

Big Bend Electric
Cooperative, Inc.

Articles
Of Incorporation

and

By-Laws

As Amended 11/2008

TABLE OF CONTENTS

AMENDED ARTICLES OF INCORPORATION

| Articles | | Page Number |
|-------------|----------------------------------|-------------|
| Article I | NAME | 1 |
| Article II | PLACE | 1 |
| Article III | PURPOSES | 1 & 2 |
| Article IV | TRUSTEES | 2 |
| Article V | DISSOLUTION OR LIQUIDATION | 2 |
| Article VI | DURATION | 2 |
| Article VII | AMENDMENTS | 3 |

BYLAWS

| | | |
|-------------|--|--------|
| Article I | NAME, LOCATION, AND GENERAL | |
| Sec. 1 | Name | 5 |
| Sec. 2 | Location | 5 |
| Sec. 3 | General | 5 |
| Article II | MEMBERS | |
| Sec. 1 | Qualifications and Obligations | 5 |
| Sec. 2 | Purchase of Electricity | 5 & 6 |
| Sec. 3 | Non-Liability for Debts of the Cooperative | 6 |
| Sec. 4 | Expulsion of Members | 6 |
| Sec. 5 | Withdrawal of Membership | 6 |
| Sec. 6 | Transfer and Termination of Membership | 6 & 7 |
| Article III | MEETING OF MEMBERS | |
| Sec. 1 | Annual Meeting | 7 |
| Sec. 2 | Special Meeting | 7 |
| Sec. 3 | Notice of Members' Meetings | 7 |
| Sec. 4 | Quorum | 7 |
| Sec. 5 | Voting | 7 |
| Sec. 6 | Voting by Mail | 7 |
| Sec. 7 | Election and Credentials Committee | 7 & 8 |
| Sec. 8 | Presiding Officer | 8 |
| Sec. 9 | Proxies | 8 |
| Sec. 10 | Order of Business | 8 |
| Article IV | TRUSTEES | |
| Sec. 1 | General Powers | 8 |
| Sec. 2 | Election | 8 & 9 |
| Sec. 3 | Nominations | 9 |
| Sec. 4 | Vacancies | 9 & 10 |
| Sec. 5 | Compensation | 10 |
| Sec. 6 | Rules and Regulations | 10 |
| Sec. 7 | Accounting Systems and Reports | 10 |

| | | |
|--------------|---|---------|
| Article IV | TRUSTEES | |
| Sec. 8 | Removal of Trustees and Officers | 10 & 11 |
| Article V | MEETING OF TRUSTEES | |
| Sec. 1 | Regular Meetings | 11 |
| Sec. 2 | Special Meetings | 11 |
| Sec. 3 | Notice | 11 |
| Sec. 4 | Quorum | 11 |
| Sec. 5 | Manner of Acting | 11 |
| Article VI | OFFICERS | |
| Sec. 1 | Number | 11 |
| Sec. 2 | Election and Term of Office | 12 |
| Sec. 3 | Removal | 12 |
| Sec. 4 | Vacancies | 12 |
| Sec. 5 | President | 12 |
| Sec. 6 | Vice President | 12 |
| Sec. 7 | Secretary | 12 & 13 |
| Sec. 8 | Treasurer | 13 |
| Sec. 9 | Manager | 13 |
| Sec. 10 | Bonds of Officers | 13 |
| Sec. 11 | Compensation | 13 |
| Sec. 12 | Reports | 13 |
| Sec. 13 | Financial Interest | 13 |
| Article VII | CONTRACTS, CHECKS AND DEPOSITS | |
| Sec. 1 | Contracts | 13 |
| Sec. 2 | Checks, Drafts, Etc. | 13 & 14 |
| Sec. 3 | Deposits | 14 |
| Article VIII | NON-PROFIT OPERATION AND CAPITAL CREDITS | |
| Sec. 1 | Interest or Dividends on Capital Prohibited | 14 |
| Sec. 2 | Patronage Capital in Connection with Furnishing Electric Energy | 14 & 15 |
| Sec. 3 | Contract between Cooperative and Its Members | 15 |
| Sec. 4 | Assignment of Capital Credits | 15 |
| Sec. 5 | Settlement with Deceased Patrons | 15 |
| Sec. 6 | Transfer of Credits or Refunds to Educational Fund | 15 |
| Article IX | WAIVER OF NOTICE | 16 |
| Article X | DISPOSITION OF PROPERTY | 16 |
| Article XI | FISCAL YEAR | 16 |
| Article XII | SEAL | 16 |
| Article XIII | INDEMNIFICATION | 16 & 17 |
| Article XIV | AMENDMENTS | 17 |
| Article XV | MISCELLANEOUS | 17 |

**AMENDED ARTICLES OF INCORPORATION
of
BIG BEND ELECTRIC COOPERATIVE, INC.**

ARTICLE I

Name

SECTION 1. The name of the corporation is BIG BEND ELECTRIC COOPERATIVE, INC.

ARTICLE II

Place

SECTION 1. The principal office and place of business of this association shall be at Ritzville, Adams County, Washington, with such additional offices at such other places as the Board of Trustees may from time to time designate.

ARTICLE III

Purposes

SECTION 1. The nature of the business and objects and purposes for which the corporation is formed are:

- (a) The aim of this association is to make electric energy available to its members at the lowest cost consistent with sound economy and good management, upon a non-profit basis.
- (b) To generate, manufacture, purchase, acquire and accumulate electric energy for its members only and to transmit, distribute, furnish, sell and dispose of such electric energy to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all to the foregoing purposes.
- (c) To acquire, own, hold, exercise, and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the corporation.
- (d) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes.
- (e) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal), and, in connection there with and for such purposes, to purchase, acquire, lease, sell,

distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal), and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefore.

- (f) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, acquired or unsecured cured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired.
- (g) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, including the power through its Trustees, to become a member of, and cooperate with, other groups, corporations and associations for the participation in and the accomplishment of any of the purposes for which this association is formed.

ARTICLE IV

Trustees

SECTION 1. The number of Trustees of this association shall not be less than nine (9), and may be increased by the By Laws not to exceed fifteen (15).

SECTION 2. The By-Laws may provide for the nomination of Trustees from geographical districts as defined in said By Laws.

ARTICLE V

Dissolution or Liquidation

SECTION 1. In the event of dissolution or liquidation of the Cooperative, whether voluntary or otherwise, the assets of the Cooperative shall be applied to the liabilities of the Cooperative in accordance with the following priority: Firstly, all indebtedness and obligations of the Cooperative, other than that evidenced by its capital credits; Secondly, outstanding capital credits shall be retired without priority on a pro rata basis; and Finally, in the event there shall be any excess after payment or retirement of the above items, such excess shall be prorated among all members of the Cooperative, on a basis proportional to their respective patronage as far as practical, during their period of membership. Any indebtedness may be offset by the Cooperative before any payment shall be made to any person so indebted to the Cooperative at the time of liquidation or dissolution.

ARTICLE VI

Duration

SECTION 1. The term of existence of the Association shall be perpetual.

ARTICLE VII

Amendments

SECTION 1. The Cooperative by the affirmative vote of a majority of its members may amend, alter, change or repeal any provision contained in these Amended Articles of Incorporation.

We the undersigned being all the officers and trustees of Big Bend Electric Cooperative, Inc., in accordance with the provisions of the laws of the State of Washington relating to Nonprofit, Nonstock Corporations (Revised Code of Washington, Chapter 24.04) do hereby certify that the attached Amended Articles of Incorporation were duly and regularly approved and adopted by the affirmative vote of more than a majority of the members thereof held on the **6th** day of November, **1957**, after due and legal notice of the proposed amendment had been given to all members entitled to vote thereon.

/S/

L. D. Lyle
President-Trustee

/S/

Lester Pfannekuchen
Vice-President-Trustee

/S/

R. W. Blodgett
Asst. Secretary

/S/

Dale B. Taylor
Trustee

/S/

John G. Schlomer
Trustee

/S/

Henry J. Cummings
Trustee

/S/

Benj. B. D'Ewart
Trustee

/S/

Robert A. Franz
Trustee

/S/

W. G. Curry
Trustee

STATE OF WASHINGTON s s
County of Adams

BE IT REMEMBERED that on this 6th day of November, 1957, personally appeared before me, the undersigned, a Notary Public for the State and County aforesaid, L. D. Lyle, Lester Pfannekuchen, R. W. Blodgett, Dale B. Taylor, John G. Schlomer, Henry J. Cummings, Benj. B. D'Ewart, Robert A. Franz, and W. G. Curry, the same being all the persons who signed the foregoing Amended Articles of Incorporation of Big Bend Electric Cooperative, Inc., and known personally to me to be all the officers and trustees of the Association and to be the persons who held the offices in said Association set opposite their names above, and each severally subscribed and swore to the within and foregoing Amended Articles of Incorporation and acknowledged to me that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal the day and year afore said.

/S/ Leonard F. Jansen
Notary Public in and for the State of Washington,
residing at Ritzville.

(SEAL)

**AMENDED BY-LAWS OF BIG BEND ELECTRIC
COOPERATIVE, INC.**

ARTICLE I

Name, Location, and General

SECTION 1. The name of this Association is Big Bend Electric Cooperative, Inc.

SECTION 2. The principal office and place of business of this Association shall be at Ritzville, Adams County, Washington, with such additional offices at such other places as the Board of Trustees may from time to time designate.

SECTION 3. Within these By-Laws, the word "he" shall include the word "she" and the word "him" shall include the word "her".

ARTICLE II

Members

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any person, firm, corporation or body politic may become a member of the Cooperative by:

- (a) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (b) Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these By-Laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Trustees, provided, however, that no person, firm, corporation, or body politic shall become a member unless he or it has been accepted for membership by the Board of Trustees. No person, firm, corporation, or body politic may hold more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions a. and b.

SECTION 2. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership and shall pay, therefore, monthly at rates which shall be fixed by the Board of Trustees; provided, however, that the Board of Trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulation as shall be fixed from time to time by the Cooperative. The Cooperative will use its best efforts to furnish adequate and dependable electric service, although it cannot and therefore it does not guarantee a continuous and uninterrupted supply of electricity. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these By Laws. Each member shall pay to the Cooperative such minimum amounts per month (for each service connection) regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time. Each member

shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. When a member has more than one service connection from the Cooperative, payment to maintain service to one account while any other account remains delinquent shall not be allowed.

SECTION 3. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 4. EXPULSION OF MEMBERS. The Board of Trustees of the Cooperative may by the affirmative vote of not less than two-thirds (2/3) of the members thereof expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these By-Laws or any rules or regulations adopted from time to time by the Board of Trustees. Any member so expelled may be reinstated as a member by a majority vote of the members at an annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

SECTION 5. WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Trustees may prescribe.

SECTION 6. TRANSFER AND TERMINATION OF MEMBERSHIP

- (a) Membership in the Cooperative and a certificate representing the same shall not be transferable except as hereinafter otherwise provided and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivision a and b of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative. Acceptance into membership of any person who is married shall automatically be deemed an acceptance of his or her spouse as a joint member unless such member directs otherwise in writing. With respect to membership issued as of the date of the adoption of this provision, the membership of any person who is married shall become a joint membership of husband and wife without further action of such member unless within thirty (30) days from such date of adoption, such member otherwise directs the Cooperative in writing. Any transfer hereunder shall be noted on the books of the Cooperative.
- (c) When a membership is held jointly by a husband and wife, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- (d) In case of withdrawal or termination of membership in any manner, the member shall pay the amount of any debts or obligations owing from the member to the Cooperative; provided, however, that the application of capital credited to the

account of a non-member patron as provided in these By-Laws, shall be repaid to the member only in accordance with the provisions of these By-Laws with respect to the retirement of patronage capital.

ARTICLE III

Meeting of Members

SECTION 1. THE ANNUAL MEETING of the members shall be held in the months of February or March in Adams or Franklin Counties, State of Washington, the exact date and place of such meeting to be designated by the Board of Trustees. Failure to hold the annual meeting shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETING. Special meetings of the members may be called by at least three (3) trustees or upon a written request signed by at least ten percent (10%) of all the 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 may be held at any place within Adams or Franklin Counties in the State of Washington 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 the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, at the direction of the Secretary or by the persons calling the meeting, to each member; provided, however, that with respect to all meetings at which trustees are to be elected such notice shall be so delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of any annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members at such meeting.

SECTION 4. QUORUM. Five percent (5%) of membership or twenty-five (25) members present, whichever is the lesser, after notice as specified herein, shall constitute a quorum, provided, however, that to amend Articles of Incorporation, the affirmative vote of a majority of the members shall be required.

SECTION 5. VOTING. Each member shall be entitled to one (1) vote. At meetings of the members all questions shall be decided by a vote of a majority of the members voting thereon. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote upon each matter submitted to a vote.

SECTION 6. VOTING BY MAIL. A member qualified to vote in any annual or special meeting of the members may vote by mail for election of Trustees at any such meeting. The voting or return envelope shall be authenticated by the member's signature. Such a mail ballot from any member shall be accepted and counted as a vote of such member if received before the meeting. No member voting by mail may vote in person for a trustee(s) at the annual or special meeting. A member who has voted by mail may withdraw the ballot prior to the time set for commencement of that annual or special meeting.

SECTION 7. ELECTION AND CREDENTIALS COMMITTEE. Three members of the

Cooperative shall be appointed by the President at an annual or special meeting to serve as the Election and Credential Committee. The Committees shall elect a chairperson. The Committee shall make determinations concerning:

- (1) Membership qualifications;
- (2) Registration of Members;
- (3) Identity of Members;
- (4) Credentials of people who assume to represent members who are not natural persons;
- (5) Questions concerning the validation of mail votes;
- (6) Similar matters.

SECTION 8. PRESIDING OFFICER. The Board of Trustees may, by majority vote, appoint a qualified individual to serve as Presiding Chairman at any meeting of the members.

SECTION 9. PROXIES. Voting by proxy shall be prohibited.

SECTION 10. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and as far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, trustees, and committees.
5. Election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV

Trustees

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine (9) trustees 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 these By-Laws conferred upon or reserved to the members.

SECTION 2. ELECTION.

- (a) There are hereby created and established three (3) trustee districts with each district to comprise an area as shown by the map attached hereto, marked Appendix "A" and hereby incorporated by reference herein. From each such district there shall be three (3) trustees.
- (b) As the term of each present trustee expires, his successor, which may be the same trustee by re-election, shall be elected from the district in which such present trustee resides, said trustee to be elected by written ballot by and from all the voting members to serve for a period of three (3) years, or until his successor shall have been elected and qualified. The candidate from each district from which a trustee is to be elected receiving the highest number of votes shall be declared elected as

trustee. Only one (1) ballot shall be cast for a nominee in each position.

- (c) No member shall be eligible to become or remain a trustee of any district who is not a bona fide resident in the district from which elected, or who is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative, and no person shall take or hold office as a trustee who holds or is a candidate for any elective public office for which a salary is paid, or who is or becomes a close relative of another trustee of the Cooperative, or who is or has been an employee of the Cooperative within six (6) years of becoming a trustee, or who has pursued litigation against the Cooperative within six (6) years of becoming a trustee. Within these By-Laws, the term "close relative" shall mean a person who through blood, law, or marriage, is a spouse, child, stepchild, parent, stepparent, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, aunt, uncle, first cousin, niece, or nephew. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a trustee, provided, however, that neither one shall be eligible to become or remain a trustee or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

SECTION 3. NOMINATIONS. It shall be the duty of the Board of Trustees to appoint not less than five (5) nor more than eleven (11) members to serve as a Nominating Committee with equitable representation on the committee according to the geographical areas served or to be served by the Cooperative. No officer or a member of the Board of Trustees shall be appointed a member of such committee. The committee shall prepare and post at a principal office of the Cooperative not later than December 1, a list of nominees. Additional nominations may be made by petition filed with the Secretary no later than January 1 of each year in which a Trustee is to be elected. Such petition shall contain the designation of the voting district, the name of the candidate for that district, signature of at least fifteen (15) members qualified to vote in that district and a request that the name of the candidate be placed on the ballot.

The Secretary shall mail with a notice of the meeting, a statement of the number of trustees to be elected, and showing separately the nominations made by the Nominating Committee, and the nominations made by petition, if any. All nominations shall designate the term for which such candidate is being nominated. No nominations may be made from the floor at the meeting of the members.

The members may, at any meeting at which a trustee or trustees shall be removed, as hereinafter provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of trustees.

SECTION 4. VACANCIES. Vacancies occurring in the Board of Trustees may be filled by a majority vote of the remaining trustees and trustees thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have

qualified.

SECTION 5. COMPENSATION. Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees a fixed sum and expense of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees and any other meetings and conferences with reference to the Cooperative. Trustees may by resolution of the Board of Trustees receive NRECA Director benefits. Such benefits may be extended to former trustees so long as the trustee served subsequent to January 1, 1987. Eligibility for such benefits shall be determined by resolution of the Board of Trustees. Except in emergencies, no trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

SECTION 6. RULES AND REGULATIONS. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Corporation, or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 7. ACCOUNTING SYSTEMS AND REPORTS. The Board of Trustees shall cause to be established and maintained a complete accounting system that complies with applicable laws and rules and regulations. The Board of Trustees shall also, 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 at the following annual meeting.

SECTION 8. REMOVAL OF TRUSTEES AND OFFICERS. Any member may bring charges against an officer or trustee by filing them in writing with the President or Secretary together with a petition signed by ten percent (10%) of the members requesting the removal of the officer or trustee in question.

(a) **Petition for Removal.** A petition for removal of an officer or trustee must (1) identify the officer or trustee on each page; (2) explain on each page the basis for the officer's or trustee's removal; and (3) contain the printed names, printed addresses, and original and dated signatures of members obtained, which shall be obtained within sixty (60) days of filing with the President or Secretary. Within thirty (30) days after the President or Secretary receives a petition for removal of an officer or trustee, the Cooperative shall forward a copy of the petition to the implicated officer or trustee and the Board of Trustees shall meet to review the petition.

(b) **Notice of Meeting of Members.** If the Board of Trustees determines that the petition complies with this By-Law, then the Cooperative shall notify members and hold a meeting of members within sixty (60) days following the determination of the Board of Trustees. The notice of the meeting of members must state that (1) a purpose of the meeting of members is to consider removing an officer or trustee; (2) evidence may be presented and a member vote shall be taken regarding removal of the officer or trustee; and (3) any vacancy created by such removal may be filled by the members at such meeting.

(c) **Meeting of Members.** If a quorum for the meeting of members has been met in accordance with these By-Laws, the order of business of the meeting shall include (1) presentation of evidence supporting the basis for removal of the officer or trustee; (2) an opportunity for the officer or trustee, who may be represented by legal counsel, to refute and present evidence opposing the basis for removal; and, after member discussion, (3) a vote by the

members whether to remove the officer or trustee. If the members vote to remove the officer or trustee, then the removal shall be effective at the time and date of the members' vote. Any vacancy created by such removal may be filled by the members at such meeting for the unexpired term of the position; provided, however, that the successor officer or trustee must be eligible to become or remain an officer or trustee in accordance with these By-Laws.

ARTICLE V

Meeting of Trustees

SECTION 1. REGULAR MEETINGS. The regular meeting of the Board of Trustees shall be held without notice other than this By-Law immediately after, and at the same place, as the annual meeting of the members. The Board of Trustees shall also meet regularly, but not less than ten (10) regular monthly meetings per year, at such time and place in Adams or Franklin Counties, Washington, as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by the President or any three (3) trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix the time and place which shall be in Adams or Franklin Counties, Washington for the holding of any special meeting of the Board of Trustees called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each trustee at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except in case a trustee 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 4. QUORUM. A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees provided that if less than a majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE VI

Officers

SECTION 1. NUMBER. The elective officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board of Trustees from time to time. The offices of Secretary and Treasurer may be held by the same person. The Board of Trustees may by resolution, create the offices of assistant secretary and/or assistant treasurer, define the duties, and fill such offices. Neither of such officers need be members of the Board of Trustees or voting members of the Cooperative and shall hold office at the pleasure of the Board of Trustees.

SECTION 2. ELECTION AND TERM OF OFFICE. The elective officers shall be elected by ballot, annually by and from the Board of Trustees at the first meeting of the Board of Trustees held after each annual meeting of the members. 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 Trustees following the next succeeding annual meeting of the members or until his 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. An officer shall not hold the same office for more than three consecutive terms.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative shall be served thereby.

SECTION 4. VACANCIES. Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President:

- (a) Shall be the principal executive officer of the Cooperative and may preside at all meeting of the members and shall preside at meetings of the Board of Trustees;
- (b) Shall sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-Laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 6. VICE PRESIDENT. In the absence of the President, or in the event of his 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 him by the Board of Trustees.

SECTION 7. SECRETARY. The Secretary shall:

- (a) Keep the minutes of the members and the Board of Trustees in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents, the execution of which on behalf of the Cooperative is under its seal is duly authorized in accordance with the provisions of these By Laws.
- (d) Keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) Keep on file at all times a complete copy of the By Laws of the Cooperative containing all amendments thereto, which copy shall always be open to the

inspection of any member, and at the expense of the Cooperative forward a copy of the By-Laws and of all amendments thereto to each member; and

- (g) In general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 8. TREASURER. The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Receive and give receipts for money due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 9. MANAGER. The Board of Trustees may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Trustees may from time to time require of him and shall have such authority as the Board of Trustees may from time to time invest in him.

SECTION 10. BONDS OF OFFICERS. The Board of Trustees shall require the Treasurer or any other officer of the Cooperative, charged with the 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 Trustees shall determine. The board of Trustees 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 will determine.

SECTION 11. COMPENSATION. The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of a trustee, shall be determined by the members, as provided elsewhere in these By-Laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Trustees.

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.

SECTION 13. NO MANAGER OR EMPLOYEE shall be employed by or financially interested in any business primarily engaged in selling electrical appliances, equipment or supplies.

ARTICLE VII

Contracts, Checks and Deposits

SECTION 1. CONTRACTS. Except as otherwise provided in these By-Laws, the Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the 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, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by

resolution of the Board of Trustees.

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 Trustees may select.

ARTICLE VIII

Non-Profit Operation and Capital Credits

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons. The Board of Trustees may set aside from the operations each year reasonable reserves for necessary purposes.

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 patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons 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 as capital. The Cooperative is obligated to pay by credits to a capital account for each patron, 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 patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time on notice, as required by notice of statute of the exempt status of the Cooperative after the close of the fiscal or calendar year notify each patron of the amount of capital so credited to his account. All such amounts have the same status as though they had been paid to the patron in cash in pursuance to legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. Any sum available for distribution to a member as aforesaid shall be first applied against any member's indebtedness, if any, to the Cooperative.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, 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. If at any time prior to dissolution or liquidation the Board of Trustees determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any capital furnished prior to February 25, 1984 shall be retired in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. After February 25, 1984, the Board of Trustees shall determine the method, basis, priority and order or retirement, if any, for all amounts thereafter furnished as capital. Any retirement in cash of such capital shall be at its face value unless the book value thereof shall be less than such face value, in which case such retirement shall be at book value.

PROVIDED, however, that the Board of Trustees shall have the power to adopt rules

providing for the separate retirement of that portion of power supply or other service of supply portion of capital credited to the accounts of patrons which correspond to capital credit to the account of the Cooperative by an organization furnishing electric service or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portions of such capital credited to each patron for each applicable fiscal year; (b) provide for separate identification on the Cooperative's books for such portions of capital credited to the Cooperative's patrons; (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts; (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year of any capital credited to patrons for any prior fiscal year.

SECTION 3. CONTRACT BETWEEN COOPERATIVE AND ITS MEMBERS. The patrons 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 patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron 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 patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 4. ASSIGNMENT OF CAPITAL CREDITS. Capital credited to the account of each patron shall, subject to the right of setoff, be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise.

SECTION 5. SETTLEMENT WITH DECEASED PATRONS. Notwithstanding any other provision of these By-Laws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, who is a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

SECTION 6. TRANSFER OF CREDITS OR REFUNDS TO EDUCATIONAL FUND. In the event the Cooperative is unable to make payment to any member of capital credits or patronage refunds due such members because of inability to locate the member, the incapacity of the member to receive the same, or any other cause beyond the power of the Cooperative, after the lapse of a period from the date the right to receive same accrued of less than the statute of limitations within which payment of said capital credits might be demanded, or the period of years named in the Unclaimed Property Act of Washington, or in the event the capital credit or patronage refund due any member in any year is less than \$1.00, such capital credits or patronage refund shall be transferred into an Educational Fund of the Cooperative. The Educational Fund shall be used to disseminate information and knowledge with respect to cooperatives and/or in the effective use of electricity.

ARTICLE IX
Waiver of Notice

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

ARTICLE X
Disposition of Property

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

- (a) Property which in the judgment of the Board of Trustees neither is nor will be necessary or useful system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten percent (10%) of the value of all of the property of the Cooperative.
- (b) Services of all kinds, including electric energy; and
- (c) Personal property acquired for resale unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members by an affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person, and the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of meeting; provided, however, that notwithstanding anything herein contained, the Board of Trustees, without authorization by the members, shall have full power and authority to borrow money and to authorize the make, issuance, execution and delivery of bonds, notes, or other evidences of indebtedness and of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

ARTICLE XI
Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year, being the calendar year.

ARTICLE XII
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 'Corporate Seal, State of Washington.'

ARTICLE XIII
Indemnification

SECTION 1. A trustee shall have no liability to the Cooperative or to its members for

monetary damages for conduct as a trustee, except for acts and omissions that involve intentional misconduct by the trustee or a knowing violation of law by the trustee, or for any transaction from which the trustee will personally receive a benefit in money, property or services to which the trustee is not legally entitled. If the Washington Nonprofit Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of trustees, then the liability of a trustee shall be eliminated or limited to the full extent permitted by the Washington Nonprofit Corporation Act as so amended. Any repeal or modification of this article shall not adversely affect any right or protection of a trustee of the Cooperative existing at the time of such repeal or modification for or with respect to an act or omission of such trustee occurring prior to such repeal or modification.

SECTION 2. Each person who at any time shall serve or shall have served as a trustee, officer or employee of the Cooperative or of any other corporation at the request of the Cooperative (including the heirs and estate of such person) shall be indemnified by the Cooperative in accordance with and to the fullest extent permissible under the provisions of Washington laws as now in effect and as hereafter amended, extended or replaced.

ARTICLE XIV

Amendments

The By-Laws may be amended by a two-thirds (2/3) vote of the Trustees at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed amendment.

Upon approval of the proposed amendment by the Trustees, the membership shall be notified of the amendment. Within 60 days of the notification to the members a member may file a petition objecting to the proposed By-Law amendment which shall be signed by 5% of the membership.

If such petition is filed the Cooperative shall put the proposed By-Law amendment to a vote of the membership by mail ballot. A notice to members shall accompany the mail ballot containing an explanation of the By-Law amendment. A majority vote of the membership voting shall determine approval of the amendment. The vote of the membership shall occur within 1 year of the vote of the Trustees. No By-Law amendment shall be effective until the time of membership objections has passed or upon the approval by the members if a petition or objection has been filed.

ARTICLE XV

Miscellaneous

SECTION 1. RULES OF ORDER. Except as otherwise provided by the Board of Trustees, the latest edition of Robert's Rules of Order shall govern all member, board, and committee meetings.