

White River Electric Association Inc.

Bylaws

Revised & Approved September 2021

White River Electric Association, Inc., strives to provide its Members with safe, reliable and responsible electric energy and other services at the most reasonable cost possible while remaining committed to customer and community service.

ARTICLE I MEMBERS

SECTION 1. Qualifications and Obligations. Any person or entity shall become a Member of White River Electric Association, Inc., (“Cooperative”) by making application to purchase electric energy or other services as designated by the Board of Directors at such time electric or other designated services are made available. Any person or entity who refuses or fails to sign a member application shall automatically become a Member by receiving electric energy or other designated services from the Cooperative. All Members shall comply with and be bound by the Cooperative’s Articles of Incorporation, Bylaws and any amendments thereto, the Membership Agreement and such rules, regulations, policies, tariffs, rate schedules, and rate classifications of the Cooperative, as may, from time to time, be revised and adopted by the Board of Directors.

No person or entity may own more than one (1) membership in the Cooperative. Two or more persons may jointly become a member, and by signing a joint application, each person agrees to be joint and severally liable for the obligations of the Membership. Either Member may terminate the joint membership by notifying the Cooperative in writing but said joint liability shall survive termination of the joint membership until all unpaid balances due to the Cooperative are paid in full. The remaining Member must sign a new written application for membership.

SECTION 2. Purchase of Electric Energy or Other Cooperative Services. Each Member shall, as soon as electric energy is available, purchase electric energy from the Cooperative, and shall pay the applicable rates which shall be set by the Board of Directors. The Board of Directors may limit the amount of electric energy which the Cooperative furnishes to any member. Members may subscribe to other cooperative services as 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 service is furnished by Members as capital and each Member shall be credited with the capital so furnished as provided for in these Bylaws. Each Member shall pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

SECTION 3. 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 4. Expulsion of Members. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the Members thereof, expel or suspend any Member who fails to comply with any of the provisions of the Articles of Incorporation, these Bylaws, the Membership Agreement or the Rates, Tariffs and Regulations, but only if such Member is given not less than fifteen (15) days prior written notice of the proposed action, the reasons therefor, and an opportunity to be heard, orally or in writing, at least five (5) days prior to the effective date of the action. Any Member so expelled 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 5. Termination and Withdrawal of Membership. Membership shall terminate upon the withdrawal, death, cessation of existence, or expulsion of a Member, or upon the termination of a Member's service accounts. Upon termination of membership, the former Member's accrued Capital Credit allocations shall continue to be eligible for retirement or assignment consistent with these Bylaws. 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.

Except for the retained right to capital credits, if any, termination of membership shall operate as a release of all right, title, and interest of the former Member in the property and assets of the Cooperative; provided, however, that termination of membership shall not release the former Member or the former member's estate from the debts or liabilities of such former Member to the Cooperative.

SECTION 6. Joint Membership. A membership may be held jointly in compliance with the Cooperative's policies and procedures. A transfer from a sole membership to a joint membership shall be made and recorded pursuant to the Cooperative's policies. 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.

SECTION 7. 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 bear 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 at a time and place within Rio Blanco County as selected by the Board of Directors. The Annual Meeting Notice shall include the date, time, place, purpose, and agenda for the Annual Meeting. The Annual Meeting may be held in person or may be presented in an electronic video format which shall be made available to the membership. Matters before the membership, including but not limited to director elections, may be voted upon electronically or by mailed/delivered ballot. 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 as 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 Member 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. Any Member or Director may waive, in writing, any notice of meetings required to be given by these Bylaws.

SECTION 4. Quorum. At least ten percent (10%) of the total number of Members at all meetings, present in person shall constitute a quorum for the transaction of all business, including but not limited to the election of Directors. A member who registers in person or electronically for the Annual Meeting, who casts a vote by mail/delivered ballot or by electronic transmission is considered present and in person for the purpose of determining a quorum for an action by the membership. 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. Annual Meeting Voting. Each Member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members regardless of the number of services to which subscribed. Members may vote electronically or by physical ballot but not both. 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, except as otherwise provided by law, the Certificate of Incorporation of the Cooperative, or these Bylaws.

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

SECTION 7. Director 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.

Each year the Board of Directors shall ascertain the membership of the Cooperative and the membership of each of the districts thereof and shall ascertain the number of Directors to which each district is entitled to give the Town of Meeker, Colorado and the Rural District, 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 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 sixty (60) days prior to the date of the election. Any petition so filed shall designate the name of the nominee, the term, and the district for which nominated.
- (c) The Secretary shall mail the notice of the Annual Meeting, at least seven days before the date of the meeting, including a statement of the number of candidates and the term for which each is to be elected.
- (d) 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(s) is removed as herein provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations except that the new Director(s) must reside in the same district as the Director(s) 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. Elections may be conducted electronically, by mailed or hand delivered ballots. The ballots (printed or electronic) shall list the candidates, arranged by districts

and term. 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, split or proxy votes are prohibited for any purpose. The number of candidates to be elected from each of the 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 shall generally include the following:

- i. Determination of a Quorum.
- ii. Appointment of Credentials Committee, Election Judges, and Clerks of the Election.
- iii. Confirmation of the posting and publication of the Meeting Notice, or applicable Waiver.
- iv. Presentation of the Minutes of previous meeting.
- v. Presentation of Officer, Director, Staff or Committee Reports.
- vi. Election of Directors.
- vii. Unfinished business.
- viii. New business.
- ix. Adjournment.

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 the powers of the Cooperative except such powers as are by law or by the Certificate of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

SECTION 2. Number of Directors. The number of Directors of the Cooperative shall be seven (7).

SECTION 3. 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, Directors shall be elected by ballot (electronic or printed 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 appointed or elected and shall have qualified, subject to the provisions of these Bylaws 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 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 4. 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 Cooperative '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 Cooperative '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 Cooperative 's business.

The Cooperative 's Secretary shall, upon receipt of a written petition signed by at least ten percent (10%) of the Cooperative '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 don't have 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 meetings 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 Cooperative'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/mail (electronically) and, where authorized by resolution of the Board of Directors, by mail, is required to affect such removal; except that the vote for removal by at least ten percent (10%) of the Member is required to affect 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.

SECTION 5. Director Vacancies. Subject to the provisions of these Bylaws 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 selected 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 6. Director Compensation. Board Members shall not receive any salary for their services as such, except that the Board of Directors, by Board Policy, may 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. Board Members shall not 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 7. 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 Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 8. Accounting and Reports. 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. The Cooperative's

accounting and finances shall be reviewed by the Board at the Board of Directors' monthly meetings.

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 9. Change in Rates. 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 approve and provide notice to the membership.

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or any three (3) Directors. Directors 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. Notice of the time, place, and purpose of any 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/her 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 where a Director attends 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. Directors may appear at board meetings in person or by electronic format.

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.

SECTION 6. Waiver of Notice. Any Member or Director may waive, in writing, any notice of meetings required to be given by these Bylaws.

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, 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 convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the Members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

SECTION 3. Officer 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. Officer Vacancies. Except as otherwise provided in these Bylaws, 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 Board officer of the Board of Directors and shall preside at all meetings of the Members and of the Board of Directors;
- (b) Shall sign, with the Secretary, 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 Bylaws 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/her 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 Bylaws 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 documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) Keeping a register of the names and post office addresses of all Members;
- (e) Signing, with the President, 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 Bylaws 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 Bylaws 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(s) or financial institution(s) as shall be selected in accordance with the provisions of these Bylaws; 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 /Chief Executive Officer. The Board of Directors may appoint a General Manager, also referred to as the Chief Executive Officer, of the Cooperative who may be, but who shall not be required to be, a Member of the Cooperative. The General Manager/Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require of him/her and shall have such authority as the Board of Directors may from vest in him/her.

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. Reports. The officers of the Cooperative may 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 Bylaws, 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 and Drafts. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence 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 Board resolution or policy.

SECTION 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank(s) or financial institution(s) as the Board of Directors may select.

ARTICLE VII Non-Profit Operation

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall be operated on a cooperative non-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members.

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 Member's will through their patronage furnish capital for the Cooperative. For this purpose, Members are defined as the Cooperative's Members 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 Members 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 Members as capital. The Cooperative is obligated to pay credits to a capital account for each Member all such amounts in excess of operating costs and expenses. The books and records of the

Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each Member is clearly reflected and credited in an appropriate record to the capital account of each Member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Member in writing of the amount of capital so credited to his/her 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 Member shall have the same status as though they had been paid to the Member in cash in pursuance of a legal obligation to do so and the Member had then furnished the Cooperative corresponding amounts for capital.

If operating costs and expenses exceed the amounts received and receivable from the furnishing of electric energy, hereinafter referred to as "loss", then the Board of Directors shall have the authority, under accepted accounting practices, loan covenants, and federal cooperative tax law, to prescribe the manner in which such loss shall be handled in determining the amount of patronage capital credits.

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 Members, 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 Members' 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 Member 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 Member'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 Bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any Member, if the legal representatives of his/her estate shall request in writing that the capital credited to any such Member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such Member immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such Member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each Member, and both the Cooperative and the Member are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions.

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 weighted cost of capital (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 remain in the name of the participating Member or former Member and will be redeemable only upon the dissolution or liquidation of the Cooperative.

ARTICLE VIII 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 the Members voting thereon at such election, 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 IX
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 X
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 2. 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 3. 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 4. 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/her 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. His/her 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 5. 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 6. Cooperative Actions to Limit Liability. The Cooperative shall eliminate or limit the personal liability of a Director to the Cooperative 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 XI 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 XII Service to Members and Nonmembers

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

Non-members shall be restricted from voting at meetings of members, from becoming a Director of the Cooperative, from receiving capital credits, from sharing in the property of the Cooperative upon dissolution and shall be restricted in other ways expressly provided or implied by these Bylaws.

ARTICLE XIII Amendments

These Bylaws 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.)