwise approve any issuance of bonds, serial coupon obligations, or other similar obligations of District without membership approval.

7.2 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 water, 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 Klamath County, in accordance with the provisions of ORS 554.135 and its successor and related statutes.

7.3 Rules and Regulations. The Board may promulgate, 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, and the laws of the State of Oregon. Such rules, regulations, and amendments thereof must be ratified by two-thirds of the votes of the members before they become effective.

8. STANDARDS OF CONDUCT

8.1 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 (y) one or more officers or employees of District whom the director reasonably believes to be reliable and competent in the matters presented, and/or (z) 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 permitted by this Section 8.1 unwarranted. A director is not liable to District for any action taken or not taken as a director if the director acted in compliance with this Section 8.1. A director will not be deemed to be a trustee with respect to District or with respect to any property held or administered by District, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

8.2 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.

8.3 Approval of Conflict of Interest Transaction. A transaction in which a member has a conflict of interest may be approved by the Board subject to and in accordance with applicable law, including, without limitation, ORS Chapter 244.

9. OFFICERS

9.1 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. The term of each officer will be one year. Officers may be elected for successive terms not to exceed a total of four years.

9.2 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.

9.3 Standards of Conduct for Officers. An officer must discharge the officer's duties (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 officer reasonably believes to be in the best interests of District. In discharging the duties of an officer, an officer is entitled to rely on information, opinions, reports, or statements (including financial statements and other financial data) if prepared or presented by (y) one or more officers or employees of District whom the officer reasonably believes to be reliable and competent in the matters presented, or (z) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence. An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by this Section 9.3 unwarranted. An officer is not liable to District for any action taken or not taken as an officer if the officer acted in compliance with this Section 9.3.

9.4 Resignation and Removal of Officers. An officer may resign at any time by delivering written notice to District. A resignation is effective when the notice is effective under Section 13, unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Board accepts the later effective date, the Board (or any other person authorized under the Articles of Incorporation or these Bylaws) may fill the pending vacancy before the effective date if the Board (or any other person) provides that the successor does not take office until the effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board. The Board (or any other person authorized under the Articles of Incorporation or these Bylaws to elect or appoint an officer) may remove any officer the Board (or any other person) is entitled to elect or appoint, at any time with or without cause.

9.5 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 District or the officer.

9.6 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.

9.7 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 554, Oregon Public Meetings Law (if applicable), the Articles of Incorporation, or these Bylaws are given, (c) keep and maintain the records of District specified in Section 13, 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.

10. INDEMNIFICATION

10.1 Indemnification of Directors. Subject to Section 10.2 and Section 10.5 and to the fullest extent permitted under ORS 554.090, 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. A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in, and beneficiaries of, the plan is conduct that satisfies the requirement of this Section 10.1. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this Section 10.1.

10.2 Limitation of Indemnification Obligations. District may not indemnify a director under Section 10.1 (a) 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 under Section 10.1 in connection with a proceeding by or in the right of District is limited to reasonable expenses incurred in connection with the proceeding.

10.3 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.

10.4 Advance for Expenses. District will pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if (a) the director furnishes District a written affirmation of the director's good faith belief that the director has met the standard of conduct described in Section 10.1, and (b) the director furnishes District a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct. The undertaking referenced in the immediately preceding sentence must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment. Any authorization of payments under this Section 10.4 may be made by provision in the Articles of Incorporation or these Bylaws, by a resolution of the members, the Board, or by contract.

10.5 Determination and Authorization of Indemnification. District may not indemnify a director under Section 10.1 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 in Section 10.1. 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 under Section 10.5(a), 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 or its committee in the manner prescribed in Section 10.5(a) or Section 10.5(b) or, if a quorum of the Board cannot be obtained under Section 10.5(a) and a committee cannot be designated under Section 10.5(b), the special legal counsel will be selected by majority vote of the full Board including directors who are parties to the proceeding, or (d) by the members, but directors who are at the time parties to the proceeding may not vote on the determination. Authorization of indemnification and evaluation as to reasonableness of expenses will be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses will be made by those entitled under Section 10.5(c) to select counsel. A director may not be indemnified until twenty (20) days after the

effective date of written notice to the Attorney General of the State of Oregon of the proposed indemnification.

10.6 Indemnification of Officers, Employees, and Agents. Unless the Articles of Incorporation provide otherwise, (a) an officer of District is entitled to mandatory indemnification under Section 10.3 to the same extent as a director, (b) District may indemnify and advance expenses under this Section 10 to an officer of District to the same extent as to a director, and (c) District may indemnify and advance expenses under this Section 10 to an employee or agent of District to the same extent as to a director.

10.7 Non-Exclusivity of Rights. The indemnification and provisions for advancement of expenses provided in Section 10 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.

10.8 Savings Provisions. The repeal of a provision of all or any part of Section 10 does not affect (a) the operation of the provision or any action taken under it before its repeal, or (b) any ratification, right, remedy, privilege, obligation, or liability acquired, accrued, or incurred under the provision before its repeal.

10.9 Severability. If any provision of Section 10 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 of Section 10 that can be given effect without the invalid provision or application, and to this end the provisions of Section 10 are severable.

10.10 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.

10.11 Report to Members and Other Persons of Indemnification. If District indemnifies or advances expenses to a director under Section 10 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.

10.12 Definitions. For purposes of this Section 10, the following terms have the meanings assigned to them below:

"Director" means an individual who is or was a director of District or an individual who, while a director of District, is or was serving at District's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. A director is considered to be serving an employee benefit plan at District's request if the director's duties to District also impose duties on, or otherwise involve services by, the director to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

"Expenses" include attorney fees and related costs and expenses.

“Liability” means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses actually incurred with respect to a proceeding.

“Officer” means an individual who is or was an officer of District or an individual who, while an officer of District, is or was serving at District’s request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. An officer is considered to be serving an employee benefit plan at District’s request if the officer’s duties to District also impose duties on or include services by the officer to the employee benefit plan or to participants in or beneficiaries of the plan. “Officer” includes, unless the context requires otherwise, the estate or personal representative of an officer.

“Party” includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

“Proceeding” means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

11. 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 two-thirds of the votes represented and voting in accordance with ORS 554.080. The members entitled to vote on these Bylaws, may amend or repeal these Bylaws even though these Bylaws may also be amended or repealed by the Board.

12. ASSESSMENTS

12.1 Levy. On or before September 1 of each year, the Board will make a computation of the whole amount of money to be raised by District through assessments for the ensuing year for any purposes whatsoever, including, without limitation, District maintenance and operation, estimated delinquencies on assessments, principal and interest of indebtedness maturing, and/or such reserves as the Board deems necessary or appropriate.

12.2 Apportionment of Assessment. The amount identified under Section 12.1 determined by the Board will be apportioned as follows: (a) normal operating expenses, including, without limitation, expenses incurred for maintenance and repair, and any capital replacement expense will be assessed against all the property in the District; and (b) capital improvement expenses will be apportioned solely to those areas benefitted by such improvement.

12.3 Payable. Assessments are due and payable in quarter-annual installments and will become due at the date and time set by the resolution of the Board. Assessments will bear interest at the rate of two-thirds (2/3) of one percent (1%) per month from the maturity of each installment until paid.

12.4 Lien and Foreclosure. Any unpaid assessment and the lien thereof will be delinquent after the date of maturity of the last installment and may be enforced and foreclosed. Upon the sale of

any lands on such foreclosure, the corporation or any member or any creditor of the corporation or any other person may be a bidder and purchaser. Subject to and in accordance with ORS Chapter 554, the Board will institute proceedings to enforce the lien of any assessment when the last installment of such assessment is delinquent for more than three (3) months.

12.5 Certification of Assessments to County Assessor. Notwithstanding anything contained in these Bylaws to the contrary, the Board may certify the assessments, including, without limitation, any interest thereon to the county assessor of the county in which the lands lie for collection as other taxes are collected. The secretary will keep the proceeds of the assessments in appropriate accounts depending upon the purpose of the assessments, and the disbursements for the expenses of District will be paid out of the appropriate account.

12.6 Service Charges. In addition to or in lieu of the assessments referred to above, the Board may prescribe, fix, make, assess, charge, impose, and/or collect such rates, tolls, fees, fines, and charges necessary or appropriate for the use and delivery of water, for the use of any District facilities, and/or for any violation of District rules and regulations, which will be liens upon the land to which the water was furnished. The time and manner of collection of such charges will be as provided in the rules and regulations of District, or in the absence of such rules and regulations, as provided in this Section 12.6 as to assessments. The Board will adopt a schedule of charges and rates and make the same available to any member requesting to inspect it.

13. RECORDS; NOTICE; FUNDS; AUDIT

13.1 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: (a) Articles of Incorporation (and all amendments to them currently in effect); (b) these Bylaws (and all amendments to them currently in effect); (c) a list of the names and business or home addresses of the current directors and officers; (d) the last three annual financial statements, if any, which may be consolidated or combined statements of District and one or more of its subsidiaries or affiliates, as appropriate, including a balance sheet and statement of operations, if any, for that year, which must be prepared on the basis of generally accepted accounting principles if financial statements are prepared for District on that basis; (e) the last three accountant's reports if annual financial statements are reported upon by a public accountant; (f) the most recent annual report delivered to the Oregon Secretary of State; (g) ordinances and resolutions adopted by the Board; (h) minutes of all meetings of the members and records of all actions approved by the members; (i) a lien docket, in which, as to every Lot, assessments or liens will be charged and all payments will be credited; (j) a warrant or check register for purposes of recording warrants and/or checks issued, the number, date, and amount thereof, and the name of the payee and the date paid; (k) a register of all bonds with a description thereof; and (i) written communications required by ORS Chapter 554 and those regarding general membership matters made to the members within the past three years.

13.2 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/or ORS Chapter 554 and subject to Oregon Public Meetings Law (if applicable), written notice will be deemed to have been duly given (and is effective) if delivered (a) personally, (b) by first class postage, or (c) via email. Electronic notice in writing is effective at the earlier of (y) when the notice is received, or (z) two days after the notice is sent, if the notice is correctly addressed.

13.3 Deposit of Funds. Except as otherwise provided by ORS 554.160(2), all money of District will be deposited with a convenient insured institution or trust company, as those terms are defined in ORS 706.008 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.

13.4 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 District begins July 1 and ends June 30.

14. CONFLICTS; DEFINITIONS

14.1 Conflicts. These Bylaws are intended to comply with ORS Chapter 554 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 554, 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 (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, and/or constitutionality of the remaining portion of these Bylaws.

14.2 Definitions. All terms used in these Bylaws that are not defined herein will have the meaning defined in the ORS Chapter 554.

These First Amended and Restated Bylaws of Crescent Water Supply and Improvement District were adopted by the Board of Directors on _____, 2021 and have been duly ratified by the members of District and made effective as of _____, 2021.

By:
Its: