

BYLAWS
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KLAMATH WATER AND POWER AGENCY

1. Purposes.

Klamath Water And Power Agency is a governmental agency formed for the purposes set forth in the Klamath Water And Power Agency Intergovernmental Cooperation and Joint Exercise of Powers Agreement (“KWAPA IGA”) which was effective on June 12, 2008. Klamath Water And Power Agency is referred to herein as "KWAPA."

2. Directors.

2.1 Powers. All powers of KWAPA shall be exercised by or under the authority of, and the affairs of KWAPA managed under the direction of, the Board of Directors.

2.2 Qualifications. All Directors must be individuals who are 18 years of age or older and a member of the governing body of a Party to the Agreement described in section 1, Purposes, above.

2.3 Number. The Board of Directors shall consist of five persons.

2.4 Election and Tenure of Office:

(a) One Director shall be appointed by the Board of Directors of the Klamath Irrigation District;

(b) One Director shall be appointed by the Board of Directors of the Tulelake Irrigation District;

(c) One Director shall be appointed by the Board of Directors of the Klamath Drainage District; and

(d) The remaining two members of the Board of Directors (“at large members”) shall be appointed by majority vote of all Parties to this Agreement who are then in good standing. At such time as other units of local government have joined KWAPA as provided in Article IV, section 2, of the KWAPA IGA, and the assessed or charged acreage within such additional parties exceeds 20,000 acres, such additional parties shall be entitled to elect one of the at large members of the Board of Directors of KWAPA. At such time as the total assessed or charged acreage within such additional parties exceeds 40,000 acres, such additional parties shall be entitled to elect both of the at large members of the Board of Directors of KWAPA. In electing said Directors to represent the other Parties, each Party eligible to vote for such Director may nominate one person. Each such Party shall have one vote for each acre of land in the Party District assessed or charged for irrigation water. The two people receiving the most votes shall serve as Directors. In the event that the participating Parties fail to elect said Directors, the Directors appointed pursuant to 2.4 a., b., and c., above, shall appoint two Directors from the people nominated by such Party Districts. Members of the Board of Directors shall serve a term of one year.

Directors may be reappointed for any number of consecutive terms. Despite the expiration of a Director's term, the Director shall continue to serve until the Director's successor is appointed and qualified, or until there is a decrease in the number of Directors.

2.5 Vacancies. A vacancy in the Board of Directors shall exist on the death, resignation, or removal of any Director. A vacancy in the Board of Directors shall be filled by the members as provided in Section 2.4, above.

2.6 Meetings. An annual meeting of the board of directors shall be held on a day and at a time and place as determined by the Chairman of the board. If the time and place of any other directors' meeting are regularly scheduled by the board of directors, the meeting is a regular meeting. All other meetings are special meetings. The board of directors shall hold their meetings within the boundaries of any of the members.

2.7 Telephonic Participation. The board of directors may permit any or all of the directors to participate in a regular or special meeting, or to conduct the meeting, by using any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

2.8 Call and Notice of Meetings. Notice of each meeting of the Board shall be given in the manner provided by the Oregon Public Meeting Laws. The Chairman or any two of the Directors then in office may call and give notice of a meeting of the Board.

2.9 Waiver of Notice. A Director may at any time waive any notice required by these Bylaws. Except as provided in the following sentence, any waiver must be in writing, must be signed by the Director entitled to the notice, must specify the meeting for which the 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 on 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.

2.10 Quorum and Voting. A quorum of the Board of Directors shall consist of three Directors. If a quorum is present when a vote is taken, the affirmative vote of three Directors is the act of the Board of Directors except to the extent that these Bylaws or applicable law requires the vote of a greater number of Directors. A Director is considered present regardless of whether the Director votes or abstains from voting.

2.11 Presumption of Assent. A Director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

(a) At the beginning of the meeting or promptly on the Director's arrival, the Director objects to holding the meeting or transacting the business at the meeting;

(b) The Director's dissent or abstention from the action taken is entered in the

minutes of the meeting; or

(c) The Director delivers written notice of dissent or abstention to the presiding officer of the meeting before the meeting is convened. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

2.12 Board Committees. The Board of Directors may create one or more committees of the Board of Directors and appoint members of the Board to serve on them or designate the method of selecting committee members. Each committee shall consist of two or more Directors who shall serve at the pleasure of the Board of Directors. Committees of the Board of Directors may, to the extent specified by the Board of Directors, exercise the authority of the Board of Directors, but no committee of the Board of Directors may:

(a) Authorize distributions, but this restriction does not apply to payment of value for property received or services performed or payment of benefits in furtherance of the KWAPA purposes;

(b) Elect, appoint, or remove directors or fill vacancies on the board or on any of its committees;
or

(c) Adopt, amend, or repeal the Bylaws.

2.13 Other Committees. The Board of Directors may create one or more other committees. Members of these committees need not be members of the Board of Directors, but at least one Director shall serve on each such committee. These committees shall have no power to act on behalf of, or to exercise the authority of, the Board of Directors, but may make recommendations to the Board of Directors.

2.14 Compensation. Directors and members of committees may be reimbursed for any expenses that are determined by the Board of Directors to be just and reasonable. Directors shall also receive the amount allowed by law to Directors of public entities but shall not otherwise be compensated for service in their capacity as Directors.

2.15 Director Conflict of Interest.

2.15.1 A conflict-of-interest transaction is a transaction with KWAPA in which a Director of KWAPA has a direct or indirect conflict of interest.

2.15.2 For purposes of section 2.15, a Director of KWAPA has an indirect interest in a transaction if (a) another entity in which the Director has a material interest is a party to the transaction or (b) another entity of which the Director is a director, officer, or trustee is a party to the transaction, and the transaction is or should be approved by the Board of Directors of the KWAPA.

2.15.3 A conflict-of-interest transaction is neither voidable nor the basis for imposing liability on the Director if the transaction is fair to the KWAPA when it was entered into or is approved as provided in Section 2.15.4.

2.15.4 A transaction in which a Director has a conflict of interest may be approved

either(a) in advance by the vote of the Board of Directors or a committee of the Board of Directors if the material facts of the transaction and the Director's interest are disclosed or known to the Board of Directors or committee of the Board of Directors or (b) by obtaining approval of (i) the Oregon Attorney General or (ii) an Oregon circuit court in an action in which the Attorney General is joined as party.

2.15.5 For purposes of clause (a) of section 2.15.5, a conflict-of-interest transaction is authorized, approved, or ratified if it receives the vote of not less than three members of the Board of Directors who have no direct or indirect interest in the transaction. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under clause (a) of section 2.15.4 if the transaction is otherwise approved as provided in section 2.15.4.

3. Officers.

3.1 Designation; Appointment. The officers of the KWAPA shall be the Chairman, the Vice Chairman, the Secretary, the Treasurer, and any other officer that the Board of Directors may from time to time appoint. The officers shall be appointed by, and hold office at the pleasure of, the Board of Directors. The same person may simultaneously hold more than one office.

3.2 Compensation and Term of Office.

3.2.1 The term of office of each officer of the KWAPA shall be fixed by the Board of Directors.

3.2.2 Any officer may be removed, with or without cause, at any time by action of the Board of Directors.

3.2.3 An officer may resign at any time by delivering notice to the Board of Directors, the Chairman, or the Secretary. A resignation is effective when the notice is effective when received unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

3.3 Chairman. The Chairman shall preside at meetings of the Board of Directors, shall assure that the Board of Directors is advised on all significant matters of KWAPA's business, shall act as a principal spokesperson and representative of KWAPA, shall be the Chief Executive Officer of KWAPA and have the general powers and duties of management usually vested in an executive officer or manager, and shall have other powers and duties that may be prescribed by the Board of Directors or the Bylaws.

3.4 Vice Chairman. The Vice Chairman shall preside at meetings of the Board of Directors at which the Chairman is absent and, in the absence of the Chairman, shall have the other powers and perform the other duties of the Chairman. The Vice Chairman also shall have other powers and perform other duties that may be prescribed by the Board of Directors.

3.5 Secretary. The Secretary shall have responsibility for preparing minutes of meetings of the Board of Directors and for authenticating records of KWAPA. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of Directors. The Secretary also shall have other powers and perform other duties that may be prescribed by the Board of Directors or these Bylaws.

3.6 Treasurer and Auditor. The Treasurer and auditor ("Treasurer") shall be the Chief Financial Officer of KWAPA and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of KWAPA. The Treasurer shall:

a. Receive and receipt for all money of the agency or entity and place it in the treasury of the treasurer so designated to the credit of the agency or entity.

b. Be responsible, upon his or her official bond, for the safekeeping and disbursement of all agency or entity money so held by him or her.

c. Pay, when due, out of money of the agency or entity held by him or her, all sums payable on outstanding bonds and coupons of the agency or entity.

d. Pay any other sums due from the agency or entity from agency or entity money, or any portion thereof, only upon warrants of the public officer performing the functions of treasurer or auditor who has been designated by the agreement.

e. Cause an independent audit of the financial affairs of KWAPA to be made annually by a certified public accountant or public accountant in compliance with California Government Code §6505 and ORS 297.405-297.555.

All withdrawals from the money of KWAPA shall first be approved by the Board of Directors or the Executive Committee of the Board of Directors. The Treasurer and auditor shall file an official bond in an amount to be determined from time to time by the Board of Directors and shall be responsible for the strict accounting of all funds received and distributed by or on behalf of KWAPA.

3.7 Assistants. The Board of Directors may appoint or authorize the appointment of assistants to the Secretary or Treasurer or both. Those assistants may exercise the powers of the Secretary or Treasurer, as the case may be, and shall perform those duties that are prescribed by the Board of Directors.

4. Nondiscrimination

KWAPA shall not discriminate in providing services, hiring employees, or otherwise, on the basis of gender, race, creed, marital status, sexual orientation, religion, color, age, or national origin.

5. General Provisions

5.1 Amendment of Bylaws. The Board of Directors may amend or repeal these Bylaws or adopt new Bylaws by unanimous vote of the Directors in office. Whenever an amendment or

a new Bylaw is adopted, it shall be copied in the minute book with the original Bylaws in the appropriate place. If any Bylaw is repealed, the fact of repeal and the date on which the repeal occurred shall be stated in that book and place.

5.2 Inspection of Books and Records. All books, records, and accounts of KWAPA shall be open to inspection by the directors in the manner and to the extent required by law.

5.3 Checks, Drafts, etc. All checks, drafts, and other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to KWAPA shall be signed or endorsed by the person or persons and in the manner that shall be determined from time to time by resolution of the Board of Directors.

5.4 Deposits. All funds of KWAPA not otherwise employed shall be deposited to the credit of KWAPA in those banks, trust companies, or other depositories as the board of directors or officers of KWAPA designated by the board of directors select, or be invested as authorized by the Board of Directors and by State law.

5.5 Loans or Guarantees. KWAPA shall not borrow money and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. This authority may be general or confined to specific instances.

5.6 Execution of Documents. The Board of Directors may, except as otherwise provided in these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of KWAPA. This authority may be general or confined to specific instances. Unless authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind KWAPA by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or for any amount.

5.7 Insurance. KWAPA may purchase and maintain insurance on behalf of an individual against liability asserted against or incurred by the individual who is or was a director, officer, employee, or agent of KWAPA, or who, while a director, officer, employee, or agent of KWAPA, is or was serving at the request of KWAPA as a director, officer, partner, trustee, employee, or agent of another foreign or domestic agency, business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise; however, KWAPA may not purchase or maintain such insurance to indemnify any director, officer, or agent of the KWAPA in connection with any proceeding charging improper personal benefit to the director, officer, or agent in which the director, officer, or agent was adjudged liable on the basis that personal benefit was improperly received by the director, officer, or agent.

5.8 Fiscal Year. The fiscal year of KWAPA shall begin on the first day of July and end on the last day of June in each year.

5.9 Severability. A determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal, or otherwise ineffective shall not affect or invalidate any other provision of

these Bylaws.

The foregoing Bylaws were duly adopted by the Board of Directors of the Klamath Water And Power Agency on the 20th day of August, 2008.

/s/ John Crawford
Secretary