

BYLAWS
of the
Eastern California Water Association
April 2, 2014 (revised 01-14-2015)

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BYLAWS
of the
Eastern California Water Association
A California Nonprofit Public Benefit Corporation

ARTICLE I
Name and Principal Office

1.1 Name:

The name of this Corporation is: Eastern California Water Association.

1.2 Principal Office:

The principal office for the transaction of the activities and affairs of this Corporation is located at:

824 Burcham Flat Rd.
Coleville, CA 96107
Mono County

The Board of Directors may change the location of the principal office. Any such change of location must be noted by the Secretary on these Bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

The Board may at any time establish branch or subordinate offices at any place or places where this Corporation is qualified to conduct its activities.

ARTICLE II
Purpose

2.1 Nonprofit Corporation:

This Corporation is a nonprofit public benefit corporation and is not organized for the private benefit of any person. It is organized and operated exclusively under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

Despite any other provision in these articles, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that do not further the purposes of this Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Internal Revenue Code section 501(c)(3) or the corresponding provision of any

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future United States Internal revenue law, or (b) a corporation, contributions to which are deductible under Internal Revenue Code section 170(c)(2) or the corresponding provision of any future United States Internal revenue law.

2.2 Purpose:

The purposes for which this Corporation is formed are to:

For the benefit of present and future generations, and within the meaning of Internal Revenue Code Section 501(c)(3) or the corresponding provision of any future United States Internal revenue law and Section 23701d of the California Revenue and Taxation Code:

1. Support the goals and objectives of the Inyo-Mono Regional Water Management Group (RWMG).
2. Assist and facilitate the communication, coordination and collaboration among agencies, utilities, tribes, community and environmental organizations and other water resource stakeholders in support of integrated water management.
3. Focus on activities related to water resource management – water supply, water quality and ecosystem stewardship.

These purposes will be applicable to eastern California and neighboring watersheds.

2.3 Relationship:

The relationship of the ECWA to the RWMG will be maintained as follows:

A. Meeting time. The two organizations will minimally convene annually at a joint meeting of their respective governing committees/boards. At this meeting the joint work plans for the coming year will be discussed.

B. Organization's duties. The ECWA may serve as fiscal agent/sponsor for the RWMG, if mutually desired. The RWMG may initiate this arrangement by submitting a letter to the ECWA. If acting as RWMG's Fiscal Agent, The ECWA will provide all appropriate records to the Inyo-Mono RWMG.

C. As an employer, ECWA could provide staff or consulting support to the RWMG on a contract basis.

ARTICLE III
Dedication of Assets

3.0 Dedication of Assets:

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This Corporation's assets are irrevocably dedicated to public benefit purposes, as described in ARTICLE II. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual or to any Director or Officer of the Corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation, shall be distributed to a nonprofit organization or organizations organized and operated exclusively for purposes substantially similar to those set for in ARTICLE II of these Articles and which has: (a) established its tax-exempt status under Internal Revenue Code section 501(c)(3) or corresponding provisions of any future federal internal revenue law; and (b) which has established its tax-exempt status under Revenue and Taxation Code section 23701d or corresponding section of any future California revenue and tax law; or (c) which has established its tax exempt status under the laws of the state with taxing authority over the nonprofit organization.

ARTICLE IV
Construction and Definitions

4.0 Construction and Definitions:

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE V
Members

5.0 Members: This Corporation shall have no members, as that term is defined in California Corporations Code Section 5056.

ARTICLE VI
Board of Directors

6.1 Number of Directors:

The Board of Directors shall consist of seven Directors. However, the Board shall be deemed as numbering six until that time that the seventh Director has been appointed by the Board.

The exact number of Directors may be changed by a resolution approved by a majority of the then authorized, acting Directors, in two votes taken at meetings held not less than a week apart. No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of said Director's term of office,

unless a Director is affirmatively removed as hereinafter provided. Directors need not be residents of the State of California.

6.2 Requirements for Board Membership:

The Board may set standards and requirements for membership on the Board as it sees fit, but as directors of nonprofit corporations in California they are required to adhere to the provisions of the California Nonprofit Corporation law.

6.3 Term:

Of the initial Board of Directors, three directors shall have a term of one year (Corlett, Clark and Woodworth) and three directors shall have a term of two years (Bacock, Nalder and Drew). Terms shall be deemed to have commenced on January 1, 2014.

6.4 Limitation on "Interested Persons":

No more than 49 percent of the persons serving on the Board may be "interested persons". An "interested person" is (a) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of such person. However, any violation of this paragraph shall not affect the validity or enforceability of transactions entered into by the Corporation.

6.5 Vacancies:

The Board shall determine when and how many vacancies shall be filled at regular meetings of the Board of Directors.

6.6 Resignation:

A Director may resign at any time by giving written notice to the Board, or to the president, the vice-president, or the secretary. Such resignation is effective on the date such notice is received, or at any later date specified in the notice. A resignation is effective without acceptance by the Board.

6.7 Removal:

The Board may remove any Director with or without cause, by a two-thirds majority vote of the entire Board, if in the Board's sole judgment the Corporation's best interests are thereby served. This vote for removal shall take place during two consecutive meetings held not sooner than one week apart. After removal of a director, a replacement shall be named by the Board.

ARTICLE VII

Powers and Duties of the Board of Directors

7.1 Powers:

General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or Bylaws of the Corporation, including without limitation the right of Members to vote on the matters set forth in Article V of these Bylaws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. The Board may delegate to an Executive Director or other staff or an Officer or Committee of the Board, subject to the Board's control, any of the powers and authorities of the Board for the business and affairs of the Corporation except where such delegation is prohibited by the Bylaws, and except for the power to amend these Bylaws.

Without prejudice to these general powers, and subject to the same limitation, the Directors shall have the power to:

- a. Select and remove all Officers, agents and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation and with these Bylaws; fix their compensation; and bond any person who handles funds, or other items of value;
- b. Conduct, manage and control the affairs and business of this Corporation, and make such rules and regulations therefore not inconsistent with law, with the articles of Incorporation or with these Bylaws, as they may deem best;
- c. Change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any meeting or meetings, including annual meetings;
- d. Adopt, make and use a corporate seal; and alter the form of the seal;
- e. Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, debentures, deeds of trust, mortgages, pledges, hypothecation and other evidences of debt and securities.

7.2 Duties of all Directors:

Elected and appointed Directors shall: (a) be chosen for their willingness and ability to contribute effectively to and support the objectives of the Corporation and shall

perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation or by these Bylaws; (b) meet at such times and places as required; (c) elect, appoint and remove and prescribe the duties of all Officers, and agents of the Corporation; and (d) supervise all Officers, agents, Committees, Committee chairs and vice chairs to assure that their duties are properly performed.

7.3 Duties of Individual Directors:

A Director shall perform the duties of a Director, including duties as a member of any Committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinary prudent person in a like situation would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements including financial statements and other financial data, in each case prepared or presented by any of the following:

- a. One or more Officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters described;
- b. Counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; and
- c. A Committee of the Board upon which the Director does not serve, as to matters within its designated authority, which Committee the Director believes to merit confidence, so long as in any such case, the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstance, and without knowledge that would cause such reliance to be unwarranted.

ARTICLE VIII
Liabilities and Indemnification

8.1 Limitation on Liability for Actions as Director:

A person who performs the duties of a Director in accordance with the conditions described in paragraph 7.3 of Article VII of these Bylaws shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat the public and charitable purposes to which the Corporation, and the assets held by it, are dedicated.

8.2 Limitation on Liability for Corporate Obligations:

Directors shall not be personally liable for the debts, liabilities or other obligations of the Corporation.

8.3 Indemnification:

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To the extent that a person who is or was a Director, Officer, employee, or other agent of this Corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is or was an agent of the Corporation, or has been successful in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceedings. If such person either individually settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements and other amounts reasonably incurred in connection with such proceedings may be provided by this Corporation, subject to Board approval, but only to the extent allowed, and in accordance with the requirements of, Section 5328 of the California Nonprofit Public Benefit Corporation Law.

8.4 Conflicts:

The Board hereby adopts policies regarding conflicts of interest related to its own members and Officers of the Corporation, other insiders, and staff members -consistent with the standards of conduct set forth in the California Nonprofit Corporation Code that ensure, without limitation:

- a. full disclosure of financial interests and involvement in transactions where a conflict of interest is a possibility; and
- b. avoidance of potential conflicts of interest in choosing new Directors. Such policies shall impose upon each Director the responsibility to be alert to possible conflicts of interest of himself or other Directors, and where a Director has a conflict of interest, require that such Director be disqualified from the decision-making process involved.

ARTICLE IX

Meetings

9.1 Annual and Regular Meetings:

The annual meeting of the Corporation shall be held at such place and at such time as may be designated by the Board in the notice of the meeting, but as early in the year as practical. At this meeting, yearly election of officers and appointment of Directors and any other proper business may be transacted. Other regular meetings of the members may be held at such time and place as a majority of the Board may fix.

9.2 Regular Board Meetings; Notice:

The Board shall hold regular Board meetings Notice of such regular meetings shall be given to each Director and Member in writing at least ten (10) but no more than

ninety (90) days before the meeting date. Notice shall be given personally or by first class mail, or by other means of written or electronic communication and shall be addressed to each Director and Member at the address of that Director or Member as it appears on the books of the Corporation or at the address given by the Director or Member to the Corporation for purposes of Notice. An affidavit of mailing of any notice or giving of notice by other means may be executed by the Secretary or Assistant Secretary and if so executed, shall be filed and maintained in the Corporation's minute book.

9.3 Special Meetings; Notice:

Special meetings of the Board may be called by the President or by any three (3) members of the Board. Notice of the time and place thereof shall be given in person, by telephone or by e-mail at least forty-eight (48) hours before the time set for such meeting or by written notice at least seventy-two (72) hours before such meeting. The notice shall state the time, place and subject matter of the special meeting. Any business which may be lawfully transacted by the Board may be transacted at any special meeting provided a legal quorum is present.

9.4 Quorum:

Not fewer than 50% of the Directors then serving shall be present to constitute a quorum for the transaction of business. Directors may attend board meetings by teleconference and thereby be included in the quorum count. Whether or not there is a quorum at any meeting, a majority of the Directors who are present may adjourn the meeting from time to time until a quorum shall be present.

9.5 Number of Votes:

At each meeting each Director present shall have one vote. All votes by the Board are subject to the provisions of the California Nonprofit Corporation law, especially those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) appointment of Committees and (c) indemnification of Directors. Every act or decision by a majority of the Directors present shall be regarded as the act of the Board, except that a majority of the Directors then in office shall be required to acquire or accept any interest in real property, or to sell, exchange, otherwise transfer or encumber any real property owned by the Corporation.

9.6 Validity of Meetings:

The transactions of any meeting of the Board, however called and noticed, shall be valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, or (b) if a quorum is not present, either before or after the meeting each and every Director not present signs a consent to holding the meeting, which consent will state the place and time of the meeting and the subject(s) of the meeting or the actions taken at the meeting. Said consent is to be filed with the minutes of that meeting.

9.7 Meeting upon Written Consent:

Any action that the Board is required or permitted to take may be taken without a meeting, if all members of the Board consent in writing or by electronic means to that action. Such “action by written consent” shall have the same force and effect as any other validly approved action of the Board and such written consents shall be filed with the corporate records. Such meeting upon written consent is to be noted in the minutes of the next regular meeting of the Board.

9.8 Adjournment:

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given, before the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment, in accordance with the notification requirements contained in Paragraph 9.3 above.

ARTICLE X
Committees

10.1 Creation and Powers of Committees of the Board (“Board Committees”):

a. Standing Committees and Special Committees

The Board may create one or more Committees of the Board. These Board Committees include permanent Standing Committees, e.g.____, and Special Committees, e.g. _____, etc., created to address and oversee special projects of the ECWA. Each Board Committee must consist of one or more Board members, one or more Staff member, and other persons, all to serve at the discretion of the Board. It is the responsibility of the Board and Staff members to communicate the activities of the respective Committee to the Board.

b. Executive Committee

The Board may also create an Executive Committee, which shall consist of the Officers of the Corporation, the Executive Director (non-voting member) and up to two additional members of the Board.

c. Power and Authority of Committees

The Executive Committee shall be the only Board Committee to have the authority of the Board to make interim Board decisions for the transaction of business between regularly scheduled meetings of the Board. Other Board Committees shall have the authority to take any final Board actions only with the prior approval of the Board of Directors. Neither the Executive Committee nor any other Committee of the Board may:

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- 1) Take any final action in matters which, under the Nonprofit Corporation Law of California, requires Board of Directors' approval;
- 2) Fix compensation of the Directors for serving on the Board or on any Board Committee;
- 3) Amend or repeal Bylaws or adopt new Bylaws;
- 4) Fill vacancies of the Board or any Standing Committee;
- 5) Amend or repeal any resolution of the Board which by its express terms cannot be amended or repealed;
- 6) Appoint any other Committees of the Board or the members of these Committees;
- 7) Approve any transaction (1) to which the Corporation is a party and in which one or more Directors have a material financial interest except as special approval is provided for in Corporations Code Section 5233(d)(3); or (2) between the Corporation and any person in which one or more of the Directors have a material financial interest;
- 8) Spend, invest, or obligate sums of money or other assets/liabilities in excess of Five Hundred Dollars (\$500) unless such authority is granted by Board resolution.

10.2 Meetings of Committees:

The times, locations, and agendas of meetings of Board Committees shall be governed by the respective Committees, subject to any potential limitations or guidelines that the Board may impose. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. A brief synopsis of any Board Committee meeting shall be presented directly to the members of the Board, by letter, e-mail, or discussion at the regular meetings of the Board. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions of these Bylaws or, if the Board has not adopted rules, the Committee may do so.

ARTICLE XII
Officers

12.1 Officers:

The Officers of the Corporation shall be: President, Secretary; and, Chief Financial Officer, sometimes referred to as the Treasurer. The Corporation, at the Board's discretion, may also have one or more Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers and such other Officers as may be

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appointed under Paragraph 12.3 of these Bylaws. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President.

12.2 Selection:

The Officers of this Corporation, except any appointed under Paragraph 12.3 of this Bylaws, shall be chosen annually by the Directors, and each shall serve at the discretion of the Board, subject to the rights, if any, of an Officer under any contract of employment.

12.3 Delegation of Selection:

The Board may appoint and authorize the President or another Officer to appoint any other Officers that the Corporation may require. Each appointed Officer shall have the title and authority, hold office for the period, and perform the duties specified in the Bylaws or established by the Board.

12.4 Term:

The term of office for any Officer of the Corporation shall be one year or until the next annual meeting, whichever is the lesser time, except for the purpose of calling meetings.

12.5 Removal:

Without prejudice to the rights of any Officer under an employment contract, the Board may remove any Officer with or without cause, by resolution passed by the majority of the Board.

12.6 Resignation:

Any Officer may resign at any time by giving written notice to this Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice, and unless otherwise specified in the notice, the acceptance of the resignation is without prejudice to the rights, if any, of this Corporation under any contract to which the Officer is party.

12.7 Vacancy:

A vacancy in any office for any reason shall be filled in the manner described in these Bylaws for the regular appointments or elections to that office.

ARTICLE XIII

Responsibilities of Officers

13.1 President:

The President shall be the Board's primary leader and communications link between Board, Staff and the general public. In the absence of an Executive Director, the President shall function as the Corporation's Chief Executive Officer. The President

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shall preside at the Board meetings and shall, subject to the control of the Board, generally supervise, direct and control the Corporation's business and its Officers. The President shall have the general powers and duties of management usually vested in the President of a corporation, and shall have such other powers and duties as may be prescribed by these Bylaws or by the Board. The President shall be an ex-officio member without vote on all Committees.

13.2 Vice-President:

The Vice-President(s), if any, shall, in the absence or disability of the President, or at the President's or Board's request, perform the duties and exercise the powers of the President and shall have such other power and perform such other duties as may be prescribed by these Bylaws or by the Board.

13.3 Secretary:

The Secretary shall attend all sessions of the Board and record, or cause to be recorded, all votes and minutes for all proceedings. The Secretary shall keep or cause to be kept a book or books of minutes of all meetings, proceedings, and action of the Board and of Committees of the Board. The Secretary shall oversee the maintenance of all corporate records in computers, files and/or binders as appropriate, and shall be responsible for ensuring that the Corporation complies with all Federal, State and local filing and reporting requirements. He or she shall give, or cause to be given, notice of all special meetings of the Directors, and shall have such other powers and perform such other duties as may be prescribed by these Bylaws or by the Board.

13.4 Treasurer:

The Treasurer shall have such powers as are usually vested in the Treasurer of a corporation. He or she shall be responsible for oversight of, and as appropriate, execution of the following:

- a. Deposit of funds in the manner required by the Board;
- b. Payment obligations of the Corporation;
- c. Entry and maintenance of adequate and correct accounts of the Corporation's properties and business transactions;
- d. Rendering of reports and accountings as required and presentation of this material to the appropriate Committees of the Board and to the Board of Directors;
- e. Preparation of the annual budget;
- f. Tax preparation and IRS filings;

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- g. Regular reconciliation of financial reports to original bank and fund statements;
- h. Discharge such other duties as pertain to the office as prescribed by law, these Bylaws or by the Board.

13.5 Executive Director:

The Board may appoint an Executive Director of the Corporation. The Executive Director, and not the President, shall then be the Corporation's Chief Executive Officer and shall be responsible for executing the Corporation's affairs and operations in accordance with the policies established by the Board. However, the Executive Director may not acquire or accept any interest in real property on behalf of the Corporation, or sell or encumber any real property owned by the Corporation, except with the express approval of the Board as provided under ARTICLE VII, above. He or she shall give notice of all meetings, have custody of the Corporation's minutes and records, including those of the Board and its Committees and shall perform such other duties as the Board may direct.

The Executive Director shall submit to the Board any matters requiring their attention and annually and at such other times as may be appropriate, present to the Board reports upon the Corporation's affairs. The Board, by resolution, may require him or her to give bond with an approved surety for the faithful performance of duties in such amounts as may be fixed by the Board. The costs of such bond shall be borne by the Corporation. The fiscal responsibilities of the Executive Director and the limitations upon his fiscal authority shall be established by the Board. The Executive Director shall serve at the pleasure of the Board, which shall fix his or her compensation, if any. The Executive Director shall be an ex-officio member without vote on the Board and all standing and ad hoc Committees.

ARTICLE XIV
Financial Matters

14.1 Audits:

Within five years of incorporation, the Board shall provide for an independent or external annual audit of the Corporation's financial records by a Certified Public Accountant or other qualified professional. Such independent audit shall include, but not be limited to, assets, liabilities, revenue, expenses and disbursements. The auditor shall furnish a written report to the Board thereof. An annual independent audit shall be conducted as above at least every three years.

14.2 Bonds:

The Corporation shall have the right to bond any person who handles funds, or other items of value, on its behalf; however, bonding shall not be required unless directed by a specific resolution of the Board.

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14.3 Insurance:

The Board may adopt a Resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a Director, Officer, employee or other agent) against any liability of self dealing asserted against or incurred by the agent in such capacity or arising out of the status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provision of Section 5248 of the California Nonprofit Public Benefit Corporation Law.

14.4 Fiscal Year:

The Corporation's fiscal year shall begin on January 1 and end each year on December 31, unless changed by the Board.

14.5 Deposit and Withdrawal of Funds:

All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories in accordance with the established policies of the Board. Withdrawals from all Corporation accounts shall require signature as required by Board resolution.

14.6 Execution of Documents:

Any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed may be signed by any two of the following persons:

- a. Any Officer or other person duly authorized by resolution of the Board to execute such documents; or
- b. In the absence of express authorization of the Board, the Executive Director, President, Vice-President, Secretary or Treasurer.

14.7 Requirement of Signatures:

Except as otherwise provided by law or herein, every check, draft, promissory note, money order, or other evidence of indebtedness of the Corporation shall be signed by such individuals as are authorized by the Board. With the exception of petty cash and checks of less than a stated value established from time to time, funds of the Corporation shall be paid out only by corporate checks signed by Board Officers approved by Board resolution – unless otherwise authorized by the Board.

14.8 Authorization of Contracts:

All contracts entered into on the Corporations' behalf must be authorized by the Board.

14.9 Acceptance of Gifts, Interest in Real Property:

The Board has the authority to accept gifts and contributions to the Corporation, which authority may be delegated to the Executive Director by the Board. Specific Board approval is required for acceptance of any interest in real property.

14.10 Forbidden Transactions:

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The following transactions are prohibited:

- a. Loans of money or property to or guarantee of any obligation of any Director or Officer; provided, however, that the Corporation may advance money to a Director or Officer of the Corporation for the expenses reasonably anticipated to be incurred in performance of the duties of such Director or Officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance.
- b. Except as provided in Paragraph 14.10.c, below, any self-dealing transaction. A self-dealing transaction is one to which the Corporation is a party and in which one or more of the Directors has a material financial interest.
- c. The Board may approve a self-dealing transaction if the Board determines that the transaction is undertaken for the Corporation's own benefit and is fair and reasonable to the Corporation; and the Board, after reasonable investigation under the circumstances, determines that this Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board, in good faith, with knowledge of the material facts concerning the transaction and the Director's interest in the transaction, and by the vote of a majority of the Directors then in office, without counting the vote of the interested Director(s).

14.11 Uncompensated Directors:

At all times, fifty-one percent (51%) or more of the Directors shall be persons who have not been compensated within the previous twelve (12) months, by this Corporation for services performed for this Corporation. In this paragraph, the term "persons" includes individual related by blood or marriage.

14.12 Investments:

Except with respect to assets held for use or used directly in carrying out this Corporation's public benefit purpose, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing this Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income and/or growth of funds, as well as the probable safety of this Corporation's capital. Funds held for less than two years shall emphasize the "preservation of capital" and shall only be invested in fixed income investments such as cash equivalents or high quality bonds with maturity dates of less than one (1) year. Funds held for more than two years shall also emphasize "growth", and may include equities such as quality stocks and mutual funds. The provisions of Paragraph 14.10.a above shall apply to this Paragraph.

14.13 Annual Report:

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The Executive Director, or if none, the President shall, within sixty (60) days of the end of the Corporation's fiscal year, furnish a written report annually to the Directors of the Corporation containing the following information:

- a. Assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- c. The revenue or receipts of this Corporation, both unrestricted and restricted for particular purposes, for the fiscal year;
- d. The expenses or disbursements of this Corporation, for both the general and restricted purposes, during the fiscal year.

ARTICLE XV
Amendments

15.1 Amendments:

The Corporation's Articles of Incorporation and Bylaws may be amended by the vote or written consent of a majority of the Board, in readings at two successive meetings, held no less than one week apart.

ARTICLE XVI
Protocol on Approving Project Participation

16.1 Protocol on Approving Project Participation:

A protocol for choosing in what projects ECWA should be involved, needs to be established. There are limitations on the Association's resources (time, labor, financial commitment) that will need to be considered when accepting a project, as well as the possibility that the reputation of the organization could be damaged.

Therefore a meeting of the Board shall be required for ECWA participation in a project and approvals shall be as follows:

1. For ECWA to commit preliminarily to a project, at least a majority-vote-minus-one of directors voting must approve participation in a project. [e.g. with six directors voting, only three directors must approve]. In all cases, however, a minimum of two directors must approve.
2. For ECWA to approve any submittal of materials prepared by ECWA or under its direction in support of a project, there must be at least a majority vote.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of the Eastern California Water Association, a California nonprofit public benefit corporation; that these Bylaws, consisting of 18 pages, are the Bylaws of this Corporation as adopted by the Board of Directors on this date of January 14, 2015 and that they have not been amended or modified since that date.

Executed on January 15, 2015 at Coleville, California.

Bruce D. Woodworth, Secretary