

BY – LAWS

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2000

AKRON, COLORADO

Amended March 26, 1999

A Touchstone Energy® Cooperative 

Y-W ELECTRIC ASSOCIATION, INC.
BY-LAWS
Amended March 26, 1999

ARTICLE I
Members

Section 1. Qualifications and Obligations

Any person, firm, corporation or body politic may become a member in the Cooperative by:

- a. Filing an application for membership;
- b. Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- 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 he or it has been accepted for membership by the Board of Directors or 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 applications 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 subdivision (a), (b), (c) and (d) 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; and

- d. When the application for membership is accepted, a share subscription having a stated value of \$5.00 will be issued to the member without cost to the member.

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), (b), (c) and (d).

Section 2. Membership Fee

The par value of a share of stock shall be \$5.00, which shall make the member eligible for one (1) service connection. An additional fee may be required, as determined by the Board of Directors, for each additional service connection requested by the member but no share of stock shall be issued therefore.

Section 3. Purchase of Electric Energy

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors. 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 regulations as shall be fixed from time to time by the Cooperative.

Section 4. Non-liability for Debts of the Cooperative

The private property of the members of the Cooperative shall be exempt from the 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 his 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 Incorporation 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 cancelled 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.

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 be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities or 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 subdivisions (b) and (c) of Section I 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 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, 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 to the Cooperative.

- (d) The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric service from the Cooperative, or of a member who has ceased to receive electric service from the Cooperative for a period of sixty (60) days, may be cancelled without further notice.

Section 8. Refund of Membership Fee

Upon termination of membership for any reason, the member shall be entitled to the refund of any membership fee the member paid to the Cooperative.

Section 9. Non-Member Consumers

Subject to reasonable regulations adopted by the Board of Directors as to credit standing, location and type of electrical service required, the Cooperative shall serve all persons who may request service but do not desire to become members and stockholders of the Cooperative, at the same rates and upon the same terms and conditions charged to the members for the same service. The Board of Directors may require non-member consumers to pay a consumer deposit fee not to exceed the amount of the membership fee and said consumer deposit fee shall be refundable upon the same terms and conditions as herein provided for membership fees. The non-member consumers 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 non-member consumer and both the Cooperative and the non-member consumers 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 non-member consumer of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 10. Property Interest of Members

Upon dissolution after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

Section 11. Commitment to Serve

The Cooperative will use its best efforts to furnish adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply of electricity.

Section 12. Economic Development

- (a) In furtherance of the purposes of the Cooperative as set forth in its Articles of Incorporation, and in recognition of the fact that the Cooperative's economic well-being is inseparably connected to the economic well-being of its consumers, including the institutional, commercial and industrial consumers, served by it, the Cooperative in appropriate situations, as determined by the Board of Directors, shall give strong encouragement to economic development which may take the form of promotional, financial or other assistance.

In furtherance of this purpose, the Cooperative may engage in, but not limited to, the following activities:

1. Membership in, or ownership of securities of, other organizations engaged in promoting such economic development, and reasonable investments in such organizations in support of their development programs;
2. The acquisition, through purchase, option or otherwise, of land and other properties for

resale, lease or sublease to prospective enterprises; and the sale, lease or sublease of such land or other properties to achieve the purposes set forth above; and

3. The promotion of economic development through advertising, joint activities with others, training programs, leadership development projects and other activities and programs.
- b. In furtherance of the purposes of the Cooperative as set forth in its Articles of Incorporation, and to further improve the quality of life of its members, which the providing of electric energy so greatly enhances, the Cooperative, in appropriate situations, as determined by the Board of Directors, may engage in other business activities, in addition to its primary function of providing electric energy to its members.

In furtherance of this purpose the Cooperative may engage in, but not limited to, the following activities.

1. Sale of electric and electronic appliances, supplies and equipment, providing service therefore; and financing the purchase thereof;
2. Providing multiple choice TV program services and telecommunications technology and service; and
3. Such additional activities, as determined by the Board of Directors that would be necessary, convenient or useful for carrying out and accomplishing any or all of the purposes set forth in this section or in the Corporation's Articles of Incorporation.

ARTICLE II

Meetings of Members

Section 1. Annual Meeting

The annual meeting of the members shall be held during the months of March, April, May or June of each year and the Board of Directors shall determine the time and place of the meeting, provided that beginning in the year 1964 and each even numbered year thereafter the annual meeting of members shall be

held in the Town of Akron, Colorado, and that on the odd numbered years the meeting place must be within the Counties of Washington or Yuma, State of Colorado. Such annual meetings shall be held for the purpose of electing directors, passing upon reports covering 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 Meeting

Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the Counties of Yuma or Washington 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 (10) days nor more than twenty-five (25) days before the date of the meeting, except that where one of the purposes of the meeting is the election of directors a preliminary notice shall be delivered not less than 90 days, nor more than 120 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 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 his 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 or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum

One hundred (100) of the members of the Cooperative present in person shall constitute a quorum at any annual or special meeting of the members for the transaction of all business, except in the event the Board of Directors has authorized voting by mail on a specific matter.

In the event the board of Directors has authorized voting by mail on any matter, seven per centum (7%) of the members present in person and by mail ballot shall constitute a quorum as to, and only for, the specific matter for which a mail vote is authorized, provided, that one hundred (100) members are present in person, and one hundred (100) members present in person shall constitute a quorum for the transaction of all other business. If less than a quorum is present at the meeting, 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 only one (1) vote upon each matter submitted to a vote at any meeting of the members, including voting for one (1) director from each district in which a director is to be elected.

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 and, where authorized, by mail, except as otherwise provided by law, the Articles of Incorporation of the Association, or these By-Laws.

If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

A member shall be entitled to vote for the election of directors either at a meeting held for such purpose or by mail. In addition, voting by mail may be authorized on any other matter by resolution of the Board of Directors adopted prior to the members' meeting. Provided, however, that all voting by mail must be in writing on ballots provided by the association and the return envelope containing the ballot must be signed by the member voting.

Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative,

prior to, or upon registration at, each member meeting, of satisfactory evidence entitling the person presenting the same to vote.

Notwithstanding the foregoing provisions of this Section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise the right to vote, to the same extent that such member could vote if present in person.

Cumulative voting and voting by proxy shall be prohibited at all meetings of the members.

Section 6. 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:

1. Call of the roll.
2. 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.
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, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of any action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

Section 7. Voting Districts

The territory served or to be served by the Cooperative shall be divided into nine districts, each of which shall contain as nearly as

possible the same number of members. Each district shall be represented by one director. The original nine districts shall be as follows:

District No. 1 – The First Commissioner District of Yuma County, Colorado

District No. 2 – The Second Commissioner District of Yuma County, Colorado

District No. 3 – The Third Commissioner District of Yuma County, Colorado

District No. 4 – The First Commissioner District of Washington County, Colorado

District No. 5 – The Second Commissioner District of Washington County, Colorado

District No. 6 – The Third Commissioner District of Washington County, Colorado

District No. 7 – The Town of Akron, Colorado

District No. 8 – The Town of Akron, Colorado

District No. 9 – The Town of Otis, Colorado

Section 8. Rules for Meetings

At all meetings of the members of the Board of Directors, and of any committees thereof, meeting procedure, except as provided by law or the Certificate of Incorporation, shall be governed by the latest edition of Robert's Rules of Order.

Section 9. Credentials and Election Committee

The Board of Directors not more than forty-five (45) days prior to the annual meeting of members, shall appoint a Credentials and Election Committee consisting of an uneven number of members, not less than five (5) nor more than fifteen (15) who are not directors or candidates for the office of director, or member of the same household of or close relative of any director or candidate. In appointing the Committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative.

Section 10. Fixing Record Date

For the purpose of determining members entitled to notice of or to vote at any meeting of members, or in order to make a determination of members for any other purpose, the Board of

Directors may fix in advance a date as the record date for such determination. Such date, in any case, shall not be more than thirty (30) prior to the date on which the particular action requiring such determination of members is to be taken.

ARTICLE III Directors

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Certificate of Incorporation of the Cooperative or by these By-Laws conferred upon or reserved to the members.

Section 2. Qualification 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 the annual meeting held in the year 1950, there shall be elected for a term of three years, one director from District No. 1, one director from District No. 4 and one director from District No. 8; there shall also be elected for the term of two years, one director from District No. 2, one director from District No. 5 and one director from District No. 9; there shall also be elected for the term of one year, one director from District No. 3, one director from District No. 6 and one director from District No. 7. At each succeeding annual meeting thereafter, one director shall be elected for a term of three years to fill the offices of those directors whose terms expire in that year, subject to the provisions of these By-Laws with respect to the removal of directors.

Nothing herein shall affect the right of directors to continue in office until their successors shall have been elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of directors. Each member shall have the right to cast one (1) vote for each director to be elected at such election and the candidate from each director district receiving the highest number of votes cast for director from that district shall be elected for the term herein above specified. Voice vote will be

permitted if there is no competition for the office to be filled, otherwise written ballots will be used for election purposes.

No person shall be eligible to become or remain a director who is not a member of the Cooperative or does not reside in the director district he is to represent, except as hereinafter provided, or who is any way employed by, or financially interested in, a competing enterprise. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director; PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he is not receiving service from the Cooperative at his primary residential abode, be eligible to become a director if, he (1) is in substantial permanent occupancy, direction or use of the premises serviced by the Cooperative and (2) is a permanent and year-around resident within or in close proximity to an area served by the Cooperative.

Nothing in the 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 Directors, unless such action is taken with respect to a matter in which one or more of the directors voting thereon have an interest adverse to that of the Cooperative.

Section 3. Nominations of Directors

Members may be nominated to serve on the Board of Directors of the Association provided they possess the qualifications set forth in these By-Laws, in the following manner: Any fifteen (15) or more members acting together, may make nominations by petition filed with the Secretary of the Association not less than forty-five (45) days prior to the meeting of members. Those members signing such a petition must be residents of the district in which the vacancy for the office of director occurs. The Secretary shall cause to be posted the Petitions when received at the principal office of the Cooperative. The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing the names and addresses of members nominated and their director district. Additional nominations may not be made at the meeting of members except that the members may, at any meeting at which a director or directors shall be

removed, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner the validity of any official action hereafter taken by the Board of Directors.

Section 4. Vacancies

Subject to the provision of these By-Laws with respect to the removal of directors, vacancies occurring on the Board of Directors by reason of death or resignation shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of members and at that time a director shall be elected to fill the unexpired portion of the original term or until their successors shall have been elected and shall have qualified. If vacancies occur by reason of the expiration of the term of office of any director then the vacancies shall be filled by a majority vote of the remaining directors, provided the vacancies have not been filled by an election of directors by the members, and the term of such directors shall be three years from the date of the last annual meeting.

Section 5. Compensation

Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors, the board may provide a fair remuneration (which may include insurance benefits) for time actually spent in the services of the Cooperative, a reasonable mileage allowance, and reimbursement for actual out-of-pocket expenses made by a director for attendance at meetings of the Board of Directors and at such other meetings as the Board of Directors shall consider it to the best interest of the Cooperative to have its directors, or any of them, attend. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director 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 Directors shall have power to make and adopt such rules and regulations, not inconsistent with the 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 7. Accounting Systems and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system and shall cause to be made a full and complete audit of the accounts at least once a year for a twelve (12) month period (not necessarily the same period as the Cooperative's fiscal year) by a Certified Public Accountant selected by the Board of Directors. An accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members.

Section 8. Director Indemnification

The Cooperative shall have the power and duty to indemnify any director, officer or employee or former director, officer or employee of the Cooperative, or any person who may have served at its request as a director, officer or employee of another corporation in which it owns shares of capital stock, or of which it is a creditor, against expenses actually and necessarily incurred by him in connection with the defense or settlement of any action, suit or proceeding in which he is made a party by reason of being or having been such a director, officer or employee, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty, and except that the cooperative shall have the power to reimburse for the reasonable costs of settlement only if it shall be found by the Board of Directors that it was to the best interest of the Cooperative that such settlement be made and that such director, officer or employee was not guilty of negligence or misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled under any By-Law, agreement, vote of shareholders or otherwise.

Section 9. Removal of Directors

Any member may bring charges against a director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the membership, requesting the removal of the director in question. No petition may include more than one

director. A director of the Cooperative may be removed only for a cause. Cause, as defined in these By-Laws, means malfeasance, misfeasance or non-feasance adversely affecting the corporate interests. Cause, as defined in these By-Laws, does not mean conduct or decision of a discretionary matter or good faith acts of a director exercising honest business judgment. All petitions presented pursuant to this By-Law shall contain the signature of a bona fide member of the Cooperative as of the date such petitions are filed with the Secretary. Such petitions shall be signed before a notary public by each member circulating such petition. The Secretary shall, upon receipt of the charges and petition against a director, transmit them within a reasonable time to an arbitrator chosen jointly by the member bringing the charges and the Secretary under the Commercial Arbitrations Rules of the American Arbitration Association on the questions of whether cause has been stated in the charges under the definition of cause within these By-Laws and on any other issue or matter concerning the recall. In the event that the arbitrator decides that the charges state cause as defined in these By-Laws, the removal shall be voted upon at the next regular meeting of the members present at such meeting (or special meeting of the members specifically called for that purpose) and any vacancy created by such removal shall be filled in accordance with the provisions of these By-Laws. In the event that the arbitrator decides that cause has not been stated, then the removal shall not be presented to the membership at any regular or special meeting, and all expenses of the arbitration shall be borne by the member submitting the petition. The director against whom such charges have been brought shall be informed in writing of the charges thirty (30) days previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel, or both, and to present evidence; and the member bringing the charges against him shall have the same opportunity.

Section 10. Director Liability

Directors, and former Directors, shall not be personally liable to the Corporation or its members for monetary damages for breach of any fiduciary duty except: Breach of the duty of loyalty to the Corporation or its members; an act or omission not in good faith or which involves intentional misconduct or a knowing violation of

law; or a transaction resulting in improper personal benefit to the Director.

ARTICLE IV Meetings of the Directors

Section 1. Regular Meetings

A regular meeting of the Board of Directors shall be held without notice other than this By-Law, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Yuma or Washington Counties, 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 the 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 (which shall be in Yuma or Washington Counties, Colorado), for the holding of any special meetings of the Board of Directors called by them.

Section 3. Notice

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least three (3) days previous thereto, by written notice, 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 prepaid thereto. 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, unless a different fraction be required for specific actions of the Board of Directors, by the By-Laws, the Articles of Incorporation, or applicable statutes.

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 may be determined by the Board of Directors from time to time. The offices of Secretary and of 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 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, unless determined otherwise by 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 shall:

- (a) Keep the minutes of the meetings of the members and Board of Directors 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 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) Keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) Sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) 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
- (h) 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 Directors.

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 monies due and payable to the Cooperative from any source whatsoever, and deposit all 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. Manager

The Board of Directors 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 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. Bonds 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 surety as it shall determine.

Section 11. 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 12. Delegation of Secretary's and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer herein before provided, the Board of Directors by resolution may, except as otherwise limited by law, delegate wholly or in part, the responsibilities and authority for, and the regular and routine administration of, one or more of such officers' duties to one or more agents, or other officers of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authority.

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. Issue of Membership Certificates

A membership certificate and share certificate shall be issued when the application for membership has been accepted as herein provided.

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 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

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 patrons 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 after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. 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.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law be:

- (a) used to offset any losses incurred during the current or any prior fiscal year and

(b) to the extent not needed for the purpose, at the discretion of the Board of Directors allocated to its electric energy patrons on a patronage basis as herein provided or set aside in whole or in part for contingencies or future replacement of plant facilities. “The Cooperative shall have a security interest in each patron’s capital credit account for the purpose of paying any indebtedness due the Cooperative. The Cooperative is entitled and authorized to withhold from any approved refund of capital credits, whether a general or special refund, such amounts as the patron owes the Cooperative and shall apply the amount withheld to the patron’s obligation, and the excess, if any, shall be refunded. Patrons do not have the right to apply, or offset, capital credits that have not been approved for refund to any obligation they owe the Cooperative.”

Section 3. Retirement of Capital Credits

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 retirement 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. Because of the cost involved in issuing numerous small checks, except for the last year a patron is due a refund, capital credit refund checks may not be issued until the accumulated amount in the patrons’ capital credit account exceeds an amount to be determined by the Board of Directors. Provided, however, that beginning with the year 1997, cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year subject to the requirement that at least fifty per centum (50%) of such cash shall be applied to the retirement of the oldest outstanding capital credits as hereinabove provided. Provided, however, if the patron is indebted to the Cooperative, the indebtedness shall

constitute a charge and preference against the capital credits allocated, or to be allocated, and may, at the option of the Cooperative, be deducted from any regular or special retirement authorized by the Board of Directors.

Section 4. Assignment of Capital Credits

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions 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.

Section 5. Retirement of Capital Credits on Death of Patron

Notwithstanding any other provision 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.

Section 6. Patron Bound by Articles and By-Laws

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 office.

Section 7. Unclaimed or Unrefundable Consumer Accounts

In all cases where a member or patron fails to claim any deposits, stocks, dividends, capital credits, patronage refunds, contributed

capital, book equities, or any other property or funds held for him by the association, after the same have been declared payable to him, the association may recover and use such property or funds, if state law permits, for educational or charitable purposes; provided that the association has first given notice by first class mail, postage paid addressed to the member or patron at his last known address as shown by the records of the association, and such notice has been returned by United States mail to the association, or reasonable proof of mailing from the association's records can be determined; and provided further that such property or funds cannot be so used until after a period of six years from the date of mailing such notice, and if the member or patron does not claim such property or funds within such six year period, his claim thereto shall be extinguished and forever barred.

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, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (1) Property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not, in any one year exceed in value ten per centum (10%) of the value of all of the property of the Cooperative;
- (2) Services of all kinds, including electric energy; and
- (3) Personal property required for resale;

Unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members, and the notice of such proposed sale, mortgage, lease or other

disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, or any other organization or institution, provided, that said transaction has first been approved by the United States of America, acting through the Administrator of the Rural Electrification Administration, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and to secure the payment thereof, 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 any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired to or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine.

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.

ARTICLE XII
Membership in Other Organizations

The Cooperative may become a member of any other organization by first having a motion for membership presented at a regular or special meeting of the Board of Directors and the motion thereupon receiving the affirmative vote of six (6) of the nine (9) directors. The Cooperative may also become a member of any other organization by affirmative vote of the members at a meeting called as provided by these By-Laws, and notices of said meeting shall specify that action is to be taken upon such proposed membership as an item of business. The Cooperative

may withdraw from membership in any other organization in the same manner and by the same procedures as it may use in becoming a member of any other organization.

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, "Corporate Seal, Colorado."

ARTICLE XIV
Amendments

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