

**BYLAWS  
OF  
UNITED ELECTRIC CO-OP, INC.**

**PREAMBLE**

The rights and responsibilities of members of United Electric Co-op, Inc. ("Corporation") shall be governed by the Articles of Incorporation ("Articles"), these Bylaws ("Bylaws") and the Idaho Nonprofit Corporation Act, Chapter 3 of Title 30 of the Idaho Code, as the same may be amended, hereinafter referred to as ("Act"). Rural Electric Company is referred to herein as ("Rural"). The Unity Light & Power Company is referred to herein as ("Unity"). Rural and Unity were consolidated to form the Corporation.

**ARTICLE I. OFFICES**

**Section 1. Principal Office.** The principal office of United Electric Co-op, Inc. shall be located at 1330 21<sup>st</sup> Street, Heyburn, Idaho 83336. The Corporation may have such other offices as the Board of Directors may designate.

**Section 2. Registered Office.** The registered office of the Corporation shall be located at 1330 21<sup>st</sup> Street, Heyburn, Idaho 83336 and may be changed from time to time by the Board of Directors.

**ARTICLE II. MEMBERS**

**Section 1. Membership.**

(a) Existing owners of fully paid memberships in Rural and Unity shall receive fully paid memberships in the Corporation. Such owners who otherwise meet the qualifications for membership shall be entitled to exchange their memberships for a fully paid membership in the Corporation upon submission of a proper application and approval by the Board of Directors.

(b) The membership fee for new members in this Corporation shall be \$100 to be paid in such a manner and under such conditions as the Board of Directors shall from time to time specify. No person, firm, association, corporation, body politic or subdivision thereof shall own more than a single membership in the Corporation.

(c) Membership in this Corporation shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as determined by

the Board of Directors. The certificate shall be signed by the President and Secretary of the Corporation at the time it is issued. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Corporation as the Board of Directors may prescribe.

(d) Any person, firm, association, corporation, body politic or subdivision thereof may become a member of United Electric Co-op, Inc. by: (1) making written application for membership in such form as prescribed by the Directors; (2) agreeing to pay for electrical energy, goods and services acquired from the Corporation and agreeing to use or permit to be used such electric energy, goods or services only upon the premises identified in the application and additional premises which are approved by the Directors of the Corporation; (3) agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Corporation and any rules or regulations adopted by the Board of Directors; (4) paying the membership fee; and (5) having his, her or its application accepted by the Board of Directors; or (6) by being members of Rural or Unity who qualify for membership pursuant to Section 1(a) of this Article II.

(e)(1) Membership certificates issued shall not be appurtenant to a particular tract of land, but they shall identify the premises to be served initially. The Corporation may provide service to additional premises upon application by the member. (2) If a member shall have more than one certificate issued to the member, the Directors shall consolidate the capital accounts of the various memberships into a single capital account under one membership and redeem the surplus memberships.

(f) Deposits for electrical service may be required under rules promulgated by the Board of Directors. The deposit may be applied to the account of the member by the Corporation in the case of delinquency. If the deposit is applied to the member's account, the member shall be required to restore the deposit to an amount satisfactory to the Corporation before additional energy may be purchased.

(g) No membership certificate shall be transferred or redeemed until all indebtedness of every character, including unpaid amounts for electric energy or service, shall have been paid in full.

(h) No transfer of membership shall be recognized until such transfer is made upon the books of the Corporation.

(i) The membership fee which has been paid by a member shall be refunded at the member's request and the membership shall then be canceled. If the member has an unpaid account balance or other obligation to the Corporation at the time of cancellation of the membership, the membership fee shall be applied against the obligation up to the full amount of said indebtedness.

(j) Each patron who purchases electric energy from the Corporation shall purchase a membership before receiving electric service from the Corporation. The Directors may grant exemptions from this requirement for patrons who are entitled to claim a legal exemption from membership; provided said non-member patrons pay a refundable deposit equal to the cost of membership in addition to any other deposit which may be required, and provided further that the cumulative effect of granting non-member

patron status does not disqualify the Corporation's income tax exemption.

(k) A membership is not in good standing if (1) it has not been previously authorized or issued, or (2) it has not been properly transferred on the books of the Corporation, or (3) the account of the member is not current, or (4) it is not utilized on a regular basis for the purchase of electricity. The Board of Directors may terminate a membership that is not in good standing.

**Section 2. Annual Meeting.** The annual meeting of the members shall be held on such date and at such time as the Board of Directors shall fix each year for the purpose of transacting such business as may come before the meeting.

**Section 3. Special Meetings.** The President or the Board of Directors may call special meetings of the members for any purpose or purposes. The President shall call a special meeting of the members upon the written request of members having at least one-tenth (1/10) of the votes entitled to vote at such meeting.

**Section 4. Place of Meeting.** Meetings of the members shall be held at a place and time designated by the Board of Directors. This shall apply to any annual or special meeting.

**Section 5. Notice of Meetings.** Notice of all member meetings of the Corporation shall be given by the Secretary as follows: The Secretary shall mail to each member at member's address shown on the books of the Corporation a notice of such meeting at least twenty-one (21) days but not more than sixty (60) days before such meeting. Notice shall be deemed to have been given when deposited in the U.S. mail. Notices of special meetings shall contain a clear and concise statement of the purpose of the meeting, and no other business shall come before the meeting.

**Section 6. Waiver of Notice.** Whenever any notice is required to be given to any member under the provisions of the Act or under the provisions of the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**Section 7. Officers of the Members' Meetings.** The presiding officer at members' meetings shall be the President of the Corporation or, in the absence of the President, the Vice President or, in the absence of both the President and Vice President, a chairperson elected by the members present at the meeting. The Secretary of the Corporation or, in the absence of the Secretary, any person appointed by the presiding officer of the meeting, shall act as secretary of a members' meeting.

**Section 8. Quorum and Voting Requirements.** The members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. The members present at a duly organized and convened meeting where a

quorum has been present can continue to do business as a quorum until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members, unless the vote of a greater number is required by the Act, the Articles or these Bylaws.

**Section 9. Proxies.** A member may vote either in person or by proxy executed in writing by the member. The form and method of use of proxies shall be established by the Board of Directors, provided however that without limiting the foregoing, no person may vote by proxy for more than one member. Every proxy shall be revocable at the pleasure of the member who executed it. Revocation shall not be effective before it is received by the Secretary of the Corporation or the person acting as secretary at the meeting at which the proxy is presented for voting.

**Section 10. Voting by Mail or Without a Members' Meeting.** (a) If provided for by the Board of Directors, the members may vote by mail or absentee ballot on any corporate action that may be taken at any annual, regular or special meeting of members. Any action that may be taken at any annual, regular or special meeting of members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter. A written ballot for any action taken without a meeting shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Delivery of a ballot to a member shall be deemed effective if mailed postage prepaid to the member's address on the books of the corporation at least 21 days before the ballot is to be received back from the member.

(b) Approval by written ballot alone when a meeting is not held shall be valid only when the number of votes received and cast by the ballot equals or exceeds twenty percent (20%) of the membership of the Corporation.

(c) All solicitations for votes by written ballot shall: (1) indicate the minimum number of responses needed to take action by written ballot; (2) state the percentage of approvals necessary to approve each matter other than election of Directors; and (3) specify the time by which a ballot must be received by the Corporation in order to be counted.

(d) A written ballot may not be revoked nor amended.

**Section 11. Inspection of the Records of the Corporation.** (a) A member is entitled to inspect and copy, at a reasonable time and location specified by the Board of Directors and upon compliance with subsection (b) below, any of the following records of the Corporation: (1) the articles or restated articles of incorporation and all amendments to them currently in effect; (2) the bylaws or restated bylaws and all amendments to them currently in effect; (3) resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of the members; (4) the minutes of all meetings of the members and records of all actions approved by the members for the past three (3) years; (5) all written communications to members generally within the past seven (7) years, including the financial statements furnished for

the past seven (7) years; (6) a list of the names and business or home addresses of the Corporation's current directors and officers; (7) the most recent annual report delivered to the Secretary of the State; (8) minutes of all Board of Directors meetings; (9) records of all actions taken by either the members or the Board of Directors without a meeting; (10) records of all actions taken by committees of the Board of Directors; (11) accounting records; and (12) membership lists.

(b) A member may inspect and copy the records identified in this section only if: (1) the member's demand is made in good faith and for a proper purpose reasonably related to the member's interest as a member in the Corporation; (2) the member describes with reasonable particularity the purpose and records the member desires to inspect; (3) the records are directly connected with this purpose; (4) the member gives written notice at least fifteen (15) business days before the date on which the member wishes to inspect the records; (5) the member pays a reasonable copying fee for the requested records; (6) the Board of Directors determines that a member's request is for a proper purpose; and (7) a membership list or any part thereof may not be used for any purpose unrelated to a member's interest in the Corporation without the consent of the Board of Directors, including but not limited to, use for commercial purposes, being sold or purchased by any person, or used to solicit money or property unless such money or property will be used solely to solicit votes of the members in an election held by the Corporation.

(c) The provisions of this section shall not affect: (1) the right of the member to inspect records if the member is in litigation with the Corporation, to the same extent as any other litigant; or (2) the right of the Board of Directors to restrict or deny inspection of personal and employment records, and confidential attorney-client communications, if it determines that such restriction or denial of access to the records or information is in the best interests of the Corporation.

**Section 12. Additional Conditions of Membership.** Additional conditions of membership, including but not limited to customer service and credit requirements, may be established pursuant to rules adopted by the Board of Directors.

**Section 13. Contractual Relationship.** The members of the Corporation, by dealing with the Corporation, acknowledge that the terms and provisions of the Articles of Incorporation and the Bylaws shall constitute and be a contract between the Corporation and each member, and both the Corporation and members are bound by such contract, as fully as though each member had individually signed the separate instrument containing such terms and provisions.

### **ARTICLE III. BOARD OF DIRECTORS**

**Section 1. General Powers and Standard of Care.** All corporate power shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors except as may be

otherwise provided in the Act or the Articles.

A Director shall perform such Director's duties, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner the Director reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing the Director's duties, 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:

(a) one (1) or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;

(b) counsel, accountants or other person as to matters that the Director reasonably believes to be within such person's professional or expert competence; or

(c) a committee of the Board upon which such Director does not serve, duly designated in accordance with a provision of these Bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause such reliance on information set forth in (a), (b) or (c) above to be unwarranted. A person who performs such duties in the manner described above shall have no liability by reason of being or having been a Director of the Corporation.

**Section 2. Presumption of Assent.** A Director of the Corporation who is present at a meeting of its Board of Directors at which any action on any corporate matter is taken shall be presumed to have assented to the action unless such Director's dissent shall be entered in the minutes of the meeting or unless such Director shall file such Director's written dissent to such action with the Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified or registered mail to the Secretary of the Corporation within three (3) days after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

**Section 3. Number, Election and Qualification of Directors.** The initial board of directors consists of fourteen (14) members, seven (7) of which were board members of Rural and seven (7) of which were board members of Unity. At the organizational meeting of the board the seven former Rural board members and the seven former Unity board members shall be divided into classes by lot. One (1) former board member of each utility shall draw a four (4) year term, two (2) shall draw a three (3) year term, two (2) shall draw a two (2) year term and two (2) shall draw a one (1) year term. As the terms of the initial directors expire, only one director shall be elected each year from the Minidoka service area for a four (4) year term to replace the former Rural director or the directors whose term or terms expire that year and only one director shall be elected each year from the Cassia service area for a four (4) year term to replace the former Unity director or directors whose term or terms expire that year. Thus, the total member of directors will be reduced from fourteen (14) to eight (8) after three annual

elections have been held.

One-half of the directors shall be residents of the Minidoka service area of United and one-half of the directors shall be residents of the Cassia service area of United. A director shall reside in the service area from which said director is elected and be a member in good standing. If the director moves from the county service area from which he or she was elected, he or she shall be deemed to have vacated his or her office.

Each director shall hold office until such director's successor shall have been elected and qualified. All directors elected after the terms of the initial directors have expired shall be elected for four (4) year terms.

Any member of the Corporation that is an individual, shall be eligible to become or remain a director. Those individuals desiring to run as or remain a director shall meet the following herein after identified as "minimum requirements":

(1) No candidate shall be eligible who has been convicted of a felony; (2) No candidate shall be eligible who has pled guilty to a felony; (3) No candidate shall be eligible who is on felony probation; (4) No employee or officer/owner of an entity that competes with the Corporation or a competing firm/entity selling electric energy and capacity of supplies to the Corporation shall be eligible to become a director; (5) No employee of the Corporation shall be eligible to be a director during his/her employment or for a period of five years after the last day of employment with the Corporation.

Candidates may apply for a waiver from the minimum requirements by submitting a request in writing to the Board of Directors. Waivers shall only be approved upon unanimous consent of the Board of Directors and must be approved prior to a candidate being placed on the ballot.

**Section 4. Contested Elections of the Board of Directors.** Contested elections of the Board of Directors shall be referred to the Board of Directors, which shall, after reviewing all ballots, proxies, reports from election inspectors or judges, and any other relevant documents or materials, certify the results of the election. In the case of a tie vote between candidates, the tie shall be determined by a toss of a coin. The Board of Directors shall call a new election if, after reviewing all relevant documents and information, the Board of Directors is unable to certify the results of the election.

**Section 5. Vacancies.** Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Directors. A Director elected to fill a vacancy shall be a resident of the county service area of the Director whose position was vacated. The Director so elected shall fill the unexpired term of such Director's predecessor in office.

**Section 6. Removal of Directors.** Any member of the Board of Directors may

be removed by: (a) a two-thirds (2/3) vote of the members at a meeting duly convened; (b) the Board of Directors when the Director is absent from four (4) successive regular meetings of the Board of Directors unless at the regular meeting of the Board of Directors following the four successive absences, the Board of Directors shall make a finding that the Director's absence was justified.

**Section 7. Committees.** The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate one (1) or more committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation to the full extent permitted under the Act. Each such committee shall consist of two (2) or more Directors. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or such Director by law. Nothing in this ByLaw shall be deemed to prohibit the Board of Directors from establishing committees, some or all of whose members may be non-Directors, provided that such committees shall not have and may not exercise any of the powers of the Board of Directors.

**Section 8. Directors' and Committee Meetings.** Meetings of the Board of Directors, regular or special, or meetings of any committee designated thereby, may be held either within or without the State of Idaho. Unless otherwise specified in this section or in the notice for such meeting, all meetings shall be held at the principal office of the Corporation.

Except as otherwise provided in this section, regular or special meetings of the Board of Directors or any committee designated thereby may be called by or at the request of the President, any three (3) Directors or the chair of a committee, as the case may be, upon written or verbal notice thereof given to all other Directors or committee members, as the case may be, at least two (2) days before the meeting. A regular meeting of the Board of Directors shall be held monthly without other notice than this Bylaw at the time and location designated by the Board of Directors. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

Members of the Board of Directors or any committee designated thereby may participate in a meeting of the Board of Directors or such committee by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and the participation by such means shall constitute presence in person at a meeting. For any meeting held by conference telephone or similar communications equipment, notice of the meeting shall be given at least one (1) hour prior thereto by telephone or other communication directly with the Directors and/or committee members.

The attendance at or participation of a Director or committee member in any



meeting shall constitute a waiver of notice of such meeting, except where a Director or committee member attends or participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee designated thereby need be specified in the notice or waiver of notice for such meeting.

**Section 9. Waiver of Notice.** Whenever any notice is required to be given to any Director or committee member under the provisions of the Act, the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

**Section 10. Quorum and Voting Requirements.** A majority of the number of Directors serving on the Board shall constitute a quorum for the transaction of business at a meeting of the Board of Directors. 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. A majority of the number of committee members fixed and appointed by the Board of Directors or the President, as the case may be, shall constitute a quorum for the transaction of business at the meeting of such committee. The act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee.

**Section 11. Action Without a Meeting.** Any action required by the Act to be taken at a meeting of the Board of Directors of the Corporation, or any action that may be taken at a meeting of the Directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the actions so taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as unanimous vote.

**Section 12. Director Compensation.** The Board of Directors may, by resolution, authorize a schedule of fixed fees for services payable to a Director for attendance at meetings of the Board of Directors, annual meetings of members, conferences, training programs, Board committee meetings and other such activities performed by a Director on behalf of the Corporation. The Board of Directors may also reimburse Directors for all actual and necessary expenses incurred by Directors in the performance of their services to the Corporation. Such reimbursement may be in the form of a daily per diem cost for such expenses. The Board of Directors may provide for insurance coverage for Directors under such terms and conditions as the Board of Directors determines to be appropriate.

**Section 13. Director Conflicts of Interest.** No contract or other transaction

between the Corporation and one or more of its Directors or any other corporation, firm, association or entity in which a Director of the Corporation is financially interested or in which one or more of its Directors or officers are also Directors of the Corporation, shall be either void or voidable because of such relationship or interest or because such Director or Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because such Director's or Director' votes are counted for such purposes, if:

(a) the fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for such action without counting the vote or consent of such interested Directors;

(b) the fact of such relationship or interest is disclosed or known to the members entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent, in which vote or consent such interested Directors may participate to the extent that they are also members; or

(c) the contract or transaction is fair and reasonable to the Corporation and the fact of such relationship or interest is fully and fairly disclosed or known to the Corporation.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors, or a committee thereof, that authorizes, approves or ratifies such contract or transaction.

No regular full-time employee of United may serve on the board of directors and no director shall be hired as a regular full-time employee of United.

**Section 14. Election.** Each candidate for a position as a Director of the Corporation shall file a nominating petition and declaration of candidacy with the Secretary at least twenty-eight (28) days prior to the annual meeting of the Corporation. The Petition shall be signed by not less than five (5) members of the Corporation on a form provided by the Board of Directors. In the event that no petition or petitions are received at least twenty-one (21) days prior to the election, the Board of Directors shall nominate a candidate or candidates for the position on the Board of Directors to be voted upon at the annual meeting of the Corporation.

#### **ARTICLE IV. OFFICERS AND STAFF**

**Section 1. Number of Officers.** The officers of the Corporation shall consist of a President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. The Manager and such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

**Section 2. Election and Term of Office.** The officers of the Corporation shall be elected annually at the first meeting of the Board of Directors held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon as practicable thereafter. Each officer shall hold office until a successor shall have been duly elected and shall have qualified, until such officer's death, or until such officer shall resign or shall have been removed in the manner hereinafter provided.

**Section 3. Removal.** Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

**Section 4. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or other wise, may be filled by the Board of Directors for the unexpired portion of the term.

**Section 5. President.** The President shall be the principal executive officer of the Corporation. Subject to the control of the Board of Directors, the President shall supervise and control all of the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the members of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, any promissory notes, deeds, mortgages, leases, contracts, or other instruments that the Board of Directors has authorized to be executed, except in the cases where the signing and execution hereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The President shall execute membership certificates with the Secretary. The Board of Directors may authorize facsimile signatures. The President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 6. Vice President.** In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to the Vice President by the President or by the Board of Directors.

**Section 7. Secretary.** The Secretary shall attend all meetings of members and the Board of Directors and shall prepare and maintain proper minutes of those meetings. The Secretary shall be the custodian of the official seal of the Corporation, if any, and shall affix that seal on all documents executed on behalf of the Corporation, pursuant to

due authorization by the Board of Directors. The Secretary shall maintain at the registered office or principal place of business of the Corporation a register of members of the Corporation, showing the names and addresses of the members. The Secretary shall have the custody of and properly protect all executed deeds, leases, agreements and other legal documents and records to which the Corporation is a party or by which it is legally affected. The Secretary shall execute membership certificates with the President. The Board of Directors may authorize facsimile signatures. The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or the Board of Directors.

**Section 8. Treasurer.** The Treasurer shall be the principal financial officer of the Corporation and shall have charge and custody of and be responsible for all funds of the Corporation. The Treasurer shall keep or cause to be kept, adequate and correct accounts of the Corporation, including accounts of its assets, liabilities, receipts and disbursements and patronage credits. The Treasurer shall submit to the Board of Directors and the President, when required, statements of the financial duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine.

**Section 9. Manager.** The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Corporation. The manager shall perform such duties and shall exercise such authority as given by the Board of Directors.

**Section 10. Professional Consultants.** The Board of Directors may, at their option, retain for assistance to the Cooperative professional consultants, including, but not limited to accountants, attorneys, and engineers. Professional consultants shall only be retained by the Board of Directors.

**Section 11. Employment Limitation.** No individual shall be eligible to become an employee of the Corporation if they served as Corporation Board Director during the preceding five years before application for employment.

## ARTICLE V. PATRONAGE CAPITAL CREDITS

**Section 1. Maintaining Capital Credits Accounts.** The business of the Corporation shall be so conducted that all of the members and non-member patrons will, through their purchases of power and materials, furnish capital to the Corporation. In order to induce such business and to assure that the Corporation will operate on a non-profit basis, the Corporation is obligated to account on a patronage basis to its members for all amounts received and receivable from the furnishing of electric energy, goods and

services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and conduct of the Corporation's business. All such amounts in excess of the operating costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the members and non-member patrons as capital. The Corporation is obligated to allocate by credit to a capital account for each member and non-member patron all such amounts in excess of operating costs and expenses not set aside by the board as reserves for the anticipated losses or expenses not yet realized. Within a reasonable time after the close of each fiscal year, the Board of Directors shall determine the amount and the method of allocation of Patronage Capital. The books and records of the Corporation shall be set up and kept in such a manner that, at the end of each fiscal year the amount of capital allocated to each member or non-member, if any, is clearly reflected. The Corporation shall within a reasonable time after the allocation of Patronage Capital notify each member or non-member patron of the amount of capital so credited to his or her or its account. All such amounts credited to the capital account of any member or non-member patron shall have the same status as though they had been paid to the member or non-member patron in cash in pursuance of the legal obligation to do so and the member or non-member patron had then furnished the Corporation corresponding amount for capital, but said credits or allocations shall not constitute debts of the Corporation.

In the sole discretion of the Board of Directors, the Corporation may establish formal rate categories based on the cost of service to a particular group of Members or, if appropriate, a single member. Such segregation of costs should be based on costs of service rate studies performed from time to time. Rates must be formulated so each Member group contributes their or its cost of service plus a reasonable margin to support the Corporation Capital requirements.

**Section 2. General Conditions.** (1) Patronage capital accruing after January 1, 1998 when allocated shall be the property of the member who has purchased the energy, goods or services from which the capital was derived. Allocated patronage capital is not transferred with a membership unless the transferor and transferee agree in writing or unless the transfer occurs by operation of law. (2) Allocated patronage capital are not debts of the Corporation. They may not be sold, transferred nor assigned without approval of the Directors of this Corporation. They shall not be subject to garnishment, execution nor other civil process until the Board has authorized their retirement. Neither a member or non-member patron shall be entitled to claim a right of offset nor recoupment of allocated patronage savings against the member's or non-member patron's obligation to the Corporation. The Corporation shall be entitled to set off or recoup of any obligation of a member or nonmember patron to the Corporation against patronage capital or other capital credits of any kind at the time said equities or credits are to be distributed.

**Section 3. Dissolution or Liquidation.** In the event of dissolution or liquidation of the Corporation, after all outstanding indebtedness of the Corporation shall have been paid, the outstanding capital credits shall be retired without priority on a pro

rata basis before any payments are made on account of property rights of members.

**Section 4. Assignments.** The patronage capital credited to the account of each member shall be assignable only on the books of the Corporation pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all unless the Board, acting under the policies of general application shall determine otherwise.

**Section 5. Retirement.** If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Corporation will not be impaired in whole or in part the board may authorize retirement of allocated capital credits. Retirement of capital credits may be made according to the year in which the capital was furnished and credited, either on a first-in, first-out or last-in, first-out method or any combination thereof at the board's discretion. Notwithstanding any other provisions of these Bylaws, the Board in its discretion, shall have the power to retire the capital credit of a deceased patron who was a natural person at any time after the death of such patron and prior to the time such capital would otherwise be retired under the provision of these bylaws or the policies of the Board of Directors, upon such terms and conditions as the Board of Directors shall adopt, provided that the financial condition of the Cooperative will not be impaired thereby. No capital credit of a deceased patron shall be retired unless an heir or legal representative of the deceased patron has requested such retirement in writing to the Cooperative. If such written request is made to the Cooperative, the Cooperative shall retire the capital credit of a deceased patron to the estate or heirs of the deceased patron on a discounted and fair value basis as agreed to by the Board and the legal representative of the estate of the member or heirs(s) of the member. The Cooperative shall deduct and retain from such payment all monies owed by the deceased patron to the Cooperative at that time, together with accrued interest on such owed amount. The discounted portion of the capital credit of such deceased patron which is not paid by the cooperative, after the retirement of a portion thereof on a discounted and fair value basis, shall be deemed donated to, and retained by, the Cooperative and shall not thereafter be reassigned to any patron or member or person. Any policy of the Board to retire the capital credit of deceased patrons and implement the foregoing provisions of these Bylaws shall be uniform and applied in a nondiscriminatory fashion to the capital accounts of deceased patrons.

In addition, at the sole discretion of the Board and consent of the applicable Members or other patrons, the discounting policies described herein may be applied to all patrons.

## **ARTICLE VI. MERGER, SALE OF ASSETS AND CONSOLIDATION**

**Section 1. General.** This Corporation may sell all or substantially all of its assets, or merge or consolidate with another nonprofit Corporation. Any sale of all or substantially all of the Corporate assets, or merger or consolidation must be approved by both the Board of Directors and the members and comply with the requirements of the

Act and this Section.

**Section 2. Approvals.** Any merger or consolidation, or sale of all or substantially all of the assets shall be approved by the Board of Directors, and by the members by two-thirds (2/3) of the votes cast or a majority of voting power, whichever is less. A sale of all, or substantially all, of the property and assets of the Corporation shall be approved by the Board of Directors, and by the members by a simple majority of votes cast or a majority of voting power, whichever is less.

**Section 3. Notice to Members.** The Corporation shall provide notice to the members of the meeting at which the proposed merger, sale of assets, or consolidation will be considered. The notice shall give the time, date, and place of the meeting, and shall contain or be accompanied by a copy or summary of the plan of merger, sale of assets, or consolidation. Such notice shall be given no fewer than twenty-one (21) days nor more than sixty (60) days before the membership meeting. The notice shall also contain a copy or summary of the new Articles and Bylaws that will be in effect immediately after the merger, sale of assets, or consolidation.

**Section 4. Powers of the Board After Approval is Obtained.** After approval of the Members, the Board of Directors shall have any and all powers to sell, lease, transfer, exchange, or otherwise dispose of all, or substantially all, of its property, with or without goodwill, or otherwise effectuate the plan of merger, sale of assets, or consolidation. This power shall specifically include the power to transfer title to any and all real property and personal property, and to make all filings with any local, state or federal governmental body.

**Section 5. Abandonment.** After a merger, sale of assets, or consolidation has been approved by the Board of Directors and the members, the transaction may be abandoned, subject to any contractual rights, without further action by the members in accordance with the procedures set forth in the resolution proposing the transaction or, if none is set forth, in the manner determined by the Board of Directors.

## ARTICLE VII. MISCELLANEOUS

**Section 1. Indemnification.** The Corporation shall indemnify any present and former Director, officer, agent, employee or attorney of the Corporation for any and all expenses actually and reasonably incurred in connection with the defense of any action, suit or proceeding, civil or criminal, in which such person is made a party by reason of being or having been a Director, Officer, agent, employee or attorney, except in relation to matters as to which such person is adjudged to be liable for willful misconduct in the performance of such person's duties to the Corporation. The duty of indemnification shall not arise until applicable insurance coverage has been exhausted.

**Section 2. Books and Records.** At its registered office or principal place of business, the Corporation shall keep: (a) correct and complete books and records of account; (b) minutes of the proceedings of its members and Board of Directors; and (c) a record of the names and addresses of all members. Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 3. Loans.** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

**Section 4. Checks, Drafts, etc.** All checks, drafts, or other orders for the payment of money, note or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation as provided in these Bylaws or in such manner as shall from time to time be determined by the Board of Directors.

**Section 5. Deposits.** To the extent reasonably possible, all funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories that are federally insured or invested in securities of the United States of America or in the Cooperative Finance Corporation. The board shall designate approved depositories.

**Section 6. Annual Financial Statements.** The Board of Directors shall cause an audited balance sheet as of the closing date of the last fiscal year, together with an audited statement of income and expenditures for the year ending on that date, to be prepared by a Certified Public Accountant and presented to the members at the regular annual meeting of the members.

**Section 7. Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

**Section 8. Corporate Seal.** The Board of Directors may provide for a corporate seal that shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of the incorporation and the words "Corporate Seal."

**Section 9. Amendments.** These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the members of the Corporation at any regular or special meeting.



We, the undersigned, being the initial members of the Board of Directors and the duly elected Secretary of the Corporation do hereby certify that the foregoing Bylaws were duly adopted as the official Bylaws of the Corporation by unanimous consent of the Directors of the Corporation on the 18 day of August, 1997.

/s/ Nels Moller  
Nels Moller, Secretary

/s/ Dwight Davis  
Dwight Davis, Director

/s/ Ron Osterhout  
Ronald Osterhout, Director

/s/ Brent Bowen  
Brent Bowen, Director

/s/ Orin Woodbury  
Orin Woodbury, Director

/s/ Bruce Beck  
Bruce Beck, Director

/s/ Garth Freymiller  
Garth Freymiller, Director

/s/ Gary Jones  
Gary Jones, Director

/s/ George Toner  
George Toner, Director

/s/ Thomas Patterson  
Thomas Patterson, Director

/s/ Frank Trevino  
Frank Trevino, Director

/s/ John West  
John West, Director

/s/ Nels Moller  
Nels Moller, Director

/s/ Richard Erwin  
Richard Erwin, Director

/s/ Karl Barfuss  
Karl Barfuss, Director

Revision	Date	Action	Name
1	3/15/2016	Change capital credit distribution in Article V, Section 5.	Membership vote
2	3/17/2020	Change qualification of directors, Article III, Section 3 & employment limitation, Article IV, Section 11	Membership vote
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