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Blachly-Lane County Cooperative Electric Association operates according to its Bylaws. These Bylaws outline the procedures under which the Cooperative serves its members and the responsibilities of its members to the Cooperative.

# # #

**ARTICLES OF INCORPORATION  
AS AMENDED AND RESTATED 2005, AND  
REVISED MAY 2009  
of  
BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC  
ASSOCIATION**

**ARTICLE I**

The name of the Corporation is Blachly-Lane County Cooperative Electric Association.

**ARTICLE II**

The purpose or purposes for which the Corporation is organized are:

1. To operate on a cooperative basis and engage in furnishing electric energy to its members;
2. To generate, manufacture, purchase, acquire, and accumulate electric energy for its members and to transmit, distribute, furnish, sell and dispose of such electric energy to its members;
3. To engage in any lawful activity for which cooperatives are organized under Oregon law; and
4. To have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the laws under which the Cooperative is formed, including activities necessary, useful, or convenient to accomplish any or all of the purposes of the Cooperative, provided that the Corporation shall render no service to or for the public.

**ARTICLE III**

The Corporation is not organized for profit and has no authority to issue capital stock. Any person, firm, corporation, or body politic may become a member in the Corporation in accordance with the requirements provided in the Corporation's Bylaws. The membership fee, and the procedure for changing the amount of such fee, shall be specified in the Corporation's Bylaws.

**ARTICLE IV**

Upon dissolution and in accordance with the Corporation's Bylaws

and applicable Oregon law, the Corporation shall pay its debts and liabilities, retire patronage capital, and distribute any remaining assets to its current and former members.

## ARTICLE V

1. Supersedes inconsistent Articles and Bylaws. The provisions of this Article V shall supersede all other inconsistent provisions of these Articles and the Bylaws of the Cooperative, and shall govern the interpretation and application of all matters within the scope of this Article V.

2. Scope. The provisions of this Article V shall apply whenever any of the actions or transactions set forth in subparagraph (a), (b), (c) or (d) is proposed or considered by the Cooperative.

a) A sale, lease, exchange or other disposition of all or substantially all, the property and assets of the Cooperative to or with a domestic or foreign business corporation, to or with any natural person, partnership, unincorporated association, limited partnership, limited liability company or limited liability partnership;

b) A voluntary dissolution of the Cooperative;

c) A merger of the Cooperative with or consolidation into a domestic or foreign business corporation; or

d) An amendment to the Cooperative's Articles of Incorporation, which would convert the Cooperative into a domestic business corporation.

3. Requirements.

a) An affirmative vote of two-thirds (2/3) of the directors is required for the Board of Directors to take or approve any action within the scope of Section 2 of this Article V.

b) If the Board of Directors shall resolve to submit to the members for a vote at any annual or special meeting any resolution or recommendation within the scope of Section 2 of this Article V, no meeting of the members shall be called or held for the purpose of voting on any such resolution or recommendation for at least 180 days after the date of such resolution or recommendation. As soon as practicable after the date the Board

c) adopts any resolution or recommendation referred to herein, the Board shall give written notice to each member of the following:

- i. The date of the Board's resolution;
- ii. The full text of the Board's resolution; and
- iii. An objective explanation of the proposed action, which is the subject of the resolution.

d) [Notwithstanding Article III, Section 10, - obsolete reference] [T] ten percent (10%) of all the members, present in person, shall constitute a quorum at any regular or special meeting at which the members will vote on any matter within the scope of Section 2 of this Article V.

e) No member's vote may be cast by proxy on any matter within the scope of Section 2 of the Article V.

f) An affirmative vote of two-thirds (2/3) of all members is required to approve any action within the scope of Section 2 of the Article V.

4. Severability. In the event any provision, condition, or part thereof of this Article shall be finally determined by a court of competent jurisdiction to be invalid, void or voidable, the remaining provisions and conditions shall be and remain in full force and effect.

5. Amendment of this Article. The Cooperative may alter, amend or repeal this Article V in the manner provided by law, provided that an affirmative vote of two-thirds (2/3) of all members shall be required to alter, amend or repeal all or any part of this Article V.

**BYLAWS  
AS AMENDED AND RESTATED 2005  
OF  
BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC  
ASSOCIATION**

**Preamble**

The principal business of Blachly-Lane County Cooperative Electric Association (hereinafter called "Cooperative") is to make electric energy and related Cooperative services available to its members at the lowest possible cost in accordance with sound business and cooperative principles. The Cooperative will encourage its members to make wise and efficient use of the electric energy provided, and, where appropriate, will expand its system and its member base for the benefit of all members.

**ARTICLE I**

**Members**

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any person, firm, corporation, or body politic ("Applicant") may apply to become a member in the Cooperative by:

- (a) Paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws, any amendments thereto, and such policies as may from time to time be adopted by the Board of Directors; and
- (d) Delivering to the Cooperative grants of easement or rights-of-way on or over such lands owned by the Applicant in accordance with such reasonable terms and conditions for the construction, operation, maintenance, replacement, or relocation of the Cooperative's electric facilities as the Cooperative may require for the furnishing of electric service to the applicant. The Cooperative will complete negotiations with property owners regarding reasonable terms and conditions, before any work begins. No Applicant shall become a member unless and until accepted for membership by the Board of Directors. No person, firm, corporation, or body politic may own more than one (1) membership in the Cooperative. A couple whether married or domestic partners as defined by Oregon law, may apply for a joint

membership, and the Board of Directors may accept such joint membership, provided such couple complies jointly with the provisions of the above subsections (a), (b), (c), and (d).

The Cooperative shall issue an original or replacement certificate of membership for all members in such form and on such terms as the Board of Directors may determine not inconsistent with the Articles of Incorporation or these Bylaws.

SECTION 2. MEMBERSHIP FEE. The Board of Directors, through adoption of a policy, may set a membership fee from time to time, but is not required to do so. In no event shall the membership fee exceed \$5.00. The member shall be eligible for service connections upon paying a membership fee, if any, making a meter deposit, and paying the service connection fee applicable to the class of service required in accordance with policies adopted by the Board of Directors.

SECTION 3. PURCHASE OF ELECTRIC ENERGY. All electric energy purchased for use within the cooperative service area on the premises specified in the member's application for membership shall be purchased from the Cooperative, and such member shall pay monthly at rates, which will from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

SECTION 4. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the 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. The Board of Directors of the Cooperative may, by the affirmative vote of not

less than two-thirds (2/3) of the directors thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these Bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a majority vote of the members at any annual or special meeting of the members. 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 a certificate representing the same shall not be transferable, except as hereinafter provided, and upon the death, cessation of existence, expulsion, or withdrawal of a member. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

(b) A member holding a single membership may request in writing that the Cooperative reissue the membership certificate as a joint membership certificate for a couple that includes the requesting member and spouse or domestic partner. The Cooperative shall reissue the requesting member's certificate as a joint certificate in the names of the couple, provided that both the requesting member and spouse or domestic partner agree to comply with the provisions of subsections (a), (b), (c), and (d) of Section 1 of this Article.

(c) When a membership is held jointly, upon the death of one party holding such joint membership, such membership shall be deemed to be held solely by the surviving member with the same effect as though such membership had been originally issued solely to such surviving member. Upon the recording of such death on the books of the Cooperative, the certificate shall be amended to and in the name of such surviving member; provided, however, that the estate of the deceased member shall

not be released from any membership debts or liabilities to the Cooperative.

**ARTICLE II**  
**Meetings of Members**

SECTION 1. ANNUAL MEETING. The Annual Meeting of the members shall be held after April 1 each year as may be designated by the Board of Directors, within the Blachly-Lane Electric Cooperative's membership area or within a 20-mile radius of headquarters as may be designated in the "Notice of the Meeting," for the purpose of selecting directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting. If the day fixed for the annual meeting shall be a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as practicable. Failure to hold the annual meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by the Board of Directors or upon a written request signed by at least ten per centum (10%) of all the members. 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 within the Blachly-Lane Electric Cooperative's membership area or within a 20-mile radius of headquarters.

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered to each member not less than ten (10) days, nor more than thirty (30) days, before the date of the meeting, either personally or by mail, by or at the direction of the Secretary. If mailed, such notice shall be deemed to be delivered when deposited in the United

States mail, addressed to the member at the address appearing 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 that may be taken by the members at any such meeting.

SECTION 4. QUORUM. As long as the total number of members does not exceed five hundred (500), at least ten per centum (10%) of the total number of members present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed five hundred (500), then at least fifty (50) members present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. If a couple holds 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. Any member not a natural person may designate in writing a representative to cast its vote and to act for it at membership meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting. In the absence of written notice that some person has been designated to represent a member who is other than a natural person, such member may be represented by any of its principal officers or officials. If such representative, officer, or official is also an individual member of this Cooperative, the representative may also vote as such member. A legal guardian or legal representative of any member may vote in behalf of such member provided that satisfactory written proof of such legal guardianship or letters testamentary are exhibited to the Secretary. Members shall not vote by proxy.

SECTION 6. VOTING BY MAIL. Any member who is absent from any annual or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting. The Secretary shall enclose with the notice of such meeting a voting ballot identical to the ballot to be distributed at such meeting. The absent member may vote on the resolutions or motions presented on the ballot by marking the ballot as instructed thereon, and shall enclose the marked ballot in a secrecy envelope provided with the ballot, which is then enclosed and sealed within a return envelope addressed to the Secretary and authenticated with the member's signature. The Secretary shall cause voting envelopes to be deposited in a locked ballot box. When such written vote so enclosed is received from any absent member, it shall be accepted and counted as a vote of such absent member at such meeting. Any member who is absent from any meeting provided for in Section 1 of Article II for the election of directors may also vote by mail in the election of directors by ballot as hereinafter provided in these Bylaws. If a couple holds a joint membership and are absent from any annual or special meeting of the members they shall jointly be entitled to a vote by mail as provided in this section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action that may be taken by the members at any such meeting.

SECTION 7. VOTING DISTRICTS. The territory served or to be served by the Cooperative shall be divided into five districts by the Board of Directors at the first meeting of the directors after the adoption of these Bylaws. Each district shall contain as nearly as possible the same number of members. Each district shall be represented by one director. Not less than ninety (90) days before any meeting of the members at which directors are to be elected, the Board of Directors shall review the composition of the several districts. If it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as practicable the same number of members.

SECTION 8. NOMINATION AND ELECTION OF DIRECTORS.

(a) The members residing in any district may nominate a candidate for a director to represent that district by filing a petition with the Secretary at least sixty (60) days before the date of the annual meeting, signed by at least fifteen (15) members of the Cooperative residing in the district for which a director is to be elected.

(b) Notwithstanding the nomination of candidates from each district as in paragraph (a), each director of the Cooperative whose position is subject to election at the time shall be deemed to be and shall be a candidate and nominee for election to the office of director for the ensuing term unless such director shall notify the Board of Directors in writing more than sixty (60) days before the election by the members of directors that said director does not desire to be a candidate and nominee for re-election to the office of director.

(c) After the nominations are made for the Board of Directors as heretofore provided, and not less than ten (10) days before an annual or special meeting of the members at which directors are to be elected, the secretary of the Cooperative shall cause to be mailed to each member a ballot marked "Ballot for Directors" containing a list of the candidates nominated, the names to be arranged by districts. A statement by the secretary informing the members of the manner in which they may vote by mail shall be included with the notice of the meeting. Any member who is absent from any such meeting may vote by mail for directors by marking on the ballot an "X" opposite the name of one candidate within each district or by writing in the name of some other member beneath the names of the official candidates of such member's district, and enclosing the ballot in a sealed envelope bearing their signature, addressed to the Secretary. When such ballot so enclosed is received by mail from any absent member it shall be accepted and counted as a vote for directors by ballot of such absent member at such meeting.

At the meeting the secretary of the Cooperative shall place in nomination the names of the official candidates of each district. Additional nominations for director for a particular district may be made from the floor. Election of directors shall be by printed ballot. A candidate nominated from the floor of the meeting may

be voted for by writing in the name of such candidate beneath the names of the official candidates of the particular district. Each member of the Cooperative present at the meeting or voting by mail shall be entitled to vote for one (1) candidate from each district. The candidate from each district receiving the highest number of votes at this meeting shall be considered elected as director.

Ballots, whether for nomination or for election, shall be prepared so that the candidates' positions on the ballot are rotated equally.

**SECTION 9. 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 to order, preliminaries, determination of quorum, and introductions.
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, member discussion, consideration of, and acting upon, reports of officers, directors and committees, including a report on the Cooperative's financial condition by the Audit Committee.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

**SECTION 10. RULES OF PROCEDURE.** At all meetings of the members and of any committees thereof, meeting procedure, except as provided herein or otherwise provided by law, shall be governed by the latest edition of Robert's Rules of Order.

**ARTICLE III  
Directors**

**SECTION 1. GENERAL POWERS.** The business and

affairs of the Cooperative shall be managed by a board of five (5) directors, which shall exercise all of the powers of the Cooperative except such as are by law, by the Articles of Incorporation of the Cooperative, or by these Bylaws conferred upon or reserved to the members.

## SECTION 2. QUALIFICATION AND TENURE.

(a) Each director shall be elected for a term of three years or until a successor shall have been elected and shall have qualified subject to the provisions of these Bylaws with respect to establishing three-year terms and with respect to the removal of directors.

(b) No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not in good standing with the Cooperative, who is not a bona fide resident in the area served by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative. No person shall remain a director, and such person's office as director shall automatically become vacant, if the person misses four (4) regular meetings of the Board of Directors in any twelve (12) month period. The remaining directors may reappoint the director whose office has been vacated if they unanimously resolve that there was good cause for such absences and that it is not likely that such absences will continue in the future. When a membership is held jointly by a couple, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless the candidate or the director shall meet the qualifications hereinabove set forth. Except as otherwise provided herein, upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall announce by resolution the disqualification of such director and the fact that such director's office is thereby vacated.

(c) Each director as of May 1, 2005, shall be required to be credentialed by National Rural Electric Cooperative Association (NRECA) prior to the completion of the first full elected term as a director.

(d) A member may challenge the qualifications of any

director at any time by filing with the Secretary written reasons why such member believes a director is not qualified to serve. The affected director may file a written response with the Secretary within 30 days after the filing of the original challenge. The Board of Directors shall consider the challenge to the director's qualifications at a general or special meeting of the Board of Directors within 90 days of the filing date of the original challenge. At such meeting, the member filing the challenge, the affected director, and other members shall have the opportunity to be heard on the question in accordance with a process established by the Board of Directors. At the conclusion of the meeting, the Board of Directors, with the exception of the affected director, shall consider the challenge in executive session, and shall take such action as it deems to be in the Cooperative's best interest.

Any vacancy created as a result of the application of the provisions above shall be filled in accordance with Section 3 of this Article.

Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

**SECTION 3. VACANCIES.** Subject to the provisions of these Bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

**SECTION 4. COMPENSATION.** Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for each day or portion thereof spent on cooperative business, including attendance at meetings, conferences, training programs, or performing committee assignments when authorized by the Board. 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 the payment of compensation shall be specifically authorized by a vote of the members or the service of such director or close relative shall have been certified by the Board of Directors as an emergency measure. As used in these bylaws "close relative" means a person who is a spouse, child, grandchild, parent, grandparent, brother, or sister by blood or in-law.

SECTION 5. POLICIES. The Board of Directors shall have power to make and adopt such policies not inconsistent with law, the Articles 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 6. REMOVAL OF DIRECTORS. If a written petition for removal of a Director stating the reasons for removal and signed by not fewer than ten per centum (10%) of the members of the Cooperative as of the date of that filing is filed with the Secretary of the Cooperative, such proposed removal shall be voted upon at the next annual or special meeting of the members of the Cooperative which follows such filing by more than thirty (30) days. The notice of such meeting shall inform members that the meeting will include consideration of and a vote on the petition to remove a director. The Secretary shall include with the meeting notice a copy of the petition as filed and any written response by the affected director, not exceeding 1500 words. At the annual or special meeting the petition shall be read and the Director whose removal is sought shall have opportunity to answer. By affirmative vote of the majority of the members voting in person or by mail at that meeting, the members may remove the Director; the resulting vacancy shall be filled by the Board of Directors as provided in this article.

SECTION 7. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be deemed appropriate for electric utilities in the

cooperative utility industry. The Board of Directors shall review the Cooperative's financial statements no less than four times a year at regular meetings of the Board of Directors. The Board of Directors shall also after the close of each fiscal year cause to be made a full, independent, and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

SECTION 8. AUDIT COMMITTEE. The Board of Directors shall establish an Audit Committee, which shall have the responsibility to oversee the Cooperative's financial reporting process and to report the results of its findings to the Board of Directors. The members of the Audit Committee shall include one Director, four members appointed by the Board, and a qualified financial advisor designated by the Board and who may be one of the committee members. If the financial advisor designated by the Board is not a member of the Audit Committee, such advisor shall not have a vote on the Committee. A majority of the Audit Committee members shall constitute a quorum for the conduct of its business. All Audit Committee members shall execute a non-disclosure agreement in a form approved by the Board.

The Audit Committee's oversight responsibility shall include:

(a) Reviewing the qualifications and performance of public accounting firms being considered for preparation and issuance of an annual audit or related work, and making recommendations to the Board regarding the annual appointment of a public accounting firm;

(b) Reviewing the preliminary audited annual financial statement and internal financial auditing, accounting, reporting, or control procedures;

(c) Ensuring compliance with other legal, regulatory, and ethical requirements established by the Board or imposed by state or federal statute or regulation;

(d) Establishing procedures for:

(i) the receipt, retention, and treatment of complaints received by the Cooperative regarding accounting, internal accounting controls, or auditing matters;

and

(ii) the confidential, anonymous submission by the Cooperative's employees of concerns regarding questionable accounting or auditing matters.

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

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held monthly, within Lane County Oregon, at such time and place as the Board of Directors may provide by resolution. Such monthly meetings may be held without notice other than such resolution fixing the time and place thereof. To the extent permitted by law, such meetings may be held by telephone conference call.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairperson or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE. Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given at least five (5) days prior thereto, by written notice, delivered personally, faxed, e-mailed, or mailed to each director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened. To the extent permitted by law, such meetings may be held by telephone conference call.

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.

SECTION 6. RULES OF PROCEDURE. At all meetings of the Board of Directors or any committee thereof, meeting procedure, except as provided herein or otherwise provided by law, shall be governed by the latest edition of Robert's Rules of Order.

SECTION 7. OPEN MEETINGS. Meetings of the Cooperative's Board of Directors shall be open to members of the Cooperative and their guests if accompanied by the member.

SECTION 8. EXECUTIVE SESSIONS. The Board shall meet in executive session on the following matters;

(a) Personnel matters involving Cooperative employees, prospective employees, directors, or officers, unless the affected person requests an open meeting;

(b) Labor negotiations;

(c) Real property transactions involving the Cooperative;

(d) Consideration of private individual member records;

(e) Circumstances in which the Cooperative may disclose competitive or other confidential business information;

(f) Current or potential litigation.

Any executive session shall remain closed to all persons other than Directors and those designated by the Board to participate in such executive session.

SECTION 9. MINUTES. The Board shall timely produce minutes of its meetings, which minutes shall accurately reflect the matters discussed at such meetings, and shall contain the results of all votes taken on any decision, including the votes of each director. Any Cooperative member shall have access to approved minutes.

## **ARTICLE V**

### **Officers**

SECTION 1. NUMBER. The officers of the Cooperative shall be a Chairperson of the Board of Directors, Vice Chairperson, Secretary, 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 OFFICERS. The officers shall be elected by ballot annually by and from the Board of Directors at the first general or special meeting of the Board of Directors subsequent to the annual meeting of the members. Each officer shall hold office until the first meeting of the Board of Directors subsequent to the next succeeding annual meeting of the members or until the successors shall have been duly elected and shall have qualified, subject to the provision of these Bylaws with respect to the removal of officers.

SECTION 3. 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 4. CHAIRPERSON. The Chairperson:

(a) Shall preside at all meetings of the members and of the Board of Directors.

(b) Shall sign with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these 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 Chairperson and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. VICE CHAIRPERSON. In the absence of

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

SECTION 6. SECRETARY. The Secretary shall be responsible for:

(a) Keeping the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Assuming custody of the corporate records and seal, and causing such seal to be affixed on Cooperative documents where required by law, the Articles of Incorporation, these Bylaws, or accepted practice;

(d) Keeping a register of the post office address of each member that shall be furnished to the Secretary by such member;

(e) Signing, with the Chairperson, certificates of membership, the issuance of which shall have been authorized by resolution of the Board of Directors;

(f) Having general charge of the books of the Cooperative in which a record of the members is kept;

(g) Keeping on file at all times a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall be open always to the inspection of any member; and at the expense of the Cooperative forward to each member a copy of the Bylaws and of all amendments thereto; and

(h) Performing all duties incident to the office of Secretary and such other duties as the Board of Directors may assign from time to time.

SECTION 7. TREASURER. The Treasurer shall be responsible for:

(a) Securing and investing all funds and securities of the Cooperative;

(b) Receiving and giving receipts for monies due and payable to the Cooperative from any source whatsoever, and

depositing all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; and

(c) Performing all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

SECTION 8. MANAGER. The Board of Directors shall appoint a manager who shall perform such duties as the Board may require and shall have such authority as the Board may determine.

SECTION 9. BONDS OF OFFICERS. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of its funds or property shall be bonded or insured in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also cause any officer, agent, or employee of the cooperative to be bonded and insured in such amount and with such surety as it shall determine.

SECTION 10. 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.

## **ARTICLE VI Indemnification**

SECTION 1. DEFINITIONS AND REFERENCES. Terms used in this Article shall have the meanings assigned to such terms in the Oregon Cooperative Corporation Act, Oregon Revised Statutes, Chapter 62, relating to indemnification of cooperative directors, ORS 62.462 to 62.482. All general or specific references in these Bylaws to provisions of the Oregon Cooperative Corporation Act shall include future amendments to such provisions or any successor provisions.

SECTION 2. INDEMNIFICATION OF AND  
ADVANCEMENT OF EXPENSES TO DIRECTORS AND

OFFICERS. The Cooperative shall indemnify and advance expenses to its directors and officers to the fullest extent permitted under, and in accordance with, the Cooperative's Articles of Incorporation and the applicable provisions of the Oregon Cooperative Corporation Act.

SECTION 3. PERMISSIVE INDEMNIFICATION OF EMPLOYEES AND AGENTS. The Cooperative may, to the extent and on such conditions as may be authorized by the Board of Directors, indemnify and advance expenses to its employees and agents who are not directors to the fullest extent permitted under, and in accordance with, the applicable provisions of the Oregon Cooperative Corporation Act.

SECTION 4. ADVANCEMENT OF EXPENSES TO DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS. No advance or reimbursement of expenses to employees or agents in accordance with Section 2 or 3 of this Article shall be made unless the proposed indemnitee furnishes the Cooperative a written affirmation of the proposed indemnitee's good faith belief that she or he has met the standard of conduct required of directors by the Oregon Cooperative Corporation Act, ORS 62.464. The proposed indemnitee shall also furnish the Cooperative a written undertaking, executed personally or on the proposed indemnitee's behalf, to repay any advances if it is ultimately determined that she or he is not entitled to indemnification under this Article or the Oregon Cooperative Corporation Act.

SECTION 5. LIABILITY INSURANCE. The Cooperative shall purchase and maintain insurance on behalf of an individual who is a director, officer, employee, or agent of the Cooperative or who, while a director, officer, employee or agent of the Cooperative, serves at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign cooperative, corporation, partnership, joint venture, trust, employee benefit plan, or other entity against liability asserted against or incurred by her or him in that capacity or arising from her or his status as a director, officer, employee, or agent, whether or not the Cooperative would have the power to indemnify or advance expenses to her or him against the same liability under

this Article or the Oregon Cooperative Corporation Act.

SECTION 6. CONTRACT RIGHTS. The right to indemnification and advancement of expenses conferred hereunder to directors and officers shall be a contract right and shall not be affected adversely to any director or officer by any amendment of these Bylaws with respect to any action or inaction occurring prior to such amendment; provided, however, that this provision shall not confer upon any indemnitee or potential indemnitee the right to consent or object to any subsequent amendment of these Bylaws.

SECTION 7. NONEXCLUSIVITY. The rights of a director or officer hereunder shall be in addition to any other rights with respect to indemnification, advancement of expenses, or otherwise that such director or officer may have under contract, the Oregon Cooperative Corporation Act, or otherwise.

SECTION 8. AMENDMENTS. No amendment, modification, or rescission of this Article, or any provision hereof, the effect of which would diminish the rights to indemnification or advancement of expenses as set forth herein, shall be effective as to any director or officer of the Cooperative with respect to any action taken or omitted by such person prior to such amendment, modification, or rescission.

SECTION 9. SEVERABILITY. To the extent that the provisions of this Article are held to be inconsistent with the provisions of the Oregon Cooperative Corporation Act, the provisions of the Act shall govern. In the event that any of the provisions of this Article (including any provision within a single section, subsection, division, or sentence) is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions of this Article shall remain enforceable to the fullest extent permitted by law.

## **ARTICLE VII**

### **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, 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 policy 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 financial institutions as the Board of Directors may select.

### **ARTICLE VIII Nonprofit Operation**

SECTION 1. INTERESTS OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative, nonprofit basis for the mutual benefit of its member-patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its member-patrons.

#### SECTION 2. PATRONAGE CAPITAL

(a) Furnishing of capital through purchases of electric energy.

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all member-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 nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its member-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 (operating margins) at the moment of receipt by the Cooperative are received with the under-

standing that they are furnished by the member- patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each member-patron all such amounts in excess of operating costs and expenses.

If the Cooperative's operating costs and expenses properly chargeable against the furnishing of electric energy for any similarly-situated class of member-patrons ("class") exceed the Cooperative's revenues from providing electric energy service to such class during any fiscal year ("operating loss"), as determined under federal cooperative tax law and Board policies, then the Cooperative shall: (i) assign such operating loss to each class of similarly situated member-patrons in proportion to the quantity or value of electric energy purchased by each such class during the fiscal year; (ii) offset such operating loss with any operating margins provided by such class in proportion to the quantity or value of electric energy purchased by each such class during past or future fiscal year(s); or (iii) offset such operating loss with the Cooperative's margins from non-electric operations as provided below and in accordance with Board policies.

If the Cooperative is a member, patron, or owner of an entity from which the Cooperative purchases a good or service used by the Cooperative in providing electric energy and from which the Cooperative is allocated capital credits or other patronage amount, then, as determined by the Board and consistent with this bylaw, the Cooperative may separately identify and allocate to the Cooperative's member-patrons such capital credits or other patronage amount allocated by the entity.

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-patron is clearly reflected and credited in an appropriate record to the capital account of each member-patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member-patron of the amount of capital so credited to their account. All such amounts credited to the capital account of any member-patron shall have the same status as though they had been paid to the member-patron in cash in pursuance of a legal

obligation to do so and the member-patron had then furnished the Cooperative corresponding amounts for capital.

(b) Capital provided by non-electric operations.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, in accordance with these Bylaws and Board policies and insofar as permitted by law, be (i) used to offset any losses incurred during the current or any prior fiscal year and (ii) to the extent not needed for that purpose, allocated to its member-patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of member-patrons, as herein provided.

(c) Distribution of patronage capital and property interest(s) upon dissolution.

(i) In the event of dissolution or liquidation of the Cooperative, the Cooperative shall first pay all debts and liabilities.

(ii) The Cooperative shall next establish a reserve for contingent liabilities, including pending or threatened litigation, claims, or assessments and any unasserted claims of which the Cooperative has actual knowledge.

(iii) After the Cooperative has paid all debts and liabilities and established the contingent liability reserve, the Cooperative shall retire all patronage capital as provided herein and in accordance with Oregon law.

(iv) The Cooperative shall add to its reserve for contingent liabilities any remaining property or assets, including unclaimed patronage capital.

(v) At the expiration of not less than 48 months from the date the Board of Directors authorized the distribution of patronage capital in accordance with subsection (c) above, the Board of Directors shall, in accordance with ORS 62.425 or its successor, declare that all unclaimed patronage capital is forfeited to the Cooperative upon proper notice as provided by law.

(vi) Following forfeiture of unclaimed patronage capital, and in accordance with Board policies, the Cooperative shall distribute to the remaining member-patrons and former member-patrons, other than those the Cooperative has been unable to locate after proper notice, all remaining property and assets, including the reserve for contingent liabilities and the forfeited patronage capital, in proportion to which each member-patron's or

former member-patron's patronage capital bears to the aggregate amount of patronage capital for all remaining member-patrons and former member-patrons.

(d) Distribution of patronage capital prior to dissolution.

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 the member-patrons' accounts may be retired in full or in part. In this connection, the Board of Directors, at its discretion, also shall have the power and authority to retire and return capital on a discounted basis to former member-patrons who have permanently ceased taking any services from the Cooperative. After April 12, 1986, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

If the Cooperative separately identified and allocated capital credits representing capital credits or other patronage amounts allocated to the Cooperative by an entity in which the Cooperative is or was a member, patron, or owner, then the Cooperative shall retire and pay those capital credits either before or after the entity retires and pays the capital credits or other patronage amounts to the Cooperative.

(e) Assignment of capital credits.

Capital credited to the account of each member-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 part of such member-patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

(f) Distribution of patronage capital upon the death of a member-patron.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any member-patron, including any joint owner of a membership, if the legal representative of an estate shall request in writing that the capital credit to any such member-patron 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-patron or joint membership immediately upon such terms and conditions as the Board of Directors acting under policies of general application, and the legal representative of such member-patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

(g) The Bylaws as a contract between the Cooperative and its member-patrons.

The member-patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and the Bylaws, shall constitute and be a contract between the Cooperative and each member-patron, and both the Cooperative and the member-patrons are bound by such contract, as fully as though each member-patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each member-patron of the Cooperative by posting in a conspicuous place in the Cooperative's office. These provisions shall apply equally to former member-patrons who have permanently ceased taking services from the Cooperative, but who continue to retain capital credits with the Cooperative that have not been fully retired or distributed.

#### **ARTICLE IX**

##### **Waiver of Notice**

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws.

#### **ARTICLE X**

##### **Disposition of Property**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber (collectively "dispose of" or "disposition") any of its property other than:

- (a) Services of all kinds, including electric energy;
- (b) Personal property acquired for resale; and
- (c) 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 ("surplus property"). If the disposition of such surplus property shall in any

one year exceed the value of 10% of the value of all the property of the Cooperative, the members shall approve such disposition by the affirmative vote of two-thirds of all members voting thereon at a member meeting, provided that the notice of such proposed disposition shall have been contained in the notice of the meeting called and held in accordance with these Bylaws.

Notwithstanding the foregoing, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the National Rural Utilities Cooperative Finance Corporation and any other reputable lending institution 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 encumbrance of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

## **ARTICLE XI**

### **Acquisitions, Combinations, and Mergers**

SECTION 1. APPLICABILITY OF THIS ARTICLE. The procedural requirements of this Article shall apply to any proposed transaction involving:

- (a) The acquisition of an ownership interest in,
  - (b) The sale of substantially all the Cooperative's assets
- to, or
- (c) A business combination or merger with another business entity, including a partnership, limited partnership, limited liability company, cooperative or unincorporated association.

### SECTION 2. PROCEDURAL REQUIREMENTS.

(a) The Board of Directors shall first approve the proposed transaction.

(b) Following such approval, the Board of Directors shall submit the proposed transaction to the members for their approval at a special or general meeting held in accordance with these Bylaws and called not less than 90 or more than 180 days prior to

such meeting.

(c) The notice of such meeting shall contain a complete description of the proposed transaction, including the text of the Board's resolution, the financial impact on the members, the reasons for the Board's approval, and any dissenting views from Directors voting against the proposal.

(d) All members present at the meeting or submitting comments in writing shall have an opportunity to express their views on the proposal.

(e) Approval of the proposal requires an affirmative vote of two-thirds (2/3) of all members voting thereon in person or by mail as provided in these Bylaws.

Nothing in this Article shall prohibit the Cooperative from acquiring an ownership interest in another cooperative through the furnishing of patronage capital.

## **ARTICLE XII**

### **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 XIII**

### **Membership in Other Organizations**

The Board of Directors may authorize the Cooperative to become a member in any cooperative, corporation, association, or partnership, including, without limitation, the Pacific Northwest Generating Cooperative, the National Rural Utilities Cooperative Finance Corporation, the National Rural Electric Cooperative Association, and the Oregon Rural Electric Cooperative Association. The Board may also authorize the Cooperative to become a member in any community service organization if the Board deems such membership to be in the best interest of the Cooperative.

## **ARTICLE XIV**

### **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, Oregon".

**ARTICLE XV**  
**Amendment to Bylaws**

**SECTION 1. SUPERSEDES INCONSISTENT BYLAWS.**

The provisions of this Article XV shall supersede all other inconsistent provisions of these Bylaws of the Cooperative, and shall govern the interpretation and applications of all matters within the scope of this Article XV.

**SECTION 2. SCOPE.** The provisions of this Article XV shall apply whenever any of the actions or transactions set forth in subparagraphs (a), (b), (c), or (d) is proposed or considered by the Cooperative.

(a) A sale, lease, exchange, or other disposition of all, or substantially all, the property and assets of the Cooperative to or with a domestic or foreign business corporation, or to or with any natural person, partnership, unincorporated association, limited partnership, limited liability company, or limited liability partnership;

(b) A voluntary dissolution of the Cooperative;

(c) A merger of the Cooperative with or consolidation into a domestic or foreign business corporation; or

(d) An amendment to the Cooperative's Bylaws that would convert the Cooperative into a domestic business corporation.

**SECTION 3. REQUIREMENTS.**

(a) An affirmative vote of two-thirds (2/3) of the directors is required for the Board of Directors to take or approve any action within the scope of Section 2 of this Article XV.

(b) If the Board of Directors shall resolve to submit to the members for a vote at any annual or special meeting any resolution or recommendation within the scope of Section 2 of this Article XV, no meeting of the members shall be called or held for the purpose of voting on any such resolution or recommendation for at least 180 days after the date of such resolution or recommendation. As soon as practicable after the date the Board adopts any resolution or recommendation referred to herein, the Board shall give written notice to each member of the following:

(i) The date of the Board's resolution;

(ii) The full text of the Board's resolution; and

(iii) An objective explanation of the proposed action,

which is the subject of the resolution.

(c) Notwithstanding Article II, Section 4, ten per centum (10%) of all the members, present in person, shall constitute a quorum at any regular or special meeting at which the members will vote on any matter within the scope of Section 2 of this Article XV.

(d) No member's vote may be cast by proxy on any matter within the scope of Section 2 of this Article XV.

(e) An affirmative vote of two-thirds (2/3) of all members is required to approve any action within the scope of Section 2 of this Article XV.

SECTION 4. SEVERABILITY. In the event any provision, condition, or part thereof of this Article shall be finally determined by a court of competent jurisdiction to be invalid, void, or voidable, the remaining provisions and conditions shall be and remain in full force and effect.

SECTION 5. AMENDMENT TO THIS ARTICLE. The Cooperative may alter, amend or repeal this Article XV in the manner provided by law, provided that an affirmative vote of two-thirds (2/3) of all members shall be required to alter, amend or repeal all or any part of this Article XV.

#### **ARTICLE XVI**

##### **Amendments**

These Bylaws 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.

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