

## White River Electric Association, Inc. Bylaws

### BY-LAWS

**The aim of the White River Electric Association, Inc., (hereinafter called the "Cooperative" or "Association") is to make electric energy and other services designated by the Board of Directors available to its shareholders (hereinafter called "member") and other patrons at the lowest costs consistent with sound economy and good management.**

### ARTICLE I MEMBERS

**SECTION 1. Qualifications and Obligations.** Any person, firm, corporation or body politic may become a member in the Cooperative upon payment of the membership fee hereinafter specified by:

- (a) Filing a written share subscription and application for membership, hereinafter called "application for membership" therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Certificate 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 Directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until it has been accepted for membership by the Board of Directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all share subscriptions and applications for membership (hereinafter called "application for membership") received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and, subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b), and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative. Two or more persons 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 persons comply jointly with the provisions of the above subdivisions (a), (b), and (c).

**SECTION 2. Membership Fee.** The par value of a share of stock (hereinafter called the Membership Fee) shall be \$5.00, the payment of which shall make the member eligible for service connections. Electric and other cooperative services shall be furnished by the Cooperative without discrimination to member or nonmember alike.

**SECTION 3. Purchase of Electric Energy or Other Cooperative Services.** Each member shall, as soon as electric energy shall be available, purchase electric energy from the Cooperative, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors, provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one consumer. Members and other patrons may subscribe to other cooperative services authorized by the Board of Directors. It is expressly understood that amounts paid for electric energy or other cooperative services in excess of the cost of services are furnished by members or other patrons as capital and each member or other patron shall be credited with the capital so furnished as provided in these By-Laws. Each member or other patron shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy or other cooperative services consumed, as shall be fixed by the Board of Directors from time to time. Each member or other patron shall also pay all amount owed by him or her to the Cooperative as and when the same shall become due and payable.

**SECTION 4. Non-liability for Debts of the Cooperative.** The private property of the members of the Cooperative shall be exempt from execution for debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**SECTION 5. Expulsion of Members and Surrender of Share Certificates.** The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member and cause the member's share certificate (hereinafter called "membership certificate") to be surrendered if such member shall have violated or refused to comply with any of the provisions of the Certificate of Association of the Cooperative, or these By-Laws or any rules or regulations adopted from time to time by the Board of Directors. The membership certificate, so surrendered, shall be canceled by the Board of Directors. Any member so expelled, and whose membership certificate has been surrendered, may be reinstated as a member by a vote of the members at any annual or special meeting. The action of the members with respect to any such reinstatement shall be final.

**SECTION 6. 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 Directors may prescribe.

On order of the Board of Directors, membership fees may be refunded to any member within an area when such area has been deleted by the Cooperative from the area to be served by it, and any such refunds heretofore so made are hereby ratified and confirmed.

**SECTION 7. Transfer and Termination of Membership.**

- (a) Membership in the Cooperative and the certificate representing the same shall be transferable only under the conditions hereinafter stated. Membership in the Cooperative and the certificate representing the same shall be transferable to any person, firm, corporation or body politic who or which is eligible for membership in the Cooperative and becomes a member of the Cooperative under the conditions set forth in these By-Laws. Upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) A joint membership may be held by a member and another person upon the written request of such member and in compliance with the provisions of subdivisions (b) and (c) of Section 1 of this Article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.
- (c) When a membership is held jointly, upon the death of either person 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 the survivor, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities due to the Cooperative.

**SECTION 8. Removal of Directors.** Any Director may be removed for cause at any time by the members pursuant to the procedure specified in this section.

Ten percent (10%) or more of the members may bring charges requesting the removal of a Director, by filing a Petition with the Association's Secretary in writing, specifying in detail the charges constituting the cause for removal. Such petition must be signed by at least ten percent (10%) of the members.

No petition for removal shall specify charges against more than one Director. If the removal of more than one Director is requested, a separate petition for each Director sought to be removed must be filed.

The term "for cause" as used in this section is defined as malfeasance, misfeasance or nonfeasance adversely affecting the Association's interest. "Malfeasance" is the doing of an act, which is wholly wrongful and/or unlawful. "Misfeasance" is the improper doing of an act, which a person may lawfully do. "Non-feasance" means the omission of an act, which a person ought to do. "For cause" does not mean conduct or decisions made in good faith with a reasonable basis for believing that the action authorized was in the lawful and legitimate furtherance of the Association's business.

The Association's Secretary shall, upon receipt of a written petition signed by at least ten percent (10%) of the Association's members, transmit such petition to the entire Board of Directors for consideration at the Board's next meeting at which a quorum is present.

The Directors present who have no charges brought against them, by majority vote shall determine if there be cause. If they find that cause, as defined in this section, has been stated in such petition, the request for removal shall be presented to and voted on at the next regular or special meeting of the members. Such a meeting shall be held within ninety (90) days of a finding of cause.

Written notice shall be given to all of the Association's members within thirty (30) days from the time such determination is made, that cause, as defined in this section, has been stated or has not been stated against a Director in such petition.

The vote of a majority of the members voting thereon in person and, where authorized by resolution of the Board of Directors, by mail, is required to effect such removal; except that the vote for removal by at least ten percent (10%) of the members is required to effect such removal.

In the event both the president and vice president have had charges brought against them, then at any meeting of the members at which such charges are to be voted upon, the Board of Directors shall, by resolution, designate a parliamentarian to conduct that portion of the meeting at which charges are to be heard and voted upon.

The Director against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the meeting of the members, and shall have an opportunity at the meeting of members to be heard in person and/or by counsel and to present evidence. The persons bringing the charges against such Director shall have the same opportunity.

Any vacancy in the Board of Directors created by such removal shall be filled in the manner specified in Section 9, Article II of these By-laws.

**SECTION 9. Transfer of Shares of Stock.** Any member who shall desire to transfer the share of stock of the Cooperative owned by the member which represents its membership in the Cooperative shall first offer the share to the Cooperative, which shall have the exclusive right to purchase it at a price equal to the par value thereof within 30 days after such offer. Shares of common stock so acquired by the Cooperative may be held by it for reissue to other persons who are eligible for membership and who comply with the provisions of the Articles of Incorporation and By-Laws of the Cooperative with respect to the issuance of shares of common stock. If the Cooperative shall not have exercised its option to purchase such share, the stockholder after the expiration of such time shall be free to sell such share of common stock only to a person eligible for membership who has complied with the provisions of the Articles of Incorporation and By-Laws of the Cooperative with respect to the issuance of shares of common stock.

**SECTION 10. Property Interest of Members.** Members shall have no individual or separate interest in the property or assets of the Cooperative except, upon dissolution, after (1) all debts and liabilities of the Cooperative shall have been paid, and (2) all capital furnished through patronage shall have been returned. Any remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate contributed patronage capital of each bears to the total contributed patronage capital of all Members and former Members.

## **ARTICLE II Meetings of Members**

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held during the month of September each year beginning with the year 1974, at a time and place within Rio Blanco County selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and

preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 2. Special Meetings.** Special meetings of the members may be called by at least three (3) Directors or upon written request 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 the County of Rio Blanco in the State of Colorado specified in the notice of the special meeting.

**SECTION 3. Notice of Members' Meetings.** Written or printed notice stating the place, day, and hour of the meeting, and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in the duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at its address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting.

**SECTION 4. Quorum.** At least ten percent (10%) of the total number of members, present in person, shall constitute a quorum for the transaction of all business, including the election of Directors and amending the Certificate of Incorporation and By-Laws of the Cooperative, at all meetings of the members, except that valid mail ballots submitted to the Cooperative prior to such meeting shall be counted toward the quorum requirement. If less than a quorum is present at any meeting of the members, a majority of those present in person may adjourn the meeting from time to time without further notice.

**SECTION 5. Voting.** Each member shall be entitled to one (1) vote and no more, regardless of the number of services to which subscribed, upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Certificate of Incorporation of the Cooperative, or these By-Laws. A joint membership shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. There shall be no fractional votes.

**SECTION 6. Proxies.** Voting by proxy or cumulative voting shall be prohibited at meetings of the members.

**SECTION 7. Voting Districts.** The territory served or to be served by the Cooperative shall be divided into two districts, as follows:

**TOWN OF MEEKER DISTRICT** – To be comprised of the area within the municipal limits of the Town of Meeker, Colorado, and any additions to said Town hereinafter made.

**RURAL DISTRICT** – To be comprised of all areas now or hereinafter served, which are outside of the municipal limits of the Town of Meeker, Colorado, and any additions to said Town hereinafter made.

In May of each year the Board of Directors shall ascertain the membership of the Cooperative and the membership of each of the districts thereof, and shall further ascertain the number of Directors to which each district is entitled in order to give the Town of Meeker, Colorado, representation on the Board of Directors of the Cooperative in numerical proportion to the total membership of said Cooperative.

**SECTION 8. Nomination of Directors.**

- (a) It shall be the duty of the Board of Directors in June of each year to call for nominations of Directors by a notice posted at the principal office of the Cooperative and by a notice published in a newspaper of general circulation within the territory served by the Cooperative.

- (b) A nomination for Director shall be made by written petition signed by at least fifteen members of the Cooperative and filed with the Board of Directors not later than forty-five (45) days prior to the date of the election. Any petition so filed shall designate the name of the nominee and the term and the district for which nominated.
- (c) Such candidates shall be apportioned between the two districts of the Cooperative on the basis of the membership in each, so as to give to the members of the Cooperative living within the Town limits of the Town of Meeker, Colorado, or any additions thereto, representation on the Board of Directors in proportion to the total membership of the Cooperative. Within each of said districts such candidates for election on the Board of Directors shall be elected, as nearly as may be done, so as to give representation on the Board of Directors to the various geographical portions of said districts.
- (d) The Secretary shall mail the notice of the meeting, or separately, but at least seven days before the date of the meeting, a statement of the number of candidates and the term for which each is to be elected.
- (e) The candidates' names shall be arranged by districts. The candidates shall be grouped under the District and term of office for which they are candidates for election. The members may, at any meeting at which a Director or Directors shall be removed as herein before provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations except that the new Directors must reside in the same district as the Directors in respect of whom the vacancy occurs. 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 Directors.

**SECTION 9. Election of Directors.** Election of Directors shall be by printed or mimeographed ballot. The ballots shall list the candidates, arranged by districts. Each member of the Cooperative shall be entitled to vote for one candidate for each of the Directors to be elected and shall vote for no more candidates in each of the districts of the Cooperative than the number of Directors to be elected therefrom. Jointly held memberships shall be entitled to one vote. Divided or split votes are prohibited for any purpose. The number of candidates to be elected from each of said districts, who receive the highest number of votes for the specified term or terms of office at this meeting, shall be considered elected as Directors.

**SECTION 10. Order of Business.** The order of business at the annual meeting of the members and so far as possible at all other meetings of the members, shall be essentially as follows:

- (a) Report on number of members present in person and by mailed ballot in order to determine the existence of a quorum.
- (b) Appointment of Credentials Committee, Election Judges, and Clerks of the Election.
- (c) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (d) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (e) Presentation and consideration of, and acting upon, reports of officers, Directors and committees.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournments.

### **ARTICLE III Directors**

**SECTION 1. General Powers.** The business affairs of the Cooperative shall be managed by a Board of Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Certificate of Incorporation of the Cooperative or by these By-Laws conferred upon or reserved to the members.

**SECTION 1.5. Number of Directors.** The number of Directors of the corporation shall be seven (7).

**SECTION 2. Qualifications and Tenure.** The persons named as Directors in the Certificate of Incorporation of the Cooperative shall comprise the Board of Directors until the first annual meeting or until their successors shall have been elected and shall have qualified. At each annual meeting of the members beginning with the year 1962, Directors shall be elected by ballot, by and from the members to serve until the next annual meeting of the members at which their respective terms of office shall expire, or until their successors shall have been elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal or resignation of Directors. No member shall be eligible to become or remain a Director of the Cooperative who is an employee of the Cooperative, who is a close relative of a sitting Director, who is not a member and a bona fide resident in the particular district in which they are to represent, who does not subscribe to electric energy service, 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, and no person shall take or hold office as a Director who is the incumbent of an elective public office in connection with which a salary is paid. When a membership is held jointly, either one, but not both, may be elected a Director, provided, however, that neither one shall be eligible to become or remain a Director of the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

**SECTION 3. Vacancies.** Subject to the provisions of these By-Laws with respect to the removal or resignation of Directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining Directors for the unexpired portion of the vacated term. The member elected as a Director to fill the vacancy must reside in the same district as the Director to whose office he or she succeeds and must be an electric energy subscriber of the cooperative.

**SECTION 4. Compensation.** Board members shall not receive any salary for their services as such, except that the Board of Directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless authorized by a vote of the Board of Directors. In addition, the Cooperative may, at its expense, purchase insurance (liability, life, medical and dental) on and for its Directors.

**SECTION 5. Rules and Regulations.** The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Certificate of Incorporation of the Cooperative or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**SECTION 6. Accounting System and Reports.**

- (a) The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, is subject to applicable laws and rules and regulations of any federal or state regulatory body. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors.
- (b) The Board of Directors 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 in accordance with generally accepted accounting principles as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

**SECTION 7. Change in Rates.** Written notice shall be given to the lenders in accordance with mortgage covenant terms and conditions imposed for change of electric rates charged by the Cooperative.

#### **ARTICLE IV Meetings of Directors**

SECTION 1. **Regular Meetings.** A regular meeting of the Board of Directors shall be held monthly at such time and place in Rio Blanco County, Colorado, as the Board of Directors 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 Directors may be called by the President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. **Notice of Meeting – Agenda.** Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given at least ten (10) days previous thereto, by written notice, electronic mail delivery, delivered personally or mailed, to each Director 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 Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 5. **Manner of Acting.** The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

#### **ARTICLE V Officers**

SECTION 1. **Number.** The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other officers as the Board of Directors may from time to time determine. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. **Election and Term of Office.** The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his or her successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of officers.

SECTION 3. **Removal.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will 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 Directors for the unexpired portion of the term.

SECTION 5. **President.** The President:

- (a) Shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) Shall sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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 Directors 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 Directors.

SECTION 7. **Secretary.** The Secretary or the administrative employees to whom he or she delegates these duties shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and 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, furnishing a copy of the By-Laws and of all amendments thereto to any member upon request; and
- (g) In general performing all the 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 Directors.

SECTION 8. **Treasurer.** The Treasurer or the administrative employees to whom he or she delegates these duties shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit such monies 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 Directors.

SECTION 9. **General Manager.** The Board of Directors may appoint a general manager who may be, but who shall not be required to be, a member of the Cooperative. The general manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 10. **Bond of Officers.** The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. **Compensation.** The powers, duties and compensation of Directors, officers, agents and employees shall be fixed by the Board subject to the provisions of these By-Laws.

SECTION 12. **Reports.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year showing the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VI Contracts, Checks and Deposits



SECTION 1. **Contracts.** Except as otherwise provided in these By-Laws, the Board of Directors 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 Directors.

SECTION 3. **Deposits.** All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

## **ARTICLE VII Membership Certificates**

SECTION 1. **Certificates of Membership.** Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Certificate of Incorporation of the Cooperative or these By-Laws. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

SECTION 2. **Issuance of Membership Certificates.** Membership certificates shall be issued to any subscriber of electric or as approved by the Board of Directors.

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

## **ARTICLE VIII Non-profit Operation**

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 members and other patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. **Patronage Capital in Connection with Furnishing Electric Energy or Other Cooperative Services.** In the furnishing of electric energy or other cooperative services designated by the Board of Directors the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. For this purpose patrons are defined as the Cooperative's members and nonmembers that are designated by the Board of Directors to be served on a cooperative basis and be entitled to receive patronage capital credits. 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 or other cooperative services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy or other cooperative services. 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 patrons as capital. The Cooperative is obligated to pay 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 after the close of the fiscal year notify each patron in writing of the amount of capital so credited to his account. If necessary and at the discretion of the Board of Directors, separate accounting by function shall be performed for each cooperative activity. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

The Board of Directors shall have the discretion to establish reserves for necessary purposes such as depreciation, specific contract risk, storm damage or other needs in accordance with Internal Revenue Service Rev. Rul. 7236, 972-1 C.B. 151. However, for all reserves maintained, the Cooperative will maintain records of the members' interest in such reserves.

All other amounts received by the Cooperative from other sources such as interest, returns on investments, rents or other miscellaneous sources in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, at the discretion of the Board of Directors, either be retained as permanent equity or allocated to the Cooperative's members on a combined patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

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 Directors shall determine 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 such retirements of capital shall be made 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. However, in all cases capital credit redemptions must comply with the provisions of mortgage covenants.

Capital credited to the account of each patron shall 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 Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these By-Laws, the Board of Directors at its discretion, shall have the power at any time upon the death of any patron, 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 Directors, 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.

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 these 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 3. Discounting of Patronage Capital.** Notwithstanding the provision regarding redemption of patronage capital above, the Board of Directors at any time with consideration of the financial condition of the Cooperative, may authorize the early redemption of patronage capital at a discount from face value taking into account the Cooperative's cost of equity capital. The determination of the eligibility for such discount and the discount rate to be applied shall be exclusively at the discretion of the Board. All amounts retained by the cooperative resulting from the discounting procedure shall be classified as Class B patronage credits in the name of the participating patron or former patron and will be redeemable only upon the dissolution or liquidation of the Cooperative.

#### **ARTICLE IX Waiver of Notice**

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

**ARTICLE X**  
**Disposition of Property**

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, and 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 all 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, or such other fiscal year of twelve months as the Board may determine by resolution.

**ARTICLE XII**  
**Miscellaneous**

SECTION 1. **Membership in Other Organizations.** The Cooperative shall not become a member of any other organization without an affirmative vote of the Board of Directors. The Cooperative, upon the authorization of the Board, may purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of rural electrification or other cooperative services.

SECTION 1.5. **Cooperative Actions.** The Cooperative may take such action as may be necessary or appropriate to carry out its objects and purposes. Upon affirmative vote of the Board of Directors it may form and invest in subsidiary corporations or associations and capitalize the same to carry out the objects and purposes.

SECTION 2. **Area Coverage.** The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 3. **Indemnification.** The Cooperative shall indemnify any person made a party to any action, suit or proceeding, whether civil or criminal, by reason of the fact that person, his or her testator, or intestate, is or was a Director, officer, agent, or employee of the Cooperative, or of any corporation which he or she serves in such capacity at the request of the Cooperative, against the reasonable expenses, including attorney's fees, actually and reasonably incurred by him or her in connection with the defense of the actions, suit, or proceeding or in connection with any appeal in it. This right of indemnification shall not apply in relation to matters as to which said person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. The right to indemnification conferred by this Section shall not restrict the power of the Cooperative to make any indemnification permitted by law.

SECTION 4. **Limitation of Liability.** No person shall be liable to the Cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken by him or her as Director, officer, agent or employee of the Cooperative in good faith, if this person:

Relied upon financial statements of the Cooperative represented to him or her to be correct by the President or other officer of the Cooperative having charge of its books of account or stated in

a written report by an independent public or certified public accountant or firm of such accounts fairly to reflect the financial condition of the Cooperative; or considered assets to be of their book value; or

Relied upon the advice of legal counsel for the Cooperative.

SECTION 5. **Cooperative Actions to Limit Liability.** The Cooperative shall eliminate or limit the personal liability of a Director to the Association or to its members or shareholders to the extent permitted by law.

The Cooperative shall limit the personal liability of a Director, officer, employee or agent for injury to person or property arising out of tort to the extent permitted by law.

The Cooperative shall indemnify a Director, officer, employee, agent, or fiduciary to the extent permitted by law.

### **ARTICLE XIII 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 "Cooperative Seal, Colorado".

### **ARTICLE XIV Service to Members, Other Patrons and Other Nonmembers**

The Cooperative may generate, manufacture, purchase, acquire, and accumulate electric energy for its members, other patrons and nonmember consumers on acquired lines, and transmit, distribute, furnish, sell and dispose of such electric energy to its members, other patrons and nonmember consumers on acquired lines. The Cooperative may also provide other services designed by the Board of Directors to members, other patrons and nonmember consumers.

### **ARTICLE XV Amendments**

These By-Laws may be altered, amended or repealed by the members subscribing to electric service at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

(The Articles of Incorporation have been reconstituted to show and incorporate the six Amendments to the Articles of Incorporation passed by the membership and accepted by the Secretary of State of Colorado on September 1, 1964, October 1, 1964, October 31, 1973, October 19, 1987, November 16, 1990, and April 6, 1998.)