OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

Winthrop, Washington

BY-LAWS

As amended
December 5, 1979
December 3, 1984
December 2, 1985
March 2, 1988
March 9, 1989
April 8, 1991
April 11, 1994
April 12, 1999
May 27, 2003
March 23, 2004

As compiled
April 12, 1999

Table of Contents

Article I
Members

Qualifications & Obligations 1
Joint Members 1
Membership Fee 3
Purchase of Electric Energy and/or Services 3
Member Classes 4
Non-Liability ~~of debts~~for Debts of the Cooperative 5
Member Suspension 5
Withdrawal of Membership 6
Transfer and Termination of Membership 6
Member Termination ~~7~~6

Article II
Meeting of Members

Annual Meeting ~~7~~6
Special Meetings ~~8~~7
Notice of Member Meetings ~~8~~7
Quorum ~~8~~7
Voting ~~8~~7
Proxies ~~10~~9
Agenda and Action at Member Meetings ~~10~~ 9
Record Date ~~11~~9

Article III
Directors

General Powers ~~11~~10
Qualifications and Tenure ~~12~~10
Director Districts ~~12~~11
Nominations ~~12~~11
Vacancies ~~13~~11
Removal of Directors for Failure to Attend Meetings ~~13~~11
Director Resignation ~~and Removal 13~~ 12
Compensation ~~15~~12
Rules & Regulations ~~15~~12
Accounting System and Reports ~~15~~12

Director Standard of Conduct 1512

Article IV
Meeting of Directors

Regular Meetings 1513
Special Meetings 1613
Participation by Communications Equipment 1613
Notice 1613
Quorum 1614
Manner of Acting 1614
Board Action by Written Consent 1614

Article V
Officers

Number 1714
Election and Term Office 1714
Officer Standard of Conduct 1714
Officer Resignation and Removal 1815
Vacancies 1915
President 1915
Vice President 1915
Secretary/Treasurer 1915
Manager 2016
Bonds of Officers 2016
Compensation 2016
Reports 2016

Article VI
Member Removal of Officers or Directors

Removal by Members 16

Article VII
Contracts, Checks and Deposits

Contracts 2018
Checks, Drafts, Etc. 2018
Deposits 2018

Article VIIIVIII
Membership Certificates

Certificates of Membership 2118
Issue of Membership Certificates 2118
Lost Certificate 2118

Article ~~VIII~~IX
Nonprofit Operation
Interest or Dividends on Capital Prohibited ~~21~~19
Patronage Capital on Connection with Furnishing Electric Energy ~~21~~19
Deceased Members Capital Credit Payments ~~23~~20
Notice of Payments of Capital Credits ~~24~~21
Patronage Refunds in Connection with Furnishing other Services ~~24~~22
Transfer of Capital Credits to the Cooperative ~~24~~22

~~Article IX~~
~~**Waiver of Notice** 25~~

Article X
Waiver of Notice 22

Article X
Disposition of Property ~~25~~22

~~Article XI~~
~~**Fiscal Year** 25~~

Article XII
Fiscal Year 23

Article XIII
Membership in other Organizations
Membership in or stock purchase by the Cooperative ~~26~~23
Merger or Consolidation ~~26~~23

~~Article XIII~~
~~**Seal** 26~~

Article XIV
Seal 24

Article XV
Amendments
Rules of Order ~~26~~24
Notice Type ~~27~~24

~~Article XV~~

~~**Indemnification** 27~~

Article XVI
Indemnification 25

Article XVII
Nondiscrimination ~~27~~29

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

The aim of Okanogan County Electric Cooperative, Inc., (hereinafter called the "Cooperative") is to provide services to its ~~members~~Members at the lowest cost consistent with sound economy and good management.

BY-LAWS

ARTICLE 1
MEMBERS

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. ~~For the purposes of these Bylaws, 'Entity' shall mean "cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.~~ Any person, joint ~~membership, firm, corporation or body politic~~Membership, or entity may become a ~~member~~Member in the Cooperative by:

A. Paying the ~~membership~~Membership fee hereinafter specified;

B Agreeing to purchase from the Cooperative services as hereinafter specified; and

C. Agreeing to comply with and be bound by the Articles of Incorporation of this Cooperative, these By-Laws and Amendments thereto, and such rules and regulations as may from time to time be adopted by the Board of Directors, PROVIDED, HOWEVER, that no person, joint ~~membership, firm, corporation~~Membership, or ~~body politic~~entity shall become a ~~member~~Member unless and until the applicant has been accepted by the Board of Directors or the ~~members~~Members.

D. No person, joint ~~membership, firm corporation~~Membership, or ~~body politic~~entity may own or hold more than one (1) ~~membership~~Membership in the Cooperative.

~~E. As provided in this Bylaw, any number of natural persons joined in co-owner or co-residence at the same location may apply for joint membership in the Cooperative ("Joint membership").~~

~~*Joint Members*~~

As used herein, "entity" shall mean cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.

SECTION 2. JOINT MEMBERS. Persons who qualify to be Members may hold a joint ~~membership~~Membership in the Cooperative ("Joint Membership"). A Joint Membership may consist only of: individuals occupying the same location to or for which the Cooperative provides or will provide a Cooperative Service, each of whom qualifies to be a Member.

(a) ~~(a)~~ Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a ~~membership~~Membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

(1) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
(2) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;
(3) the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
(4) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
(5) the presence of one Joint Member at a meeting may revoke a Member proxy previously executed by the Joint Member and invalidate a mail ballot previously mailed by the Joint Member;
(6) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;
(7) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature, or action;
(8) the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and

(b) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a termination of a Joint Membership. Upon the termination,

(1) if one Joint Member remains qualified to be a Member and continues to use a Cooperative Service at the same Location, then the Joint Membership converts to a ~~membership~~Membership comprised of this person;

(2) if more than one Joint Member remains qualified to be a Joint Member and continues to use a Cooperative Service at the same location, then the Joint Membership converts to a ~~membership~~Membership comprised of these individuals;

(3) if all Joint Members remain qualified to be Joint Members and continue to use a Cooperative Service at the same location, then the Joint Membership converts to a ~~membership~~Membership of individuals determined by Cooperative; and if no Joint Member remains qualified to be a Member and continues to use a Cooperative Service at the same location, then the Joint Membership terminates.

SECTION ~~2~~3. MEMBERSHIP FEE. The ~~membership~~Membership fee shall be $5.00, the payment of which shall make the ~~member~~Member eligible for service connection.

SECTION ~~3~~4. PURCHASE OF ELECTRIC ENERGY AND/OR SERVICES. Each ~~member~~Member shall purchase from the Cooperative all electric energy used upon the premises specified in his/her application for ~~membership~~Membership, except such electric energy as may be produced or generated by the ~~member~~Member upon said premises. Electric energy shall be paid for at the rates established by the Board of Directors, PROVIDED, HOWEVER, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one (1) ~~member~~Member. Production or use of electric energy on the ~~members~~Members premises, regardless of the source thereof, by means of facilities, which shall be interconnected with Cooperative facilities, shall be subject to such regulations as shall be fixed by the Cooperative.

It is expressly understood and provided that the amounts paid by ~~members~~Members for electric energy in excess of the cost of furnishing and delivering the same, are paid by the ~~members~~Members as contributions to capital. Each ~~member~~Member shall be entitled to have such excess payments (capital credits) credited to a capital credits account standing in the name of the ~~member~~Member. Capital credits accounts, and the funds represented by such accounts, shall be held and used by the Cooperative in the operation and conduct of the Cooperative business, and shall be subject to payment or repayment only in accordance with the provisions of these By-Laws.

Each ~~member~~Member shall pay to the Cooperative such minimum amount per month as shall be established by the Board of Directors, regardless of the amount of electric energy consumed. Each ~~member~~Member shall also pay all amounts owed by the ~~member~~Member to the Cooperative as and when the same shall become due and payable.

"Cooperative service" shall mean: (1) electric energy provided by the Cooperative; and (2) as determined by the Cooperative's Board of Directors ("Board"), a good or service provided by the Cooperative.

~~3~~4.1 MEMBERSHIP PROCEDURE. Except as otherwise provided in these Bylaws or by the Board, a ~~qualified Person~~person, Joint Membership or entity seeking to become or remain a Member ("Applicant") must complete the procedures stated in this Bylaw to the Cooperative's satisfaction ("Membership Procedures") within a reasonable time of initially using, or requesting or agreeing to use, the Cooperative Services applied for.

To become or remain a Member, an Applicant must complete and sign a written ~~membership~~Membership application provided by the Cooperative in which the Applicant agrees to:

(1) comply with the Governing Documents;
(2) ensure that Member Equipment connected to Cooperative Equipment, and any act or omission involving Member Equipment connected to Cooperative Equipment, complies with the Governing Documents;
(3) be a Member;
(4) at prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, pay the Cooperative for: (A) Cooperative Services Provided to the Applicant or provided to or for a Location Occupied by the Applicant; (B) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (C) interest, late payment fees, and collection costs, including attorney and collection fees, related to amounts owed, but not timely paid, to the Cooperative; and

The "Governing Documents" are the written ~~membership~~Membership application signed by an Applicant or Member and the following documents and actions, all as currently existing or as later adopted or amended: (1) all Law regarding or affecting the Cooperative's property, property rights, and assets ("Assets"), the Cooperative's operation, the Cooperative's Members, the provision and use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (2) the Articles; (3) these Bylaws; (4) the Cooperative's service rules and regulations; (5) the Cooperative's rate or price schedules; and (6) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board.

"Cooperative Equipment" is a product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative. "Member Equipment" is a product, equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

Except as required by Law or otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential information regarding a Member.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant.

SECTION 45. MEMBER CLASSES. Based upon a Member's use, receipt, or purchase of one (1) or more Cooperative Services, the Cooperative may group Members ~~in the following classes ("Member Classes"):~~into one or more classes of Membership, with the Board determining, under rules of general application, the definition, rights, and obligations of each class, including the allocation of capital.

~~Class A Member: Any Member using, receiving, or purchasing Cooperative Services associated with, or regarding, the provision of electric power to residential, or commercial, dwelling or structure owned, controlled, or directly occupied by the Member.~~

~~Class B Member: Any member using, receiving, or purchasing any Cooperative Service other than electric energy for which the Cooperative is exempt from income taxation under the Internal Revenue code, as currently existing or as later amended or replaced.~~

~~Class C Member: Any Member using, receiving or purchasing any Cooperative Services, who is not classified as a Class A or Class B Member.~~

~~In classifying or reclassifying Members: (1) A Member may not be a member of more than one Member Class; and (2) Upon the Cooperative learning that a Member is no longer qualified to be a member of a Member Class, the Cooperative may reclassify the Member, at the Cooperative's election. If a Member is no longer qualified to be a member of a Member Class, then the Member must notify the Cooperative in writing within ten (10) days of no longer being qualified.~~

Except as otherwise provided in these Bylaws, a Member includes all ~~Member Classes~~classes of Membership, and all Members have the same rights and obligations.

SECTION 56. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the ~~members~~Members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no ~~member~~Member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 67. MEMBER SUSPENSION. The Cooperative may suspend a Member for the following reasons ("Suspension Reasons"):

(1) as provided in the Governing Documents;
(2) as determined by the Board for good cause;
(3) the Member is no longer qualified to be a Member;
(4) the Member does not timely pay an undisputed amount due the Cooperative;
(5) the Member violates or does not timely comply with the Governing Documents;
(6) the Member ceases using a Cooperative Service for 6 consecutive months; or
(7) the Member requests suspension.

Except as otherwise provided in these Bylaws or by the Board, a Member is suspended upon:

(1) the Member's request for suspension; or
(2) the Cooperative: (A) providing the Member written notice of the Member's possible suspension and the applicable Suspension Reason at least 15 days before the possible suspension; (B) notifying the Member that the Member has a right to, and allowing the Member an opportunity to, comment upon the Suspension Reason orally or in writing at least 5 days after the Cooperative provides the notice; and (C) determining to suspend the Member.

The Cooperative must provide any written suspension notice to the Member's most current address shown on the Membership List.

Upon a Member's suspension:

(1) other than the Cooperative's obligation to retire and pay Capital Credits, and other than the Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may cease providing a Cooperative Service to the Member; and

(2) other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.

Unless the Cooperative determines otherwise, a Member's suspension is lifted upon the Member rectifying the applicable Suspension Reason within 10 days of the suspension. The Cooperative may lift a Member suspension for good cause determined by the Board.

SECTION ~~7~~8. WITHDRAWAL OF MEMBERSHIP. Any ~~member~~Member may withdraw

from ~~membership~~Membership upon payment in full of all debts and liabilities of such ~~member~~Member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION ~~8~~9. TRANSFER AND TERMINATION OF MEMBERSHIP

~~A.~~. Membership in the Cooperative and the certificate evidencing Membership shall not be transferable, except upon death, cessation of existence, expulsion or withdrawal of a Member. Termination of Membership, for whatsoever reason or cause, shall not release the Member from debts or liabilities owing to the Cooperative.

SECTION ~~9~~10. MEMBER TERMINATION. Except as otherwise provided by the Board, after 15 days, a suspended Member is terminated. Except as otherwise provided in these Bylaws, a Member is terminated upon: (1) the Cooperative learning of the Member's death, ~~legal~~or in the case of an entity, said entity's dissolution, or ~~legal~~ cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased using a Cooperative Service. Except as otherwise provided by the Board~~, a partnership~~ or by law, and entity Member continuing to use a Cooperative Service is not suspended or terminated upon the death of ~~a partner~~an entity owner, or ~~following~~ any other alteration in the ~~partnership. A partner departing a partnership~~ownership of the entity. To the extent allowed by law, an entity owner terminating ownership in the entity Member remains liable to the Cooperative for Cooperative Services Provided to or for the Member before, and amounts owed to the Cooperative by the Member at the time of, the ~~partner's~~entity owner's departure.

Termination of a Member does not: (1) release the Member from debts, liabilities, or obligations owed to the Cooperative; or (2) release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative's dissolution. Upon a Member's termination from the Cooperative, and after deducting amounts owed to the Cooperative, the Cooperative must return to the Member any amount provided in the Governing Documents.

ARTICLE II
MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING. The Annual Meeting of the Members shall be fixed annually by the Board of Directors and shall be specified in the notice of Annual Meeting, commencing with the Annual Meeting of the Membership in the year 2000. The Annual Meeting shall be held at such place within the territorial service area of the Cooperative in Okanogan County, Washington, as shall be specified in the Notice of Annual Meeting.

The purpose of the Annual Meeting shall be for the election of Members of the Board of

Directors, presenting reports covering the previous fiscal year, and the transaction of such other business as may come before the meeting.

If the election of Directors shall not be held on the day designated herein for any Annual Meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the Members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special Meetings of the Members may be called by at least three (3) Directors or upon a written request signed by at least five per centrum (5%) of all Members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the ~~members~~Members may be held at such a place within the territorial service area of the Cooperative in Okanogan County, Washington, as shall be specified in the Notice of the Special Meeting.

SECTION 3. NOTICE OF MEMBERS MEETINGS. Written or printed notice stating the place, day and hour of the Meeting and, in case of a Special Meeting, the purposes for which the Meeting is called, shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the Meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the Meeting, to each Member; if mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the ~~member~~Member as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any Member to receive notice of Annual or Special Meeting of the Members shall not invalidate any action which may be taken by the Members at any such Meeting.

SECTION 4. QUORUM. Fifty (50) Members present in person or by proxy or voting by mail, shall constitute a quorum. If less than a quorum is present at any Meeting, a majority of those present in person may adjourn the Meeting from time to time to a date and a time certain without further notice. The minutes of each Meeting shall contain a list of Members present in person.

SECTION 5. VOTING

~~5.1 Voting.~~ Each ~~member~~Member shall be entitled to one (1) vote and no more upon each matter submitted to the vote at a Meeting of the Members. Except as otherwise provided by law, the articles of incorporation or these Bylaws, at all Meetings of the Members at which a quorum is present, all questions shall be decided by a vote of a majority of the Members voting thereon in person or by mail where the Bylaws or the Board have authorized voting by mail, (or by proxy in the case of the removal of a Director or Officer. No individual or Joint Membership shall be allowed to cast more than one ~~membership~~Membership vote. Voting by ~~members~~Members other

than ~~members~~Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each ~~member~~Member meeting of satisfactory evidence entitling the person presenting the same to vote.

5.~~2. Mail In Ballot~~1 MAIL-IN BALLOT. A Member may vote or act by mail only as provided in this Bylaw and in a manner determined by the Board.

Members shall vote or act by mail for the following: (1) Directors' elections; (2) amendments to the Bylaws; (3) disposition of Property under Article X; or (4) merger or consolidation under Article XII, in conjunction with an annual or special Member Meeting. The Cooperative shall deliver a written mail ballot ("Mail Ballot") to each Member entitled to vote on the matter. A Member submitting a completed Mail Ballot may not vote at the Member Meeting regarding a matter described in the Mail Ballot. The Cooperative may count completed Mail Ballots received before the Member Meeting in determining whether a Member Quorum exists at the Member Meeting. The Cooperative must count as a Member's vote a properly completed Mail Ballot received on, or before, the time and date stated in the Mail Ballot.

As determined by the Board, the Cooperative may require that all votes be cast, or action be taken, by completed Mail Ballot submitted before the Member Meeting.

5.2 CONTENTS OF MAIL BALLOT. Each Mail Ballot ("Mail Ballot") issued by the Cooperative must contain or be accompanied by:

(1) a copy or summary of such proposed action, including any motion, resolution, amendment or other written statement, and identify any candidate upon which a ~~member~~Member is asked to vote;
(2) state the date of a Member Meeting at which Members are scheduled to vote or act on the matter;
(3) provide an opportunity to vote for or against, or to abstain from voting on, the matter;
(4) instruct the Member how to complete, return, or cast the Mail Ballot; and
(5) state the time and date by which the Cooperative must receive the completed Mail Ballot; ~~and~~
~~(6)~~

5.3 RETURN OF MAIL BALLOT BY MEMBER. To be counted as a vote, the Mail Ballot must be signed by the ~~member; provided, further that anyone~~Member and comply with any other authentication requirements adopted by the Cooperative. Anyone signing on behalf of ~~a non-natural member~~an entity Member shall ~~–~~indicate his or her title, authority or office immediately after such signature.

Except as otherwise provided in these Bylaws or by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member's failure to receive a Mail Ballot does not affect a vote or action taken by Mail Ballot.

A Mail Ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a Mail Ballot procured or cast through fraud or other improper means is invalid.

SECTION 6. PROXIES. ~~A Member may vote by properly executed proxy ("Member Proxy")~~In cases of a vote required to be taken at a meeting called for the purpose of removing a Director or Officer as set forth in Article ~~III, Section 6 and Article V, Section 4~~VI of these Bylaws~~.~~, a Member may vote by properly executed proxy ("Member Proxy"). All other votes shall be by mail-in ballot, if allowed, or in person at a Member Meeting. The Member Proxy shall be filed with the Secretary before or at the time of the Meeting. No Member Proxy shall be voted unless it shall designate the particular Meeting at which it is to be voted and no Member Proxy shall be voted at any Meeting other than the one so designated, or any adjournment thereof. No person may vote as a proxy for more than ~~ten (10~~five (5) Members at any Meeting of the Members and no proxy shall be valid after eleven (11) months from the date of its execution. The presence of a Member at a Meeting shall revoke a Member Proxy executed by him or her and such Member shall be entitled to vote at such Meeting in the same manner and with the same effect as if he or she had not executed a Member Proxy.

SECTION 7. AGENDA AND ACTION AT MEMBER MEETINGS. Except as otherwise provided in these Bylaws, before or at an Annual or Special Member Meeting ("Member Meeting"), the Board: (1) shall determine the agenda, program, or order of business for the Member Meeting; and (2) may limit attendance at the Member Meeting to Members.

Except as otherwise provided by the Board before or at a Member Meeting, the President or an individual designated by the President: (1) shall preside at the Member Meeting; (2) may remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter described in the notice of the Member Meeting.

~~The Board may establish rules for conducting a Member Meeting, which rules must be: (1) fair to the Members; and (2) communicated or made available to the Members at least 5 days before the Member Meeting.~~

SECTION 8. RECORD DATE. A "Record Date" is the date for determining the Members

entitled to: (1) sign a Member petition, request, demand, consent, appointment, or similar document; (2) receive a ballot, notice of a Member Meeting, or similar document; or (3) vote or otherwise act. If a Member is suspended after the Record Date, then the Member may not sign a document, receive a document, or vote or otherwise act.

The Board may fix the Record Date, but the Record Date must not be more than 70 days before the: (1) date the first Member signs a Member petition, request, demand, consent, appointment, or similar document; (2) date a ballot, notice, or similar document is due or required; or (3) date of a Member Meeting. Except as otherwise provided by the Board, the Record Date: (1) for signing a Member petition, request, demand, consent, appointment, or similar document is the date the Cooperative receives the signed document; (2) for receiving a ballot, notice, or similar document is the date 10 days before the document is due or required; and (3) for voting or otherwise acting at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Members entitled to notice of, or to vote at, a Member Meeting is effective for a Member Meeting adjourned to a date not more than 120 days after the original Member Meeting date.

ARTICLE III
DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative, or by the By-Laws conferred upon, or reserved to the Members.

SECTION 2. QUALIFICATIONS AND TENURE. Member of the Board of Directors shall serve for a term of three (3) years and until their successors shall be elected and qualified. Three (3) Members of the Board of Directors shall be elected by ballot, by and from the Members, at each Annual Meeting of the Membership.

No person shall be eligible to become or remain a Director, or to hold any position of trust in the Cooperative, who is not a Member and a bona fide resident in the area served by the Cooperative and receiving service from the Cooperative thereat, or an owner, or a designated officer of ~~a corporate owner, of a business~~an entity Member with a principal place of business located in the area served by the Cooperative and receiving service from the Cooperative thereat and which owner or designated officer also resides within the service area of the Cooperative. No person shall be eligible to become or remain a Director who is actively employed by, or financially interested in a competing enterprise or a business selling electric energy to the Cooperative. No person shall be eligible to become or remain a Director of the Cooperative who is a close relative of an employee, Officer or serving Director of the Cooperative. For the purposes of these By-Laws, the term "close relative" shall mean a spouse, ~~a~~ parent, ~~a~~ child ~~or a~~, stepchild, sibling, or

registered domestic partner.

When a Membership is held jointly, any one, but no more, may be elected a Director, PROVIDED, HOWEVER, that neither one shall be eligible to become or remain a Director, or to hold a position of trust in the Cooperative unless he/she shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to affect in any manner whatsoever the validity of any action taken at any Meeting of the Board of Directors.

2A 2.1. DIRECTOR DISTRICTS. The Board of Directors may equitably divide the general area in which Members are located or reside ("Cooperative Service Area") into Director districts. If necessary, the Board may revise the Director Districts to ensure that Members are equitably represented by the Director Districts. Voting for Directors shall not be by district.

SECTION 3. NOMINATIONS. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days before the date of a Meeting of the Members at which Directors are to be elected, a committee on nominations consisting of three Members from each district for which there is to be a Director elected. No officer or Member of the Board of Directors or employee shall be appointed a Member of such committee.

The nominating committee shall nominate at least one (1) ~~member~~Member for each district position open for election. The incumbent shall automatically be one of the candidates nominated if that director desires to run for reelection.

The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for Directors. Any fifteen (15) or more Members may petition other nominations in writing over their signature not less than fifteen (15) days prior to the Meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the Notice of the Meeting a statement of the number of Directors to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, of ~~members~~Members. Nothing contained herein shall, however, prevent additional nominations to be made from the floor at the Meeting of the Members. The Members may, at any meeting at which a Director or Directors shall be removed, by the ~~members~~Members as hereinafter provided by the ~~members~~Members, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Directors.

SECTION 4. VACANCIES. Subject to the provisions of these By-Laws with respect to the removal of Directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining Directors, and Directors thus elected shall serve the unexpired Director Term of the vacant Director position. The Member elected a Director to fill the vacancy must

reside in the same district as the Director to whose office he succeeds.

SECTION 5. REMOVAL OF DIRECTORS FOR FAILURE TO ATTEND MEETINGS. Any Director who fails to attend regularly called Meetings of the Board of Directors for a period of three (3) consecutive months shall be deemed to have vacated his office and the Board of Directors shall be entitled to appoint a new Director to fill the unexpired Director Term of the vacant Director position; PROVIDED, HOWEVER, the Board of Directors in their discretion may waive absences upon showing of good cause.

SECTION 6. DIRECTOR RESIGNATION ~~AND REMOVAL.~~

~~6.1 Resignation.~~. A Director may resign at any time. To resign, a Director must sign and deliver a written or electronic notice of resignation ("Resignation Notice") to the Board, President, or Secretary. Except as a later date is otherwise provided in the Resignation Notice, a Director's resignation is effective when the Board, President, or Secretary receives the Resignation Notice. ~~If a Director's~~ The Board shall fill any vacancy caused by the resignation ~~is effective at a later date, and if the successor~~, death or incapacity of a Director ~~does not take office until~~within thirty (30) days of the effective date of the ~~Director's~~ resignation, ~~then~~death or incapacity of the ~~pending~~ Director ~~vacancy may be filled before the effective date of the Director's resignation~~.

~~6.2 Removal of Directors by Members~~ .

~~(a) Director Removal Petition. Members may bring charges against a Director to seek his or her removal. For a Director for whom removal is requested, the Members must deliver to the Secretary a dated written petition ("Director Removal Petition"):~~

~~(1) identifying the Director on each page;~~
~~(2) explaining the basis for the Director's removal; and~~
~~(3) as Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures of at least ten percent (10%) of all of the Members.~~

~~Within (30) days after the Secretary receives a Director Removal Petition: (1) the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and (2) the Board shall meet to review the Director Removal Petition.~~

~~(b) Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing a Director;~~

~~(2) evidence may be presented, and a Member vote taken, regarding removing the Director; and (3) Members may elect a successor Director.~~

~~If a Member Quorum is present in person or represented by Member Proxy at the Member Meeting, then for the Director named in a Director Removal Petition:~~

~~(1) before a Member vote, evidence must be presented supporting the basis for removing the Director;~~
~~(2) the Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and~~
~~(3) after the Director's presentation and Member discussion, the Members must vote whether to remove the Director.~~

~~If a majority of the Members voting vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. A successor Director elected by the Members must comply with the Director qualifications under these Bylaws and the Cooperative's policies and will serve the unexpired Director Term of the removed Director. A Director Removal Petition or Director removal does not affect a Board action. Members may not vote to remove a Director by mail ballot or written consent other than a duly executed Member Proxy.~~

~~Members may not remove a Director for lawfully opposing a transfer of Cooperative Assets or a Cooperative dissolution.~~

SECTION 7. COMPENSATION. Directors shall not receive any salary for their services to the Cooperative, but shall receive a sum for their attendance at any meeting of the Board; as such sum shall be fixed from time to time by resolution of the Board. A Director shall also receive reimbursement for his or her reasonable expenses incurred in Cooperative business as approved by the Board President.

SECTION 8. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such rules and regulations policies and procedures, not inconsistent with law, the Articles of Incorporation of the Cooperative, or these By-Laws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

SECTION 9. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Generally Accepted Accounting Principles. The Board of Directors shall also within one hundred and twenty (120) days after the close of each fiscal year cause to be made a full and complete audit of the accounts,

books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the ~~members~~Members at the following Annual Meeting.

The Board of Directors may from time to time appoint a committee comprised of Members of the Board of Directors to examine the books and records of the Cooperative and to report their findings to the Board.

SECTION 10. DIRECTOR STANDARD OF CONDUCT. A Director shall discharge the Director's duties:

(1) in good faith;
(2) in a manner the Director reasonably believes to be in the Cooperative's best interests;
(3) when becoming informed in connection with the Director's decision-making function or devoting attention to the Director's oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and
(4) in a manner in which the Director discloses or causes to be disclosed to other Directors information not known by them, but known by the Director to be material to discharging their decision-making or oversight functions, except that disclosure is not required to the extent that the Director reasonably believes that disclosure would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

ARTICLE IV
MEETING OF DIRECTORS

SECTION 1. REGULAR MEETINGS. The Board shall regularly meet at the date, time, and location determined in advance by the Board ("Regular Board Meeting"). Unless otherwise required by these By-Laws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting.

In the event that a quorum is not obtained at any Regular Meeting, the majority of the Directors present may either adjourn the meeting to another time when such quorum might be obtained, as set forth in Section ~~4~~5 below, or cancel such regular meeting and hold over agenda items until the next regularly scheduled regular meeting.

SECTION 2. SPECIAL MEETINGS. Special Meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call Special Meetings of the Board of Directors may fix the time and place (which shall be located within the territorial service area of the Cooperative), for the holding of any Special Meeting of the Board of Directors called by them.

SECTION 3. PARTICIPATION BY COMMUNICATIONS EQUIPMENT. A Director may participate in any Regular or Special Meeting by or conduct the meeting through, any means of

communication by means of which all persons participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at such meeting.

SECTION 4. NOTICE. Notice of time, place, and purpose of special meetings of the Board of Directors shall be given at least twenty-four (24) hours prior to the time fixed therefor, by written notice delivered personally, or by telephone, or other means of communication such as video conferencing, e-mail participation, and future means of communication the technology for which is not currently available, or mailed to each Director at his last known address. If mailed, such notice shall be deemed to be delivered three days after deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 5. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

SECTION 6. MANNER OF ACTING. The Act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 7. BOARD ACTION BY WRITTEN CONSENT- Without a Board Meeting, the Board may take an action required or permitted to be taken at a Board Meeting if the action is: (1) taken by all Directors; and (2) evidenced by one or more written ~~or~~ consents delivered by facsimile, electronic ~~consents~~mail communication, other form of wire or wireless communication or future means of communication the technology for which is not currently available ("Director Written Consent"): (A) describing the action taken; (B) signed by each Director~~;~~ (including signature via facsimile, or electronic transmission with scanned copy of the signed consent); (C) delivered to the Cooperative; and (D) included with the Cooperative's Board Meeting minutes. Except as a different effective date is provided in the Director Written Consent, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote. The Board will ratify any action taken by unanimous written consent at the next Board meeting, and the minutes of this meeting will record said ratification.

ARTICLE V
OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice President, and Secretary/Treasurer.

SECTION 2. ELECTION AND TERM OFFICE. The officers shall be elected, by written ballot without prior nomination, annually, by and from the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of the Members, except that the Secretary/Treasurer need not be a ~~member~~Member of the Board of Directors. If the election of officers shall not be held at such meeting such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding Annual Meeting of the Members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of officers.

SECTION 3. OFFICER STANDARD OF CONDUCT. Every Officer shall discharge the Officer's duties:

~~1.~~(1) In good faith;

~~2.~~(2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

~~3.~~(3) In a manner the Officer reasonably believes to be in the Cooperative's best interest.

SECTION 4. OFFICER RESIGNATION AND REMOVAL BY BOARD.

4.1 RESIGNATION. An Officer may resign at any time. To resign: (1) an Officer elected or appointed by the Board must deliver to the Board a written or electronic resignation notice (the "Resignation Notice"). Except as a later effective date is otherwise provided in the Officer Resignation Notice, an Officer resignation is effective when received. ~~If an Officer resignation states a future effective date, and if, as appropriate, the Board accepts the future effective date, then, as appropriate, the Board may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date~~The Board shall fill any vacancy caused by the resignation, or Board removal of an Officer within thirty (30) days of the effective date of the resignation, death or incapacity of the Officer.

4.2 REMOVAL BY BOARD. At any time, the Board may remove any Officer or agent elected or appointed by the Board whenever in the Board's judgment the best interest of the Cooperative will be served thereby.

~~4.3 REMOVAL OF OFFICERS BY MEMBERS. Members may remove an Officer as provided in this Bylaw.~~

~~(a) Officer Removal Petition. Members may bring charges against an Officer to seek his or her removal. For an Officer for whom removal is requested, the Members must deliver to the Secretary a dated written petition ("Officer Removal Petition"):~~

(1) identifying the Officer on each page;
(2) explaining the basis for the Officer's removal; and
(3) as Members existed on the Officer Removal Petition date, containing the printed names, printed addresses, and original and dated signatures of at least ten percent (10%) of all of the Members.

Within (30) days after the Secretary receives an Officer Removal Petition: (1) the Cooperative shall forward a copy of the Officer Removal Petition to the implicated Officer; and (2) the Board shall meet to review the Officer Removal Petition.

(b) Member Meeting. If the Board determines that the Officer Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing an Officer; and (2) evidence may be presented, and a Member vote taken, regarding removing the Officer.

If a Member Quorum is present in person or represented by Member Proxy at the Member Meeting, then for the Officer named in an Officer Removal Petition:

(1) before a Member vote, evidence must be presented supporting the basis for removing the Officer;
(2) the Officer may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Officer; and
(3) after the Officer's presentation and Member discussion, the Members must vote whether to remove the Officer.

If a majority of Members voting vote to remove the Officer, then the Officer is removed effective the time and date of the Member vote. An Officer Removal Petition or does not affect a Board action or action taken by the Officer on behalf of the Cooperative. Members may not vote to remove an Officer by mail ballot or written consent other than a duly executed Member Proxy. The vacancy left by a removed Officer shall be filled by the Board for the remainder of the Officer's term.

Members may not remove an Officer for lawfully opposing a transfer of Cooperative Assets or a Cooperative dissolution.

SECTION 5. VACANCIES. Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 6. PRESIDENT.

Unless otherwise determined by the Board, or unless otherwise required by Law,

the articles, or these By-Laws, the President:

~~1.~~(1) Shall preside, or designate another individual to preside, at all Board and Member Meetings;

~~2.~~(2) On the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and

~~3.~~(3) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

SECTION 7. VICE PRESIDENT.

~~1.~~(1) Upon the President's death, absence, disability, or inability, or refusal to act, the Vice President shall perform the duties, and have the powers, of the President; and

~~2.~~(2) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

SECTION 8. SECRETARY/TREASURER.

(1~~.~~) The Secretary/Treasurer shall be responsible for performing all duties normally incident to the office of Secretary/Treasurer and other such duties as from time to time may be assigned to him/her by the Board of Directors.

SECTION 9. MANAGER. The Board of Directors shall appoint a Manager who shall serve at the pleasure of the Board of Directors. The Manager shall reside within the Cooperative Service Area within 90 days of commencing his/her employment with the Cooperative, unless otherwise approved by the Board of Directors.

The Manager shall perform such duties and shall have such authority as may be vested in him/her by the Board of Directors. In the day to day management and conduct of the business and affairs of the Cooperative the Manager shall be responsible to the President of the Cooperative, or to a Director designated by the Board of Directors.

SECTION 10. BONDS OF OFFICERS. The Board of Directors shall require the Secretary/Treasurer or any other officer or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine, and the Board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine; Provided that the cost of such bond shall be paid by the Cooperative.

SECTION 11. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors, subject to the provisions of these By-Laws with respect to compensation for a Board Member as defined in Article III Section 7 of these By-Laws.

SECTION 12. REPORTS. The officers of the Cooperative shall submit at each Annual Meeting of the Members reports covering the business of the Cooperative for the previous fiscal year, and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI
MEMBER REMOVAL OF OFFICERS OR DIRECTORS

SECTION 1. REMOVAL BY MEMBERS. Members may remove a Director, or an Officer who is not a Director, as provided in this Bylaw. If an Officer is serving as a Director, and any petition of removal regarding said Officer shall be deemed a petition to remove said Officer as a Director as well.

1.1 REMOVAL PETITION. Members may bring charges against an Officer or Director to seek his or her removal. The Members seeking removal must deliver to the Secretary a dated written petition ("Removal Petition"):

(1) identifying the Officer or Director on each page;
(2) explaining the basis for the removal; and
(3) as Members existed on the Removal Petition date, containing the printed names, printed addresses, and original and dated signatures of at least ten percent (10%) of all of the Members.

Within (30) days after the Secretary receives a Removal Petition: (1) the Cooperative shall forward a copy of the Removal Petition to the implicated Officer or Director; and (2) the Board shall meet to review the Removal Petition.

1.2 MEMBER MEETING. If the Board determines that the Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing an Officer or Director as the case may be; and (2) evidence may be presented, and a Member vote taken, regarding removing the Officer or Director; and (3) in the case of a Director removal, Members may elect a successor Director.

If a Member Quorum is present in person or represented by Member Proxy at the Member Meeting, then for the Officer or Director named in a Removal Petition:

(1) before a Member vote, evidence must be presented supporting the basis for removing the

Officer or Director;

(2) the Officer or Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Officer or Director; and

(3) after the Officer's presentation and Member discussion, the Members must vote whether to remove the Officer or Director.

If a majority of Members voting vote to remove the Officer or Director, then the Officer or Director is removed effective the time and date of the Member vote. A Removal Petition does not affect a Board action or action taken by the Officer or Director on behalf of the Cooperative prior to the effective date of the removal. Members may not vote to remove an Officer or Director by mail ballot or written consent other than a duly executed Member Proxy.

1.3 VACANCY. The vacancy left by a removed Officer shall be filled by the Board for the remainder of the Officer's term. The vacancy of a removed Director shall be filled by the Members' election of a new Director to succeed the removed Director without necessity of complying with the Director Nomination or notice provisions of these Bylaws. A successor Director elected by the Members must comply with the Director qualifications under these Bylaws and the Cooperative's policies and will serve the unexpired Director Term of the removed Director.

Members may not remove an Officer or Director for lawfully opposing a transfer of Cooperative Assets or a Cooperative dissolution.

ARTICLE VII
CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. Except as otherwise provided in these By-Laws, the Board of Directors may authorize, additional Cooperative directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative's behalf, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers or employee(s) of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select; provided always, that no bank shall be selected as a depository of the funds of the Cooperative unless such bank shall be a ~~member~~Member in good standing of the Federal Deposit Insurance

Corporation or Federal Deposit Savings & Loan Insurance Corporation affording coverage to the deposits of the Cooperative under the terms of the Federal Deposit Insurance Corporation Act.

ARTICLE ~~VII~~VIII
MEMBERSHIP CERTIFICATES

SECTION 1. CERTIFICATES OF MEMBERSHIP. Membership in the Cooperative may be evidenced by a certificate of ~~membership~~Membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or these By-Laws. Such certificates shall be signed by the President and by the Secretary of the Cooperative and the Corporate seal shall be affixed there to.

SECTION 2. ISSUE OF MEMBERSHIP CERTIFICATES. No ~~membership~~Membership certificates shall be issued for less than the ~~membership~~Membership fee fixed in these By-Laws nor until such ~~membership~~Membership fee has been fully paid for in cash, and such payment has been deposited with the Secretary/Treasurer.

SECTION 3. LOST CERTIFICATE. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE ~~VIII~~IX
NONPROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its ~~members~~Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its ~~members~~Members.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all ~~members~~Members will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis the Cooperative is obligated to account on a patronage basis to all its ~~members~~Members for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the

~~members~~Members as capital. The Cooperative is obligated to pay, by credits to a capital account for each ~~membership~~Membership, all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each ~~member~~Member is clearly reflected and credited in an appropriate record to the capital account of each ~~membership~~Membership, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each ~~membership~~Membership of the amount of capital so credited to his/her account. All such amounts credited to the capital account of any ~~membership~~Membership shall have the same status as though they had been paid to the ~~member~~Member in cash in pursuance of a legal obligation to do so and the ~~member~~Member had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, at the discretion of the Board of Directors, either allocated to its ~~members~~Members on a patronage basis and any amount so allocated shall be included as part of the capital credit to the accounts of the ~~membership, as herein provided.~~Membership, or set aside in whole or in part for contingencies or future replacement of plan facilities.

In the event of dissolution or liquidation the Cooperative, after all outstanding indebtedness of the Cooperative, shall have been paid, outstanding capital credits shall be retired without priority on a pro rate basis before any payments are made on account of property rights of ~~members~~Members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to ~~members~~Members accounts may be retired in full or in part.

Capital credited to the account of each ~~membership~~Membership shall be assignable only on the books of the Cooperative pursuant to the written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such ~~members~~Members premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

The ~~members~~Members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each ~~member~~Member, and both the Cooperative and the ~~members~~Members are bound by such contract, as duly as though each ~~member~~Member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the By-Laws shall be called to the attention of each ~~member~~Member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

The Board shall determine the manner and method of retiring and refunding Capital Credits and

Affiliated Capital Credits, which shall be a non-discriminating basis.

Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Member or former Member, including any reasonable compounded interest, and late payment fee, determined by the Board.

SECTION 3. DECEASED MEMBERS CAPITAL CREDITS PAYMENTS. Capital credits payments to deceased Members ~~under Article VIII, Sec. 2 of the By Laws of this corporation~~ may be made at the discretion of the Board of Directors in accordance with the following:

(1.) Notwithstanding any other provision of these By-Laws, the Cooperative, at its discretion, shall have the power at any time upon the death of any ~~member~~Member, to retire capital credited to any such ~~membership~~Membership immediately upon such terms and conditions subject to such discounts, as the Board of Directors, acting under policies of general application, shall declare; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

(2.) Written application must be submitted by the Personal Representative of the deceased applicants estate together with a certified copy of Letters Testamentary or Administration issued by the Court having jurisdiction of decedent's estate and a certified copy of decedent's death certificate or by surviving spouse together with certified copy of community property agreement and certified copy of decedents death certificate, or by the successor duly designated by other legal procedure (subject to legal approval).

(3.) For any Joint Membership comprised of two (2) or more Joint Members not married, or joined in a legal relationship, that is terminated, converted, or altered through the death of a Joint ~~member~~Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member or Members, all Capital Credits and Affiliated Capital Credits allocated and credited to the Joint Membership.

~~4. Corporations, partnerships, and other business members~~(4) An entity shall not be entitled to payment of capital credits by reason of dissolution or cessation of the business but shall be entitled to payments on the same basis as other ~~members~~Members as provided by Article ~~VIII~~IX, Section 2, By-Laws of this Cooperative.

(5.) Capital Credit Payouts requested on behalf of a deceased ~~member~~Member

may be approved by the General Manager subject to the provisions hereof, provided that the payout does not exceed Two Thousand Five Hundred Dollars ($2,500.00). Any Capital Credit payout exceeding Two Thousand Five Hundred One Dollars ($2,501.00) shall be presented to and affirmatively approved by vote of the Board of Directors.

(6.) Payments authorized by the Cooperative shall be made to the Personal Representative or other authorized successor of the deceased member'sMember's estate.

SECTION 4. NOTICE OF PAYMENT OF CAPITAL CREDITS. At such time or times as the Board of Directors shall direct the retirement or payment of capital credits to the Cooperative Members letters giving notice of such payment shall be mailed to each Member of the Cooperative at the last known address of each Member as shown on the records of the Cooperative with the exception of Discounted Estate Pay outs. Each notice letter shall be accompanied by a check of the Cooperative payable to the Member in the amount of the capital credit payable to the memberMember pursuant to the direction of the Board of Directors.

In the event that a membershipMembership is a Joint Membership the capital credit notice letter and capital credit payment shall be directed to the party who last appears of record on the books of the Cooperative. If a Membership appears in the name(s) of parties deceased and no request for payment of capital credits has been made pursuant to the provisions of Article VIIIIX, Section 3, (Deceased Members Capital Credits Payments) the capital credit of such account shall be retired and the amount thereof paid into the general fund of the Cooperative.

Within thirty (30) days following the direction of the Board of Directors to retire or make payment of capital credits the Cooperative shall publish a notice for two (2) weeks in a publication of general circulation in the Cooperative's service area and shall state the date on which the Board of Directors directed payment or retirement of capital credits, and directing all membersMembers claiming right to payment of capital credits to notify the Cooperative in writing addressed to the Cooperative at their mailing address, of the current address of such memberMember. Such notice shall further state that if receipt of the notice of current mailing address of the memberMember entitled to payment is not received within one (1) year of the date of first publication of the aforesaid notice, or if any payment issued is not cashed or claimed within one year of such publication, the capital credit payable to such Member whose current address is unknown or whose payment is not claimed or is not cashed shall be retired by payment thereof into the general fund of the Cooperative.

SECTION 5. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services

shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those ~~members~~Members from whom such amounts were obtained, in a manner determined by the Board of Directors as Affiliated Capital Credits. As provided for Capital Credits above, record of affiliated Capital Credits shall be maintained separately and be retired as determined by the Board of Directors.

SECTION 6. TRANSFER OF CAPITAL CREDITS TO THE COOPERATIVE. The capital credit and refundable Membership balances due an inactive Member shall be forfeited and donated as a free and voluntary gift in the event total capital credits due the inactive Member are less than Five Dollars ($5.00), or such other amount as may be fixed by Board resolution from time to time.

ARTICLE ~~IX~~X
WAIVER OF NOTICE

Any Member or Director may waive, in writing, any notice of meetings required to be given by these By-Laws.

ARTICLE ~~X~~XI
DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or other wise dispose of or encumber any of its property other than:

~~A.~~(1) Property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; PROVIDED, HOWEVER, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the Cooperative;

~~B.~~(2). Service of all kinds, including electric energy; and

~~C.~~(3) Personal property acquired for resale;

unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a Meeting of the Members by the affirmative vote of at least two thirds (2/3) of the Members voting thereon at such meeting in person or by proxy or by mail ballot and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the Notice of the Meeting; PROVIDED, HOWEVER, that notwithstanding anything therein contained, the Board of Directors, without authorization by the Members, shall have full power and authority to borrow money and to secure the payment thereof by mortgages, deeds of trust, or other pledges or encumbrances upon the property, property rights or other assets of the Cooperative , all upon

such terms and conditions as the Board of Directors shall determine.

ARTICLE ~~XI~~XII
FISCAL YEAR

The fiscal year of the Cooperative shall commence on the first day of January and end on the thirty-first day of December of each year.

ARTICLE ~~XII~~XIII
MEMBERSHIP IN OTHER ORGANIZATIONS

SECTION 1. MEMBERSHIP IN OR STOCK PURCHASE BY THE COOPERATIVE. The Cooperative shall not become a ~~Member~~member of, or purchase stock in any other organization without the affirmative vote of the Members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed ~~membership~~Membership or stock purchase; PROVIDED, HOWEVER, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural services, or any other corporation for the purpose of providing services for the Members.

SECTION 2. MERGER OR CONSOLIDATION. The Board of Directors may approve a plan of merger or consolidation into another domestic cooperative association or a domestic ordinary business corporation, by affirmative vote of not less than two-thirds of the directors. Thereafter, the ~~members~~Members by two thirds vote of all ~~membership~~Membership votes voting at a regular or special ~~membership~~Membership meeting called for such purpose, with not less than twenty-five percent (25%) of the total ~~membership~~Membership voting, and with notice given thereof as required by law and these By-Laws, may vote to approve such consolidation or merger, so long as such merger or consolidation and the plan therefor is consistent with law. Any ~~member~~Member of the Cooperative shall have the right to dissent from any plan of merger or consolidation. The rights and procedures prescribed by Chapter 23.86 R.C.W. shall apply to such ~~member~~Member so dissenting, except that return to the dissenting ~~member~~Member shall be limited to the consideration paid to or retained by the Cooperative for the equity interest, unless the fair value of such dissenting ~~member's~~Member's equity interest is less than the consideration paid to or retained by the Cooperative.

ARTICLE ~~XIII~~XIV
SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words ACorporate Seal, Washington".

ARTICLE ~~XIV~~XV

AMENDMENTS

Unless otherwise provided in these By-Laws, these By-Laws may be adopted, amended, or repealed ("Amended") by a majority of Members present at a Member Meeting or a unanimous vote by the Board of Directors, and if a unanimous vote by the Board of Directors amends the By-Laws, then the ~~members~~Members will be notified of such change.

SECTION 1. RULES OF ORDER. Unless the Board determines otherwise, and to the extent consistent with the Law, the Articles, and these By-Laws, all:

~~1.~~(1) Member meetings;
~~2.~~(2) Board Meetings;
~~3.~~(3) Member Committee meetings; and
~~4.~~(4) Board Committee meetings

Are governed by the latest edition of Robert's Rules of Order.

SECTION 2. NOTICE TYPE. Unless otherwise provided in these By-Laws, notice may be:

~~1.~~(1) Written and/or
~~2.~~(2) Communicated:
- a. In person;
- b. By telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication;
- c. By mail or private carrier; or
- d. If the above-listed forms of communicating notice are impractical, then by:
  - (1) Newspaper of general circulation in the area where published; or
  - (2) Radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to ~~members~~Members constitutes a written notice or report to all Members:

~~1.~~(1) Residing at the address; or
~~2.~~(2) Having the same address shown in the Membership List.

ARTICLE ~~XV~~XVI
INDEMNIFICATION

~~5.1 Indemnification.~~SECTION 1. INDEMNIFICATION. The Cooperative shall indemnify its officers, directors, employees and agents to the fullest extent authorized by law, and as set forth herein, and specifically pursuant to the provisions of R.C.W. 23B.08.500 through 23B.08.590, including advances for expenses under 23B.08.530 and shareholder authorized indemnification pursuant to 23B.08.560, and subject to the limitations thereon as contained in such statutes, and any amendments thereto or replacements thereof. In the event that the Cooperative shall

indemnify or advance expenses to a director under these provisions, the Cooperative shall report thereon in writing to the ~~members~~Members with or before the notice of the next meeting of ~~members~~Members.

~~5.~~SECTION 2~~ Definitions.~~ DEFINITIONS. As ~~Used~~used in ~~This~~this Article.

~~5.~~2.1 "Director" means any person who is or was a Director of the Cooperative and any person who, while a Director of the Cooperative, is or was serving at the request of the Cooperative as a Director, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan. Director includes, unless the context requires otherwise, the estate or personal representative of a Director.

~~5.~~2.2 "Expenses" includes attorney's fees and costs.

~~5.~~2.3 "Indemnitee" means an individual made a party to a proceeding because the individual is or was a Director, officer, employee, or agent of the Cooperative, and who possesses indemnification rights pursuant to the Articles, these Bylaws, Washington law, or other action. It shall also include the heirs, executors, and other successors in interest of such individuals.

~~5.~~2.4 "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 incurred with respect to a proceeding.

~~5.~~2.5 "Official capacity" means:

~~5.~~2.5.1 when used with respect to a Director, the office of Director in the Cooperative; and

~~5.~~2.5.2 when used with respect to a person other than a Director, the office in the Cooperative held by the officer or the employment or agency relationship undertaken by the employee or agent in behalf of the Cooperative, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, other enterprise, or employee benefit plan.

~~5~~.2.6 "Party" includes a person who was, is, or is threatened to be, made a named defendant or respondent in a proceeding.

~~5.~~2.7 "Proceeding" means any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative or investigative.

~~5.3 Standard of Conduct--General.~~SECTION 3. STANDARD OF CONDUCT--GENERAL.

The Cooperative shall indemnify any person made a party to any proceeding (except as otherwise provided herein) by reason of the fact that he or she is or was a Director against judgments, penalties, fines, settlements and reasonable expenses actually incurred by him or her in connection with such proceeding if he or she conducted himself or herself in good faith, and in the case of conduct in his or her own official capacity with the Cooperative, he or she reasonably believed his or her conduct to be in the Cooperative's best interest; or in all other cases, he or she reasonably believed his or her conduct to be at least not opposed to the Cooperative's best interests; and in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself be determinative that the person did not meet the requisite standard of conduct set forth in this paragraph.

~~5.4 Standard of Conduct--the Cooperative or Derivative Action.~~SECTION 4. STANDARD OF CONDUCT--THE COOPERATIVE OR DERIVATIVE ACTION. The Cooperative shall indemnify any person made a party to any proceeding by or in the right of the Cooperative by reason of the fact that he or she is or was a Director against reasonable expenses actually incurred by him or her in connection with such proceeding if he or she conducted himself or herself in good faith, and:

~~5.~~4.1 In the case of conduct in his or her official capacity with the Cooperative, he or she reasonably believed his or her conduct to be in the Cooperative's best interests; or

~~5.~~4.2 In all other cases, he or she reasonably believed his or her conduct to be at least not opposed to its best interests; provided that no indemnification shall be made pursuant to this Section in respect of any proceeding in which such person shall have been adjudged to be liable to the Cooperative.

~~5.5 Improper Personal Benefit.~~SECTION 5. IMPROPER PERSONAL BENEFIT. A Director shall not be indemnified in respect of any proceeding charging improper personal benefit to the Director, whether or not involving action in his or her official capacity, in which he or she shall have been adjudged to be liable on the basis that personal benefit was improperly received by the Director.

~~5.~~SECTION 6 ~~Expenses; Court Determination~~. EXPENSES; COURT DETERMINATION. Unless otherwise limited by the Articles of Incorporation:

~~5.~~

6.1 A Director who has been wholly successful, on the merits or otherwise, in the defense of any proceeding shall be indemnified against reasonable expenses incurred by him or her in connection with the proceeding; and

~~5.~~6.2 A court of appropriate jurisdiction upon application of a Director, and such notice

as the court shall require, shall have authority to order indemnification in the following circumstances:

~~5.~~6.2.1 if the court determines a Director is entitled to reimbursement, the court shall order indemnification, in which case the Director shall be entitled to recover the expenses of securing such reimbursement; or

~~5.~~6.2.2 if the court determines that the Director is fairly and reasonably entitled to ~~indemnification~~16indemnification in view of all the relevant circumstances, whether or not he or she has met the standards set forth herein or has been adjudged liable under the provisions herein, the court may order such indemnification as the court shall deem proper

~~5.7 Determination of Meeting Standard of Conduct.~~SECTION 7. DETERMINATION OF MEETING STANDARD OF CONDUCT. No indemnification under these Bylaws shall be made by the Cooperative unless authorized in the specific case after a determination that indemnification of the Director is permissible in the circumstances because he or she has met the standard of conduct set forth in the applicable subsection. Such determination shall be made:

~~5.~~7.1 By the Board by a majority vote of a quorum consisting of Directors not at the time parties to such proceeding; or

~~5.~~7.1 If such a quorum cannot be obtained, then by a majority vote of a committee of the Board, duly designated to act in the matter by a majority vote of the full Board (in which designation Directors who are parties may participate), consisting solely of two or more Directors not at the time parties to such proceeding; or

~~5.~~7.3 In a written opinion by special legal counsel other than an attorney who has been retained by or who has performed services within the past three years for the Cooperative or any party to be indemnified, selected by the Board or a committee thereof by vote, or if the requisite quorum of the full Board cannot be obtained therefor and such committee cannot be established, by a majority vote of the full Board (in which selection Directors who are parties may participate).

~~5.8 Payment of Expenses in Advance.~~
SECTION 8. PAYMENT OF EXPENSES IN ADVANCE. Reasonable expenses incurred by a Director who is party to a proceeding may be paid or reimbursed by the Cooperative in advance of the final disposition of such proceeding:

~~5.~~8.1 After a determination based on the information then known to those making the determination (without undertaking further investigation for purposes thereof) that indemnification may be permissible under this Article; and

~~5.~~8.2 Upon receipt by the Cooperative of a written affirmation by the Director of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the Cooperative as authorized in this Article; and a written undertaking by or on behalf of the Director to repay such amount if it shall ultimately be determined that he or she has not met such standard of conduct; and

~~5.~~8.3 The undertaking required above shall be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make the repayment.

~~5.9 Inconsistent Provisions Invalid.~~SECTION 9. INCONSISTENT PROVISIONS INVALID. No provision for the Cooperative to indemnify a Director who is made a party to a proceeding, whether contained in the Articles of Incorporation, these Bylaws, a resolution of ~~members~~Members or Directors, an agreement, or otherwise shall be valid unless consistent with this Article XV of the Bylaws, or to the extent that indemnity hereunder is limited by the Articles of Incorporation, consistent therewith. Nothing herein shall limit the Cooperative's ability to reimburse expenses incurred by a Director in connection with his or her appearance as a witness in a proceeding at a time when he or she has not been made a named defendant or respondent in the proceeding.

~~5.~~SECTION 10 ~~Officers, Employees and Agents.~~ OFFICERS, EMPLOYEES AND AGENTS. Unless otherwise limited by the Articles of Incorporation:

~~5.~~10.1 An officer of the Cooperative shall be indemnified as and to the extent provided for a Director;

~~5.~~10.2 the Cooperative shall provide indemnification, including advances of expenses, to an officer of the Cooperative to the same extent that it may indemnify Directors pursuant to this Article; and

~~5.~~10.3 the Cooperative, in addition, shall have the power to indemnify employees and agents of the Cooperative who are not Directors or officers, consistent with law, as may be provided by the Articles or these Bylaws, upon advance approval of such action of the Board.

~~5.~~
SECTION 11 ~~Insurance.~~ INSURANCE. The Cooperative shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Cooperative or is or was serving at the request of the Cooperative as an officer, employee or agent of another association, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Cooperative would

have the power to indemnify him or her against such liability under the provisions of this Article.

~~5.12 Notice to Members.~~SECTION 12. NOTICE TO MEMBERS. Any indemnification of a Director in accordance with this Article, including any payment or reimbursement of expenses, shall be reported to the ~~members~~Members with the notice of the next ~~membership~~Membership meeting or prior thereto in a written report containing a brief description of the proceedings involving the Director being indemnified and the nature and extent of such indemnification.

~~5.13 Authority to Indemnify.~~SECTION 13. AUTHORITY TO INDEMNIFY. This Article is intended to authorize the Cooperative to indemnify officers, Directors, employees or agents to the fullest extent permitted by RCW 23B.17.030, RCW 23B.08.320 and RCW 23B.08.500 through 23B.08.600, as now enacted or hereafter amended. In the event of a change in the applicable law permitting greater indemnification, the Board is authorized to take the appropriate action to cause the Cooperative to provide such indemnification.

ARTICLE ~~XVI~~XVII
NONDISCRIMINATION

SECTION 1. No person, otherwise eligible, shall be disbarred from the rights of or eligibility for ~~membership~~Membership in this Cooperative, nor from being elected to and holding any office or serving as a ~~member~~Member of the Board of Directors, or from being employed by this Cooperative, on account of their age, race, color, religion, sex, gender, disability, sexual orientation, national origin, ~~or~~ marital status~~.~~, or for any other reason or class protected by federal or state law..

SECTION 2. As used in these By-Laws, the masculine, feminine, or neuter gender, and the singular or plural number, shall be deemed to include the others whenever the context shall indicate.