

**RESTATED ARTICLES OF INCORPORATION
OF
DOUGLAS ELECTRIC COOPERATIVE, INC.**

ARTICLE I.

The name of the cooperative is Douglas Electric Cooperative, Inc.

ARTICLE II.

The purpose of the cooperative is to engage in any lawful activity for which cooperatives may be organized under Oregon law, including but not limited to the furnishing of energy and telecommunications products and services.

ARTICLE III.

The cooperative is organized without membership stock. The amount of the membership fee is \$5.00. The membership fee may be changed in accordance with procedures established in the cooperative's bylaws, without the necessity of filing amended or restated articles of incorporation. Transfers of membership are not permitted, with the exception for the survivor interest in a joint membership, provided that the survivor complies with the cooperative's requirements for becoming a member, and as further provided in the cooperative's bylaws. The estate of a deceased member shall not be released from any membership debts or liabilities to the cooperative solely by reason of a transfer of membership to a surviving joint member.

ARTICLE IV.

The duration of the cooperative shall be perpetual. However, in the event of dissolution or liquidation of the cooperative, the cooperative shall pay, satisfy or discharge all of its debts, obligations and liabilities; and thereafter the cooperative shall retire without priority all capital credited to the members and former members in proportion to the value of quantity of cooperative services used, received or purchased by each member or former member; and thereafter to the extent practical, the cooperative shall distribute gains from selling any appreciated cooperative assets to members who used, received, or purchased cooperative services during the period in which the cooperative owned the cooperative asset in proportion to the value or quantity of the cooperative services used, received, or purchased by such members during the period the cooperative owned the cooperative asset; and thereafter, to the extent practical, the cooperative shall pay or distribute any remaining cooperative assets, and any amounts received from selling any remaining cooperative assets, to the members who are using, received, or purchasing cooperative services at the time of the cooperative's dissolution.

April 6, 2013

BYLAWS
Of
DOUGLAS ELECTRIC COOPERATIVE, INC.
As amended at the April 6, 2013 Annual Meeting

Article 1 – Definitions

SECTION 1.1– General Provisions. Within these Bylaws of Douglas Electric Cooperative, Inc. (“Cooperative”) as currently existing or as later amended (“Bylaws”), unless otherwise provided or unless the context requires otherwise:

1. The words and phrases used in these Bylaws have their customary and ordinary meaning;
2. The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
3. The masculine use of any word includes the feminine and neutral uses, the feminine use of any word includes the masculine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
4. The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
5. The words “shall” or “must” indicate a mandatory action or requirement, and the word “may” indicates a permissive action or requirement.

SECTION 1.2– Defined Terms. These Bylaws define certain words and phrases within Bylaw sections (“Defined Terms”). Defined Terms are capitalized and enclosed within parentheses and quotation marks following the Defined Term’s definition; and capitalized when otherwise used in these Bylaws. Unless the context requires other wise, Defined Terms have the meaning specified in the appropriate Bylaw section.

Affiliated Capital Credits – Bylaw Section 7.2
Affiliated Entity – Bylaw Section 7.2
Affiliated Entity Allocated Capital – Bylaw Section 7.2
Amend – Bylaw Section 9.1
Annual Member Meeting – Bylaw Section 3.1
Applicant – Bylaw Section 2.2
Appraisal – Bylaw Section 5.1
Articles – Bylaw Section 2.2
Asset – Bylaw Section 8.1
Board – Bylaw Section 2.2
Board Committee – Bylaw Section 5.7
Board Meeting – Bylaw Section 5.3
Bylaws – Bylaw Section 1.1

Bylaw Provision – Bylaw Section 9.7
Capital – Bylaw Section 7.2
Capital Credits – Bylaw Section 7.2
Certificate – Bylaw Section 2.3
Close Relative – Bylaw Section 4.12
Conflict of Interest Director Qualification – Bylaw Section 4.3
Conflict of Interest Transaction – Bylaw Section 5.8
Consolidation or Merger – Bylaw Section 8.2
Consolidation or Merger Agreement – Bylaw Section 8.2
Cooperative – Bylaw Section 1.1
Cooperative Equipment – Bylaw Section 2.2
Cooperative Officer – Bylaw Section 6.7
Cooperative Service Area – Bylaw Section 4.1
Cooperative Service – Bylaw Section 2.1
Cooperative Subsidiary – Bylaw Section 4.3
Deceased Patron – Bylaw Section 7.3
Defined Terms – Bylaw Section 1.2
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Director District – Bylaw Section 4.1
Director Qualifications – Bylaw Section 4.3
Director Quorum – Bylaw Section 5.6
Director Removal Petition – Bylaw Section 4.8
Director Term – Bylaw Section 4.6
Director Written Consent – Bylaw Section 5.5
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Expulsion Reason – Bylaw Section 2.11
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Indemnification Director or Officer – Bylaw Section 6.13
Indemnification Director Quorum – Bylaw Section 6.14
Indemnification Expense – Bylaw Section 6.13
Indemnification Individual – Bylaw Section 6.14
Indemnification Party – Bylaw Section 6.13
Indemnification Proceeding – Bylaw Section 6.13
Indemnification Standard of Conduct – Bylaw Section 6.14
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Member Committee – Bylaw Section 5.7

Member Demand – Bylaw Section 3.2
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Member Non-Patrons – Bylaw Section 7.5
Member Petition – Bylaw Section 4.4
Member Petition Nominations – Bylaw Section 4.4
Member Proxy – Bylaw Section 3.12
Member Quorum – Bylaw Section 3.10
Member Voting Document – Bylaw Section 3.13
Membership Director Qualification – Bylaw Section 4.3
Membership List – Bylaw Section 2.12
Membership Procedures – Bylaw Section 2.2
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Non-Operating Patronage Income – Bylaw Section 7.2
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Other Officer – Bylaw Section 6.6
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Article 2 – Cooperative Membership

SECTION 2.1– Membership Eligibility. Any individual or entity (“Person”) with the capacity to enter legally binding contracts and who consumes, receives, purchases, or otherwise uses (collectively, “Uses”):

1. Electric power or energy generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (collectively, “Provided”) by the Cooperative; or
2. As determined by the Cooperative, any other good or service Provided by the Cooperative; (collectively, “Cooperative Service”) is eligible to become and remain a Member.

An entity includes, but is not limited to, corporations and foreign corporations; profit and nonprofit unincorporated associations; conservatorships, estates, partnerships, limited liability companies, trusts, and two or more persons having a joint or common economic interest (but not mere tenants in common); and municipalities, counties, states, United States of America, and foreign governments, or any agencies or divisions thereof (collectively, “Entity”).

A Person, either individually or through an Entity not considered to be legally separate from its members, is eligible for only one Cooperative membership, regardless of the number of residences, offices, buildings, premises, structures, facilities, or other locations (collectively, “Locations”) the Person may reside at, engage in business at, own, control, or otherwise occupy (collectively, “Occupy”) or the number of accounts for Cooperative Service at such Locations.

A Person is not eligible to become a Member if the Person owes the Cooperative any amount.

SECTION 2.2– Membership Procedure. Unless these Bylaws provide otherwise, or the Board determines otherwise, any eligible Person seeking to become a Member (“Applicant”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“Membership Procedures”) within a reasonable time of initially Using or requesting to Use the first Cooperative Service Used, or to be Used, by the Applicant. All persons on the books of the Cooperative as current Members at the time of adoption of these Bylaws shall continue to be Members, subject to completing such Membership Procedures, if any, as the Cooperative’s board of directors (“Board”) shall determine, either on a case by case basis or by corporate resolution. By remaining members of the Cooperative after adoption of these Bylaws, all such current members agree and comply with and shall be bound by these Bylaws including the provisions for Applicants as provided hereafter.

A. Membership Application. Each Applicant must make application for membership in the Cooperative in the manner and form designated by the Cooperative. By making application, the Applicant agrees to:

1. Comply with the membership application and the following documents and materials, all as currently existing and as later adopted or amended (collectively,

“Governing Documents”), ensure that any product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Applicant (“Member Equipment”) and connected to any product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative (“Cooperative Equipment”) complies with the following Governing Documents, and ensure that any act or omission involving any Member Equipment connected to any Cooperative Equipment complies with the following Governing Documents:

- a. All applicable laws and legally binding agreements regarding the:
 - (i) Cooperative;
 - (ii) Cooperative’s operation;
 - (iii) Cooperative’s Assets;
 - (iv) Cooperative’s Members and Patrons;
 - (v) Provision and Use of Cooperative Services;
 - (vi) Cooperative Equipment; and
 - (vii) Member Equipment connected to Cooperative Equipment, including, but not limited to, all applicable:
 - (i) Legislative, executive, administrative, and judicial constitutions, statutes, case law, regulations, ordinances, rulings, or orders;
 - (ii) Local, state, and federal constitutions, statutes, case law, regulations, ordinances, rulings, or orders;
 - (iii) Contractual provisions legally enforceable by, or against, the Cooperative; and
 - (iv) Legally binding contracts between the Cooperative and the Applicant or Member (collectively, “Law”);
- b. The Cooperative’s Articles of Incorporation (as Restated) (“Articles”);
- c. These Bylaws;
- d. The Cooperative’s service rules and regulations;
- e. The National Electrical Code;

- f. The National Electrical Safety Code;
 - g. The Cooperative's rate or price schedules; and
 - h. All rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board;
2. Be or remain a Member; and
 3. At prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, pay the Cooperative for all:
 - a. Cooperative Services Used:
 - (i) By the Applicant or Member; or
 - (ii) At or for any Location Occupied by the Applicant or Member; and
 - b. Dues, assessments, fees, deposits, contributions, or other amounts required by the Articles, these Bylaws, the Board, or Law.
- B. Information and Documents. Each Applicant must:
1. Submit to the Cooperative all information requested by the Cooperative, including federal tax identification number or social security number; and
 2. Complete any additional or supplemental document or contract required by the Board for the Cooperative Service which the Applicant is seeking to use or continue using.
- C. Payment of Amounts. Each Applicant must pay the Cooperative:
1. Any dues, assessment, fee, deposit, contribution, or other amount required by the Articles, these Bylaws, the Board, or Law;
 2. Any outstanding amounts owed the Cooperative by the Applicant or Member, unless waived in writing by the Board, or waived pursuant to Board policy generally applicable to all Applicants or Members.

SECTION 2.3 – Membership. Unless these Bylaws provide otherwise, or unless the Board determines otherwise at any time, upon completing the Membership Procedure to the satisfaction of the Board, an Applicant is automatically a member of the Cooperative (“Member”) effective the date the Applicant initially Uses or requests to Use the first

Cooperative Service Used, or to be Used, by the Applicant, without notice of acceptance as a Member by the Cooperative.

The Cooperative may issue membership certificates (“Certificate”) to each Member in a manner, method, and form determined by the Board.

If the Board determines that any Applicant or Member is unable to complete the Membership Procedure as provided in these Bylaws, then the Board may refuse the Applicant membership or suspend or terminate the Member’s membership in the Cooperative. For other good cause determined by the Board, the Board may refuse an Applicant membership in the Cooperative.

If the Board refuses any Applicant membership or terminates any Member’s membership in the Cooperative because the Board determines that the Applicant or Member is unable to complete the Membership Procedure as provided in these Bylaws, then the Cooperative shall return to the Applicant or Member any amounts paid to the Cooperative by the Applicant or Member as part of the Membership Procedure other than:

1. Amounts paid for Using any Cooperative Service; and
2. Outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges.

Unless required by Law or the Articles, unless otherwise provided in these Bylaws, and unless allowed in writing by the Board, no Cooperative membership, and no right or privilege associated with Cooperative membership, may be sold, purchased, assigned, or otherwise transferred.

Membership in the Cooperative terminates one year from the date a Member ceases to Use a Cooperative Service.

SECTION 2.4 – Membership Agreement. Every Member shall follow, abide by, and be legally bound to, the Governing Documents. As provided in these Bylaws, the Cooperative may suspend or terminate any Member or Cooperative Service for the Member’s failure to follow, abide by, or be legally bound to, the Governing Documents or for the Member’s failure to pay for its use of Cooperative services as provided in policies duly adopted by the Cooperative (“Suspension Reason”). Among other things, the Articles and these Bylaws are contracts between the Cooperative and each Member.

By becoming a Member, each Member acknowledges that:

1. Every Member is a vital and integral part of the Cooperative;
2. The Cooperative’s successful operation depends upon every Member complying with the Governing Documents; and

3. All Members are united in an interdependent relationship.

SECTION 2.5 – Joint Membership. As provided in this Bylaw, any two or more Persons may obtain joint membership in the Cooperative (“Joint Membership”).

- A. Creating Joint Memberships. By jointly signing and executing a written membership application, and by jointly completing the Membership Procedures, any two or more Persons may apply for Joint Membership. By written request, and by jointly executing a new membership application, any Member may apply to convert the Member’s individual membership to a Joint Membership with any other one or more Persons. A husband and wife shall be automatically deemed to hold a joint membership upon compliance by either spouse with the Membership Procedures unless both spouses request that membership be held only in the name of one spouse. Individuals may not have more than one Joint Membership with other individuals. If two or more persons eligible for Joint Membership do not create a Joint Membership as provided herein, the Cooperative shall recognize only one of such persons Occupying one Location as Member and Patron.
- B. Joint Member Rights and Obligations. Unless denied membership as provided by these Bylaws, and unless otherwise specified by these Bylaws, each Person comprising a Joint Membership (“Joint Member”) has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, and unless otherwise provided in these Bylaws, Membership includes any Joint Membership, and Member includes any Joint Member.
- C. Effect of Joint Member Actions. For each Joint Membership:
1. Notice of any meeting provided to any Joint Member, or waiver of notice of any meeting signed by any Joint Member, constitutes notice or waiver of notice for all Joint Members comprising the Joint Membership;
 2. The presence of any or all Joint Members at any meeting:
 - a. Constitutes the presence of one Member at the meeting;
 - b. Waives notice of the meeting for all Joint Members comprising the Joint Membership;
 - c. May invalidate any Mail Ballot previously mailed by the attending Joint Member;
 3. If only one Joint Member votes on any matter, then the vote binds the Joint Membership and constitutes one vote. If more than one Joint Members vote on any matter, then each vote shall be prorated;

4. Except upon the death of a Joint Member or failure to Occupy the same Location between Joint Members, the suspension or termination of either Joint Member constitutes suspension or termination of both Joint Members; and
 5. A Joint Member otherwise qualified is eligible to serve as a member of the Board (“Director”), regardless of whether any other Joint Member is eligible to serve as a Director. If all Joint Members are otherwise qualified to serve as a Director, then one Joint Member, but not more than one Joint Member simultaneously, is eligible to serve as a Director.
- D. Joint Membership Conversion and Termination. Upon a failure of all Joint Members to use a Cooperative Service at the same Location, the Joint Membership converts to a membership in the name of the Joint Member(s) continuing to legally use the Cooperative Service at the same location. If no Joint Member continues to legally Use a Cooperative Service at the same Location, then the Joint Membership terminates.

SECTION 2.6 – Provision of Cooperative Services. Each Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of any Cooperative Service to any Member or Person.

- A. Limitation of Liability. The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither insures, guarantees, nor warrants that it will provide adequate, continuous, or non-fluctuating electric power or energy or other Cooperative Service. The Cooperative is not liable for any damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing any inadequate, non-continuous, or fluctuating electric power or energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative’s gross negligence or willful misconduct. All Cooperative responsibility and liability for providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member or other Person acting for a Member.
- B. Cooperative Equipment and Member Equipment. No Member shall tamper with, alter, interfere with, damage, or impair any Cooperative Equipment. No Member shall take or omit any act involving any Member Equipment connected to any Cooperative Equipment that adversely impacts the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide any Cooperative Service. Unless otherwise determined or indicated by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment and all Member Equipment connected to Cooperative Equipment, and shall install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative.
- C. Termination of Cooperative Service. After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of any Cooperative Services to any Member for any Suspension Reason.

Without providing the Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of Cooperative Services to the Member upon determining or discovering:

1. That Cooperative Equipment used to Provide Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
2. That any act has been taken or omitted involving any Member Equipment connected to any Cooperative Equipment that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or provide any Cooperative Service;
3. The unsafe condition of any Cooperative Equipment or any Member Equipment connected to any Cooperative Equipment; or
4. Any imminent hazard or danger posed by any Cooperative Equipment or any Member Equipment connected to any Cooperative Equipment including fire hazards or dangers caused by the member's refusal to permit the Cooperative to carry out its vegetation management policies.

SECTION 2.7 – Use of Cooperative Services. As required or allowed by Law, and unless otherwise specified in writing by the Board, each Member shall Use a Cooperative Service from or through the Cooperative. In Using a Cooperative Service, each Member shall comply with, and abide by, the Governing Documents.

- A. Payments to Cooperative. At prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, each Member shall pay the Cooperative for all:
1. Cooperative Services Used by the Member, or at or for any Location Occupied by the Member; and
 2. Dues, assessments, fees, deposits, contributions, or other amounts required by Law, the Articles, these Bylaws, or the Board.

Regarding any Member with or for whom the Cooperative and another Person Provide a good or service reasonably related to the Member Using electric power or energy or other services:

1. Before paying the other Person, the Member shall pay the Cooperative; and
2. Before paying the other Person, the Cooperative shall apply amounts received from or on behalf of the Member for or toward all Cooperative Services Used by the Member, or Used at or for any location Occupied by the Member.

- B. Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative. Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.

SECTION 2.8 – Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall permit the Cooperative to maintain its system pursuant to its vegetation management policies and to provide the Cooperative access to Cooperative Equipment on any real property in which the Member possesses any legal right or interest.

SECTION 2.9 – Member Indemnification. In the event of a Member's negligence or failure to comply with the Governing Documents, or failure to permit the Cooperative to maintain its system pursuant to its vegetation management policies, such Member shall pay, indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any cost, including but not limited to vegetation management cost, property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Governing Documents or failure to permit the Cooperative to maintain its system pursuant to its vegetation management policies.

SECTION 2.10– Member Expulsion. The Cooperative may expel Members as provided in this Bylaw and allowed by Law.

- A. Expulsion Reasons. The Cooperative may expel a Member for the following reasons ("Expulsion Reasons"):
1. As otherwise provided in the Articles or these Bylaws;
 2. As required or permitted by Law;
 3. For good cause determined by the Board; or
 4. If the Member:
 - a. Fails to timely pay any amounts due the Cooperative;
 - b. Fails to timely complete the Membership Procedure;
 - c. Fails to timely comply with the Governing Documents;
 - d. Ceases Using any Cooperative Service;
 - e. Dies, legally dissolves, or legally ceases to exist;

- f. Tampered with, alters, interferes with, damages, or impairs any Cooperative Equipment; or
- g. Voluntarily requests expulsion.

B. Notice and Comment. Unless otherwise determined by the Board, a Member is expelled upon:

- 1. The Member's voluntary request for expulsion; or
- 2. Unless otherwise provided in these Bylaws, and following the occurrence of an Expulsion Reason other than a Member's voluntary request for expulsion, the Cooperative:
 - a. Provides the Member at least fifteen days prior written notice of the Member's possible expulsion and the underlying Expulsion Reason; and
 - b. Notifies the Member that the Member has, and allows the Member, at least five days after the effective date of the notice to comment upon the Expulsion Reason, either orally or in writing.

Any written expulsion notice provided by mail must be mailed to the Member's most current address shown on the Membership List. Unless otherwise determined by the Board, an entity Member continuing to Use a Cooperative Service is not automatically expelled upon the death of any Individual owner, or following any other alteration in the entity Member. An Individual withdrawing, voluntarily or involuntarily, from an entity Member remains liable to the Cooperative for any amounts owed to the Cooperative by the entity Member at the time of the partner's departure if and as provided by the Governing Documents.

C. Effect of Member Expulsion Upon Cooperative. Upon a Member's expulsion, and other than the Cooperative's:

- 1. Obligation to retire and refund Capital Credits and Affiliated Capital Credits; and
- 2. Obligations regarding the Cooperative's dissolution,

then:

- 1. The Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease; and
- 2. The Cooperative may cease Providing any Cooperative Service to the Member.

D. Effect of Member Expulsion Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits, and other than rights upon the

Cooperative's dissolution, an expelled Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, an expelled Member forfeits and relinquishes any voting rights provided by Law, the Articles, or these Bylaws. An expelled Member, however, remains subject to all obligations imposed by the Governing Documents. Expulsion of a Member does not release the Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's expulsion from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any membership fee or deposit paid by the Member.

- E. Lifting of Expulsion. Unless otherwise determined by the Board, a Member's expulsion is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Expulsion Reason within ten days of the expulsion. The Board may lift any Member expulsion for good cause as determined by the Board.

SECTION 2.11 – Membership List. The Cooperative, or the Cooperative's agent, shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members ("Membership List").

1. At a reasonable time and location specified by the Cooperative, a Member may inspect and copy the names and addresses included in the Membership List; or
2. If reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge determined by the Cooperative covering the Cooperative's labor and material cost of preparing and copying the Membership List, the Cooperative shall provide to the Member a copy of the names and addresses included in the Membership List

if, and to the extent that:

1. The Member's demand is made in good faith and for a proper purpose;
2. The Member describes with reasonable particularity the Member's purpose for inspecting or copying the Membership List; and
3. The Membership List is directly connected with the Member's purpose.
4. The Member's demand must not be unduly burdensome to the Cooperative in light of the Member's purpose.

Without the Board's consent, a Member may not inspect, copy, or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the Member's interest as a Member. Without the Board's consent, the names and addresses included in the Membership List may not be:

1. Used to solicit money or property unless the money or property is used solely to solicit Member votes or for charitable purposes;

2. Used for any commercial purpose; or
3. Sold to, or purchased by, any Person.

Except pursuant to a valid subpoena, the Cooperative shall not provide social security or federal tax identification numbers under this Section.

SECTION 2.12 – Member Liability. A Member is not liable to third parties for the Cooperative’s acts, debts, liabilities, or obligations. A Member, however, may become liable to the Cooperative as:

1. Provided in these Bylaws; or
2. Otherwise agreed to by the Cooperative and Member.

Article 3 – Member Meetings and Member Voting

SECTION 3.1 – Annual Member Meetings. In a location in Douglas County, Oregon, reasonably central to the majority of the Total Membership, the Cooperative shall annually hold a meeting of Members (“Annual Member Meeting”).

The Board shall determine the date, time, and location of any Annual Member Meeting.

At the Annual Member Meeting, the President and Treasurer, or their designees, shall provide a written report, or oral presentation, regarding the Cooperative’s activities and financial condition. The Cooperative’s failure to hold an Annual Member Meeting does not affect any action taken by the Cooperative.

SECTION 3.2 – Special Member Meetings. The Cooperative shall hold a special meeting of Members at a date, time, and location in Douglas County, Oregon, reasonably central to the majority of the Total Membership determined by the Board (“Special Member Meeting”), upon the Cooperative receiving:

1. A written or oral request from the Board or President;
2. A written request signed by at least three of the Directors currently in office; or
3. One or more written demands signed and dated, within sixty days following the first signature, by at least ten percent of the Cooperative’s total current Members (“Total Membership”) and, on each page of each written demand, requesting and describing the purpose of a special meeting of Members (“Member Demand”).

If the Cooperative fails to properly notify the Members of a Special Member Meeting within thirty days of receiving any Member Demand, then a Member signing the Member Demand may:

1. Reasonably set the time, place, and location of the Special Member Meeting; and
2. Properly notify the Members of the Special Member Meeting.

SECTION 3.3 – Conduct and Attendance at Member Meetings. Unless otherwise determined by the Board before or at any Annual Member Meeting or Special Member Meeting (collectively, “Member Meeting”), the President:

1. Shall preside at all Member Meetings;
2. May remove, or provide for the removal of, any Person from any Member Meeting for unruly, disruptive, or similar behavior; and
3. May exercise any power reasonably necessary for efficiently and effectively conducting any Member Meeting.

Before or at any Member Meeting, the Board may limit attendance at the Member Meeting to Members only.

SECTION 3.4 – Member Action at Member Meetings. Unless otherwise determined by the Board before or at any Member Meeting, and unless these Bylaws provide otherwise, Members attending the Member Meeting may consider, vote, or act only upon a matter for which:

1. Unless otherwise provided in these Bylaws, the Board and Members were notified properly;
2. The Members are authorized to consider, vote, or act; and
3. For a Special Member Meeting, the notice of the Special Member Meeting properly described the purpose of the Special Member Meeting.

Members may not consider, vote or act on resolutions, petitions, motions or other proposals that will Amend the Bylaws or will have the effect of a Bylaw or Bylaw Amendment except upon compliance with the Bylaw Amendment provisions of Section 9.1.

For any resolution, petition, motion or other proposal on which a vote is taken, a Member is entitled to cast only one vote.

SECTION 3.5 – Notice of Member Meetings. As directed by the President, Secretary, or any other Officer or Member properly calling a Member Meeting, the Cooperative shall deliver written notice of the Member Meeting:

1. Personally or by mail;

2. To all Members entitled to vote at the Member Meeting;
3. Indicating the date, time, and location of the Member Meeting;
4. At least ten, but no more than thirty, days prior to the Member Meeting; and
5. For any Annual Member Meeting, describing any matter to be considered, or voted or acted upon, at the Annual Member Meeting; and
6. For any Special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the Special Member Meeting.

Unless these Bylaws provide otherwise, a mailed notice of a Member Meeting is delivered when deposited in the United States Mail in a sealed envelope with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List.

The inadvertent and unintended failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

When notifying Members of any Member Meeting, the Cooperative shall include notice of any matter which a Member may raise or discuss, and intends to raise or discuss, at the Member Meeting if:

1. Requested, in writing, by a percentage of the Total Membership entitled to call a Special Member Meeting; and
2. The Cooperative receives the written request at least ten business days prior to delivering notice of the Member Meeting.

Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

1. The Member Meeting is adjourned to another date occurring within sixty days following the Record Date for the original Member Meeting; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment.

SECTION 3.6 – Record Date. The Board may fix a date (“Record Date”) for determining the Total Membership and the Members entitled to:

1. Receive a Mail Ballot;
2. Receive notice of a Member Meeting; and
3. Vote at a Member Meeting.

No Board determined Record Date may be more than seventy days prior to the date of the Member Meeting.

Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and the Members entitled to:

1. Receive a Mail Ballot is the later of the date on which the Board authorizes Member voting by Mail Ballot or the sixtieth day prior to the date by which the Cooperative must receive completed Mail Ballots;
2. Receive notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
3. Vote at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to sign a Member Demand is the close of business on the thirtieth day prior to the Cooperative's receipt of Member Demands.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

SECTION 3.7 – Member Meeting List. After fixing the Record Date for determining the Members entitled to receive notice of a Member Meeting, and through the Member Meeting, the Cooperative shall prepare, update, and maintain an alphabetical list (“Member Meeting List”) indicating the name and address of each Member entitled to receive notice of, and to vote, at the Membership Meeting and how the vote of Joint Members shall be prorated.

SECTION 3.8 – Member Waiver of Notice. A Member may waive notice of a Member Meeting, or waive notice of any matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice (“Member Meeting Waiver of Notice”) either prior to the Member Meeting, or within thirty days following the Member Meeting.

Unless a Member objects to holding, or to transacting business at, a Member Meeting, a Member's attendance in person or voting by Mail Ballot on any matter considered at a Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member's attendance in person or voting by Mail Ballot on the matter considered at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

SECTION 3.9 – Member Voting by Mail Ballot. Unless otherwise provided in these Bylaws, and in a manner determined by the Board consistent with this Bylaw, Members may vote or act by mail as provided in this Bylaw.

- A. Mail Ballot With Member Meeting. Members may vote or act by mail for election or removal of Directors, for merger or consolidation, and for amendment of these Bylaws as provided in these Bylaws in conjunction with a Member Meeting by the Cooperative delivering a mail ballot (“Mail Ballot With Member Meeting”) to all Members entitled to vote on the matter.

Members submitting a completed Mail Ballot With Member Meeting may not vote at the Member Meeting regarding any matter described in the Mail Ballot With Member Meeting. Each completed Mail Ballot With Member Meeting received by the Cooperative prior to the Member Meeting may not be counted in determining whether a Member Quorum exists at the Member Meeting.

The Cooperative shall count as a Member’s vote any properly completed Mail Ballot With Member Meeting received on, or before, the time and date specified in the Mail Ballot With Member Meeting.

- B. Mail Ballot. Any Mail Ballot With Member Meeting (“Mail Ballot”) must:

1. Identify the candidate, issues and/or Bylaw amendment with regard to which a Member is asked to vote;
2. State the date of any Member Meeting at which Members are scheduled to vote on the matter;
3. Provide an opportunity to vote for or against, or to abstain from voting on, each proposed candidate, issue and/or Bylaw Amendment;
4. Instruct the Member how to complete and return the completed Mail Ballot; and
5. State the time and date by which the Cooperative must receive the completed Mail Ballot.

Unless otherwise provided by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member’s failure to receive a Mail Ballot does not affect any action taken by Mail Ballot.

- C. Material Soliciting Approval of Action by Mail Ballot. Any material soliciting approval of any action by Mail Ballot must:

1. Contain, or be accompanied by, a copy or summary of each proposed action;
2. State the Member Quorum required to vote on the action;

3. For all proposed actions other than election of directors, state the percentage of approvals necessary to approve the action, and
4. Specify the time by which the Cooperative must receive the completed Mail Ballot.

SECTION 3.10 – Quorum. A quorum of Members is 50 Members entitled to vote on a matter (“Member Quorum”).

SECTION 3.11 – Voting. Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services Used, each Member may cast one vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of Entity Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the Entity Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum is present in person; and
2. A majority of Members present in person or voting by Mail Ballot, entitled to vote on a matter, and voting on the matter, vote in favor of the matter; and
3. The votes cast for the matter equal or exceed a majority of the Member Quorum.

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot (“Written Ballot”), or by any other reasonable manner determined by the individual presiding over the Meeting. The individual presiding over the Meeting shall resolve any tie Member vote.

Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

SECTION 3.12 – Voting by Member Proxy. A Member, or Member’s attorney-in-fact, may not appoint another (“Member Proxy”) to vote for the Member. The Cooperative shall not accept votes properly taken by a Member Proxy on a Member’s behalf as the Member’s vote.

SECTION 3.13 – Accepting and Rejecting Member Voting Documents. Regarding any Mail Ballot, Member Meeting Waiver of Notice, or other document allegedly executed by, or on behalf of, a Member (collectively, “Member Voting Document”):

- A. Acceptance. The Cooperative may accept, and give effect to, the Member Voting Document if:
1. The name signed on the Member Voting Document corresponds to a Member's name, and the Cooperative acts in good faith; or
 2. The Cooperative reasonably believes the Member Voting Document is valid and authorized.
- B. Rejection. The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative:
1. Acts in good faith; and
 2. Has reasonable basis for doubting the validity of:
 - a. The signature on the Member Voting Document; or
 - b. The signatory's authority to sign on behalf of the Member.
- C. Liability. Neither the Cooperative, nor any Cooperative Member, Director, Officer, employee, or agent, is liable to any Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

SECTION 3.14 – Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member Meetings.

Article 4 – Board of Directors

SECTION 4.1 – Director Districts. Based upon geographic, population, and any other equitable consideration determined by the Board, the Board shall divide the general area in which Members Occupy a Location at or for which Members Use a Cooperative Service (“Cooperative Service Area”) into seven districts that equitably represent the Members (“Director Districts”). The Board shall review the composition of the districts annually. As necessary based upon geographic, population, and any other equitable consideration determined by the Board, the Board shall re-divide the Director Districts from time to time to ensure that the Director Districts equitably represent the Members.

SECTION 4.2 – Board. The Cooperative shall have a Board that equitably represents the Members and that is composed of seven Member(s) or individual(s) authorized by an Entity Member Using a Cooperative Service at a Location within each Director District, nominated by the Members Using a Cooperative Service at a Location within each Director District, and elected by the Members Using a Cooperative Service within the Cooperative Service Area;

The Board may not be composed of more than three individuals authorized by Entity Members. No Entity Member may authorize more than one Director.

Except as otherwise provided by Law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board, or under the Board's authority;
2. All Cooperative affairs must be managed under the Board's direction; and
3. The Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Law, the Articles, or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 4.3 – Director Qualifications. Any Director or Director candidate must comply with this Bylaw.

- A. General Director Qualifications. To become or remain a Director, a Person must comply with or meet the following general qualifications (“General Director Qualifications”):
 1. Be an individual;
 2. Have the capacity to enter legally binding contracts;
 3. Unless excused for good cause by the Board or Members, attend at least two-thirds of all Board Meetings during any calendar year and not be absent for four consecutive Board Meetings; and
 4. Comply with any other reasonable qualifications determined by the Board.
- B. Membership Director Qualifications. To become a Director, an individual must, during the one year immediately prior to becoming a Director, comply with or meet the following membership qualifications (“Membership Director Qualifications”): Be a Member in good standing; not commit or omit an Expulsion Reason; and for at least nine months each calendar year either Occupy, and Use a Cooperative Service at, a Location within any Director District from which the Director is elected or chosen or Occupy a Location within one hundred miles of the Cooperative's principal office and be authorized by an Entity Member. To remain a Director, an individual must likewise comply with or meet the above Membership Director Qualifications.
- C. Conflict of Interest Director Qualifications. To become or remain a Director, an individual must, at the time of submitting a Membership Petition Nomination or before being appointed to fill a vacant Director position, during the one year immediately prior to becoming a Director, comply with or meet the following conflict of interest

qualifications (“Conflict of Interest Director Qualifications”) by not being, nor having been:

1. A Close Relative of any existing Director, other than an existing Director who will cease being a Director within one year;
2. An existing, nor a Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative;
3. Employed by, materially affiliated with, nor sharing a material financial interest with, any other Director; or
4. Engaged in any business, nor employed by, materially affiliated with, nor having a material financial interest in any individual or entity, other than an Entity in which the Cooperative owns an interest, that:
 - a. Regularly, directly, and substantially competes with the Cooperative or any Entity that the Cooperative controls or in which the Cooperative owns a majority interest (“Cooperative Subsidiary”); or
 - b. Regularly sells substantial quantities of electric energy supplies or services to the Cooperative, a Cooperative Subsidiary, or a substantial number of Members.

To remain a Director, an individual must likewise, at the next Board Meeting following the Annual Member Meeting, declare any conflict of interest and comply with or meet the Conflict of Interest Director Qualifications.

D. Director Disqualification. Only individuals complying with or meeting the General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, “Director Qualifications”) may become or remain a Director.

After being elected or appointed, if any Director fails to comply with or meet any Director Qualification, then, unless otherwise determined by the Board for good cause, the Board shall disqualify the Director and the individual is no longer a Director:

1. If the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board’s proposed disqualification; and
2. Within thirty days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If at least a majority of Directors authorized by these Bylaws comply with and meet the Director Qualifications and approve a Board action, then the failure of any Director to comply with or meet the Director Qualifications does not affect the Board action.

SECTION 4.4 – Director Nominations. For each Director position nominated by Members Using a Cooperative Service at a Location within a Director District (“Nominating Members”), and scheduled for election by Members at any Member Meeting, the Nominating Members shall nominate individuals as provided in this Bylaw.

A. Member Petition Nominations. Nominating Members may nominate individuals including themselves to run for election for any Director position scheduled for election by Members at the Member Meeting (“Member Petition Nominations”). Nominating Members make Member Petition Nominations by delivering to the Cooperative at least sixty days prior to the Member Meeting a writing for each Member Petition Nomination (“Member Petition”):

1. Listing, on each page of the Member Petition, the name of the Member Petition Nominee;
2. Indicating, on each page of the Member Petition, the Director position for which the Member Petition Nominee will run; and
3. Containing the printed names, addresses, and telephone numbers, and original dated signatures signed within sixty days of the first signature, of at least fifteen Nominating Members.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination at the Cooperative’s principal office.

B. Notice of Director Nominations. At least ten days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

1. Director positions scheduled for election by Members; and
2. Names and corresponding Director positions of all Member Petition Nominations.

SECTION 4.5 – Director Elections. At each Member Meeting at which a Director position is scheduled for election by Members Using a Cooperative Service at a Location within the Cooperative Service Area (“Electing Members”), the Electing Members shall elect the Director from the Member Petition Nominations by a plurality of votes cast by Electing Members with a Member Quorum present in person or voting by Mail Ballot.

In case of a tie Director vote, the Director elected will be determined by a drawing by lot.

In addition to other information required by these Bylaws, any Mail Ballot for electing Directors must:

1. List the names, corresponding Director positions, and manner of nomination for all Member Petition Nominations; and
2. Identify any Director whose Director Term is expiring.

The order, listing, or placement of names on any Mail Ballot, Written Ballot, or similar ballot will be by alphabetical order, preceded by the Director whose Director Term is expiring.

SECTION 4.6 – Director Terms. A Director’s term is three years (“Director Term”). The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Directors.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director’s Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected, or until the number of Directors is decreased.

SECTION 4.7 – Director Resignation. A Director may resign at any time by delivering written notice of resignation to the Board, President, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director’s resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation. If a Director’s resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director’s resignation, then the pending Director vacancy may be filled before the effective date of the Director’s resignation.

SECTION 4.8 – Director Removal. As provided in this Bylaw, the Members Using a Cooperative Service at a Location within the Cooperative Service Area (“Removing Members”) may remove a Director for any grossly negligent, fraudulent, or criminal act or omission significantly and adversely affecting the Cooperative:

- A. **Director Removal Petition.** For each Director for whom removal is requested, the Removing Members shall deliver to the President or Secretary a dated written petition (“Director Removal Petition”):
 1. Identifying the Director on each page;
 2. Explaining, on each page, the basis for requesting the Director’s removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
 3. As Removing Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained

within sixty days following the Director Removal Petition date, of at least ten percent of the Removing Members.

Within thirty days following the President or Secretary receiving a Director Removal Petition:

1. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and
2. The Board shall meet to review the Director Removal Petition.

B. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty days following the Board's determination. Notice of the Member Meeting must state that:

1. A purpose of the Member Meeting is to consider removing a Director;
2. Evidence may be presented, and a Member vote taken, regarding removing the Director; and
3. Members may elect a successor Director.

If a Member Quorum is present in person or represented by Mail Ballot at the Member Meeting, then for the Director named in each Director Removal Petition:

1. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
3. Following the Director's presentation, and following Member discussion, the Removing Members must vote whether to remove the Director.

If a majority of Members voting at a Member Meeting of Removing Members vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Removing Members may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Removing Members must comply with the Director Qualifications.

Neither a Director Removal Petition nor Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 4.9 – Director Vacancy. Unless otherwise provided in these Bylaws:

1. By the affirmative vote of a majority of the remaining Directors, the Board may fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and
2. Any Director elected by the Board or Members to fill any vacant Director position shall serve until the next Annual Member Meeting, at which time the Members shall elect a new Director to fill the unexpired Director Term of previously vacant Director position.

The Board may fill any Director vacancy that will occur at a later specified date before the vacancy occurs.

An individual elected to fill a vacant Director position must comply with the Director Qualifications. As used in this Bylaw, “vacant Director position” and “Director vacancy” do not include Director positions vacated due to an expired Director Term.

SECTION 4.10 – Director Compensation. As allowed by Law and the Articles, and as determined or approved by the Board, the Cooperative may pay Directors a fixed fee and expenses for attending any:

1. Board Meeting;
2. Function, meeting, or event involving or relating to the business of the Cooperative; or
3. Function, meeting, or event involving, relating to, or reasonably enhancing the Director’s ability to serve in, the role of Director.

The Board shall determine or approve the manner, method, and amount of any Director fee or expense.

SECTION 4.11 – Director Conduct. Unless modified or prohibited by Law:

A. Director Standard of Conduct. A Director shall discharge the Director’s duties, including duties as a Board Committee member:

1. In good faith;
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. In a manner the Director reasonably believes to be in the Cooperative’s best interests.

- B. Director Reliance on Others. Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:
1. One or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
 2. Legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence; and
 3. A Board Committee of which the Director is not a member regarding matters within the Board Committee's jurisdiction, if the Director reasonably believes the Board Committee merits confidence.
- C. Director Liability. If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member, or any other individual or Entity for action taken, or not taken, as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

SECTION 4.12 – Close Relative. As used in these Bylaws, the term “close relative” means an individual who:

1. Is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, domestic partner, child, grandchild, parent, grandparent, or sibling; or
2. Resides in the same residence (collectively, “Close Relative”).

Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

Article 5 – Board Meetings and Director Voting

SECTION 5.1 – Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting.

Any Director not attending any Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five days before the next Regular Board Meeting. All Directors are entitled to receive

notice of a President's change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.

SECTION 5.2 – Special Board Meetings. The Board, the President, or at least three Directors may call a special meeting of the Board (“Special Board Meeting”) by providing each Director at least five days’ prior written or oral notice indicating the date, time, and location and purpose of the Special Board Meeting.

SECTION 5.3 – Conduct of Board Meetings. Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:

1. Held in, or out of, any state in which the Cooperative Provides any Cooperative Service; and
2. Conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may reasonably and verifiably identify themselves, and simultaneously and approximately instantaneously communicate with each other during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then:

1. In descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, and Treasurer; and
2. If no Officer is present, or desires, to preside over any Board Meeting, then the Directors attending the Board Meeting shall elect a Director to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

1. The attendance at, participation in, or presentation during Board Meetings by Persons other than Directors;
2. The right to access, inspect, or copy any minutes, record, or other document relating to any Board Meeting, or any other non-confidential books and records of the Cooperative, by persons other than Directors; or
3. The conduct of Board Meetings.

SECTION 5.4 – Waiver of Board Meeting Notice. At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records. Unless a Director:

1. Upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and
2. Does not vote for, or assent to, an objected matter;

then the Director's attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

SECTION 5.5 – Board Action by Written Consent. Without a Board Meeting, the Board may take any action required, or permitted, to be taken at a Board Meeting if the action is:

1. Taken by all Directors; and
2. Evidenced by one, or more, written consents ("Director Written Consent"):
 - a. Describing the action taken;
 - b. Signed by each Director; and
 - c. Included with the Cooperative's Board Meeting minutes.

Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

SECTION 5.6 – Director Quorum and Voting. A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors present and voting is the act of the Board. An interested Director is not counted in determining whether a Director Quorum is present to vote or act upon any matter in which the Director is directly or indirectly interested. A Director may not vote by proxy. An agreement signed by Directors providing the manner in which a Director will vote is not valid.

SECTION 5.7 – Committees. The Board may create committees of the Board ("Board Committees") and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two or more Directors, and serves at the Board's discretion. The Board may create committees of the Members ("Member Committees") and appoint Members, including Directors, to serve on the Member Committees.

- A. **Creation and Appointment of Committees.** Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the:
1. Creation of any Board Committee or Member Committee;

2. Appointment of Directors to any Board Committee; and
 3. Appointment of Members to any Member Committee.
- B. Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.
- C. Committee Authority. Except as prohibited or limited by Law, the Articles, or this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:
1. Retire and refund Capital Credits and Affiliated Capital Credits;
 2. Approve the Cooperative's dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets;
 3. Elect, appoint, or remove Directors, or fill any Board or Board Committee vacancy; or
 4. Adopt, amend, or repeal these Bylaws.

Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 5.8 – Conflict of Interest Transaction. A conflict of interest transaction is a transaction with the Cooperative in which a Director has a direct or indirect interest (“Conflict of Interest Transaction”).

- A. Indirect Interest. A Director has an indirect interest in a Conflict of Interest Transaction if at least one party to the transaction is another Entity:
1. In which the Director has a material interest or is a general partner; or
 2. Of which the Director is a director, officer, or trustee.
- B. Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and any Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction's material facts, and the Director's interest, are:
1. Disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or

2. Disclosed or known to the Members, and a majority of votes cast by Members not voting under the control of a Director or Entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.

C. Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is neither:

1. Voidable; nor
2. The basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

Article 6– Officers

SECTION 6.1 – Required Officers. The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer (“Required Officers”). The Board shall elect Required Officers:

1. At the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. By affirmative vote of a majority of Directors in office; and
3. By secret written ballot without prior nomination.

Only Directors may be elected, and serve, as a Required Officer. One Director may simultaneously be Secretary and Treasurer. Unless allowed by Law, this Director may not execute, acknowledge, or verify any document in more than one capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer’s successor is duly elected. The Board shall fill any vacant Required Officer’s position for the remaining unexpired portion of the Required Officer’s term. As allowed by Law, Required Officers may delegate their duties and responsibilities to a non-Director Cooperative Officer, employee, agent, or representative.

SECTION 6.2 – President. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the President:

1. Shall preside, or designate another individual to preside, at all Board and Member Meetings;
2. On the Cooperative’s behalf, may sign any document properly authorized or approved by the Board or Members; and

3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.3 – Vice-President. Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Vice-President:

1. Upon the President’s death, absence, disability, improper refusal, or inability to act, shall perform the duties, and have the powers, of the President; and
2. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.4 – Secretary. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

1. Shall be responsible for preparing minutes of Board and Member Meetings;
2. Shall be responsible for authenticating the Cooperative’s records;
3. May affix the Cooperative’s seal to any document authorized or approved by the Board or Members; and
4. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.5– Treasurer. Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 6.6 – Other Officers. The Board may elect or appoint other officers (“Other Officers”). Other Officers:

1. May be Directors, Cooperative employees, or other individuals;
2. Must be elected or appointed by the affirmative vote of a majority of current Directors;
3. May be elected by secret written ballot and without prior nomination;
4. May assist Required Officers; and
5. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one office. Unless allowed by Law, this individual may not execute, acknowledge, or verify any document in more than one capacity.

SECTION 6.7 – Officer Resignation and Removal. At any time, any Required Officer or Other Officer (collectively, “Officer” or “Cooperative Officer”) may resign by delivering to the Cooperative or Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Cooperative or Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer for any reason.

SECTION 6.8 – Officer Standard of Conduct. Every Officer shall discharge the Officer’s duties:

1. In good faith;
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. In a manner the Officer reasonably believes to be in the Cooperative’s best interests.

SECTION 6.9 – Officer Contract Rights. The election or appointment of any Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer’s resignation does not affect the Cooperative’s contract rights, if any, with the Officer. An Officer’s removal does not affect the Officer’s contract rights, if any, with the Cooperative.

SECTION 6.10 – Authority to Execute Documents. On the Cooperative’s behalf, any two Required Officers may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative’s behalf.

SECTION 6.11 – Officer Compensation. Unless otherwise provided in a Bylaw addressing Director compensation, reimbursement, salaries, or benefits, and as determined by the Board, the Cooperative may reasonably compensate, reimburse, pay a salary to, or provide insurance or benefits to, any Officer.

SECTION 6.12 – Bonds. At the Cooperative’s expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent, or representative.

SECTION 6.13 – Indemnification. For purposes of this Section 6.13, the Cooperative shall also include a subsidiary of the Cooperative, and a Director or Officer of the Cooperative shall also include a director or officer of a subsidiary of the Cooperative. As allowed by Law and the Articles, and as determined by the Board:

A. Indemnification Director or Officer. The Cooperative shall indemnify:

1. An individual who is, or was, a Director or Officer; or an individual who, while a Director or Officer, is, or was, serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise; or the estate or personal representative of such an individual (collectively, "Indemnification Director or Officer")
2. Who was wholly successful, on the merits or otherwise, in defending any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding")
3. To which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent ("Indemnification Party")
4. Because the Indemnification Director or Officer is, or was, a Director or Officer.
5. Against reasonable expenses, including counsel fees ("Indemnification Expenses"), actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

SECTION 6.14 - Indemnification Individual. For purposes of this Section 6.14, the Cooperative shall also include a subsidiary of the Cooperative, and a Director, Officer, attorney, employee, or agent of the Cooperative shall also include a director, officer, attorney, employee, or agent of a subsidiary of the Cooperative. The Cooperative shall indemnify:

1. An individual who is, or was, a Director, Officer, attorney, employee, or agent ("Indemnification Individual").
2. Made an Indemnification Party to any Indemnification Proceeding other than an Indemnification Proceeding:
 - a. By, or in the right of, the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or
 - b. Charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit to the Indemnification Individual, whether or not involving action in the Indemnification Individual's official capacity because the Indemnification Individual is, or was, a Director, Officer, attorney, employee, or agent.
3. Against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by, or in the right of, the Cooperative; or against the

obligation to pay a judgment, settlement, penalty, fine, or reasonable expense, including counsel fees, actually incurred in connection with any other Indemnification Proceeding

4. Incurred in the Indemnification Proceeding, if the Indemnification Individual:
 - a. Acted in good faith;
 - b. Reasonably believed:
 - (i) For conduct as a Director, Officer, attorney, employee, or agent, that the Indemnification Individual's conduct was in the Cooperative's best interest; and
 - (ii) For all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and
 - c. In the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful

(collectively, "Indemnification Standard of Conduct")

5. After a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding ("Indemnification Director Quorum"), determines:
 - a. That the Indemnification Individual met the Indemnification Standard of Conduct; and
 - b. Reasonable Indemnification Expenses.

A. Advance for Expenses. Prior to the final disposition of an Indemnification Proceeding, the Cooperative shall pay for, or reimburse, the reasonable Indemnification Expenses incurred by an Indemnification Individual who is an Indemnification Party to the Indemnification Proceeding ("Indemnification Advance") if:

1. The Indemnification Individual furnishes the Cooperative a written:
 - a. Affirmation of the Indemnification Individual's good faith belief that the Indemnification Individual has met the Indemnification Standard of Conduct; and
 - b. Unlimited general obligation of the Indemnification Individual which:
 - (i) Need not be secured;

- (ii) May be accepted without reference to financial ability to repay;
 - (iii) May be executed personally or on the Indemnification Individual's behalf; and
 - (iv) Obligates the Indemnification Individual to repay the Indemnification Advance if a majority of the Indemnification Director Quorum ultimately determines that the Indemnification Individual did not meet the Indemnification Standard of Conduct; and
2. A majority of the Indemnification Director Quorum determines that the facts then known to them would not preclude indemnification for the Indemnification Individual under this Bylaw.

SECTION 6.15 – Insurance. Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, Officer, attorney, employee, agent or representative against any:

- 1. Liability, including judgment, settlement, or otherwise; or
- 2. Reasonable expenses, including reasonable attorney fees,

asserted against, or incurred by, the Cooperative or the individual in his or her individual capacity, or arising from the individual's status, as a Director, Officer, attorney, employee, or agent.

Article 7 – Cooperative Operation

SECTION 7.1 – Nonprofit and Cooperative Operation. The Cooperative:

- 1. Shall operate on a nonprofit basis;
- 2. Shall operate on a cooperative basis for the mutual benefit of all Members; and
- 3. May not pay interest or dividends on Capital furnished by Patrons.

SECTION 7.2 – Allocating and Crediting Capital. In operating the Cooperative:

A. Patron. A Cooperative patron (“Patron”) is a:

- 1. Member; or
- 2. Non-Member Person who:

- a. Uses any Cooperative Service; and
- b. Prior to Using the Cooperative Service, is entitled to an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits regarding the Cooperative Service.

B. Capital Credits. Patrons shall furnish and contribute to the Cooperative, and the Cooperative shall receive from Patrons, as capital (“Capital”) the amount (“Operating Margins”) by which the funds and amounts received by the Cooperative from Patrons for Providing a Cooperative Service (“Operating Income”) exceed the Cooperative’s costs and expenses of Providing the Cooperative Service (“Operating Cost”).

For each Cooperative Service, the Cooperative shall annually allocate to each Patron in the form of a bookkeeping credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service Used by each Patron during the applicable fiscal year (“Capital Credits”). Capital Credits must be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a preexisting legal obligation, and each Patron furnished or contributed the Capital to the Cooperative in the corresponding Capital Credit amounts but shall be retired or paid to the Patron only as provided hereafter.

For each Cooperative Service, the Cooperative shall annually allocate to each Patron, and debit from past, current, or future Capital Credits corresponding to the Cooperative Service, all Operating Costs that exceed Operating Income (“Operating Losses”) in proportion to the value or quantity of the Cooperative Service Used by each Patron during the applicable fiscal year.

C. Affiliated Capital Credits. If the Cooperative is a member, owner, or patron of an Entity Providing a good or service Used by the Cooperative in Providing a Cooperative Service (“Affiliated Entity”), then, to the extent the Affiliated Entity allocates or credits funds, amounts, or capital to the Cooperative in proportion to the value or quantity of the goods or services Used by the Cooperative in Providing the Cooperative Service (“Affiliated Entity Allocated Capital”), the Cooperative may separately allocate and credit to Patrons the Affiliated Entity Allocated Capital (“Affiliated Capital Credits”):

- 1. In proportion to the value or quantity of the Cooperative Service Used by each Patron; and
- 2. If the Cooperative determines, and separately identifies, the Affiliated Capital Credits.

For purposes of these Bylaws, Affiliated Entity Allocated Capital is Operating Income.

D. Non-Operating Margins. Other than Operating Margins, funds and amounts received by the Cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be:

1. Allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Operating Margins to Patrons;
2. Retained or used by the Cooperative as permanent, non-allocated capital;
3. Used to pay or offset any Cooperative cost or expense; or
4. Used as otherwise determined or approved by the Board.

To the extent the Cooperative receives funds, amounts, or gains, other than Operating Income, from any Person regarding business done with or for Patrons ("Non-Operating Patronage Income"), the Cooperative shall treat the Non-Operating Patronage Income as Operating Income. To the extent the Cooperative incurs costs, expenses, or losses, other than Operating Costs, regarding business done with or for Patrons ("Non-Operating Patronage Cost"), the Cooperative shall treat the Non-Operating Patronage Cost as Operating Cost.

E. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned or transferred only upon:

1. A Patron delivering a written assignment or transfer to the Cooperative;
2. The Patron complying with any other reasonable requirement determined by the Board; and
3. The Board approving the assignment or transfer.

The Cooperative shall annually notify each Patron in writing of the dollar amount of Capital Credits or Affiliated Capital Credits allocated or credited to the Patron during the applicable fiscal year.

F. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration:

For any Joint Membership comprised of two married Joint Members, or two joint Members who are registered domestic partners, that is:

1. Terminated or converted through the death of one Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits

and Affiliated Capital Credits previously allocated and credited to the Joint Membership; or

2. Otherwise terminated or converted, the Cooperative shall re-allocate and re-credit to each Joint member such Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership only as instructed by a court or administrative body of competent jurisdiction, with specific reference to Capital Credits, or as the Joint Members shall jointly instruct the Cooperative.

For any Joint Membership comprised of two or more Joint Members neither married, nor joined in a legal relationship, that is terminated, converted, or altered through the death of a Joint Member, or failure of a Joint Member to reside in the same Location, the Cooperative shall re-allocate and re-credit to the deceased or departing Joint Member such Capital Credits and Affiliated Capital Credits allocated and credited to the Joint Membership during the time the deceased or departing Joint Member was a Joint Member only as instructed by a court or administrative body of competent jurisdiction with specific reference to Capital Credits, or as the Joint Members shall jointly instruct the Cooperative.

SECTION 7.3 – Retiring and Refunding Capital Credits. At any time prior to the Cooperative’s dissolution or liquidation, and if the Board determines that the Cooperative’s financial condition will not be adversely impacted:

1. The Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons; or
2. After an Affiliated Entity retires and refunds Affiliated Entity Allocated Capital to the Cooperative, the Board may authorize the Cooperative to, and the Cooperative shall, retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons.

The Board shall determine the manner, method, and timing of retiring and refunding Capital Credits and Affiliated Capital Credits. The Board may determine a different manner, method, or timing for retiring Operating Losses.

Upon the death of any individual Patron or individual former Patron (“Deceased Patron”), but not upon the cessation of existence of any Entity Patron or Entity former Patron, and pursuant to a written request from the Deceased Patron’s legal representative, the Board may retire the Deceased Patron’s Capital Credits and Affiliated Capital Credits under terms and conditions, including discounting determined by the Cooperative.

To secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest and late payment fee determined by the Board, the Cooperative has a perfected security interest in the Capital Credits and Affiliated Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or

Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest and late payment fee determined by the Board.

If the Cooperative takes reasonable measures to notify any Patron or former Patron of retired or refunded Capital Credits or Affiliated Capital Credits, and if the Patron or former Patron fails to claim the retired or refunded Capital Credits or Affiliated Capital Credits within the time permitted by law, then the Patron or former Patron contributes the unclaimed amounts to the Cooperative, and the Cooperative accepts the unclaimed amounts from the Patron or former Patron, as permanent, non-allocated capital.

SECTION 7.4– Patron Agreement. Each Patron agrees that:

1. Neither Capital Credits, Affiliated Capital Credits, nor similar amounts are securities under state or federal Law;
2. A Patron’s right to receive Capital Credits, Affiliated Capital Credits, or similar amounts vests, accrues, and becomes payable only upon the Cooperative retiring or refunding the Capital Credits, Affiliated Capital Credits, or similar amounts as provided in these Bylaws, and not upon the Cooperative allocating or crediting the Capital Credits, Affiliated Capital Credits, or similar amounts; and
3. To the extent required by local, state, or federal Law, each Patron will:
 - a. Report to the appropriate Entity allocated, credited, retired, or refunded Capital Credits, Affiliated Capital Credits, and similar amounts;
 - b. Pay to the appropriate Entity any tax or similar amount on allocated, credited, retired, or refunded Capital Credits, Affiliated Capital Credits, and similar amounts.

SECTION 7.5 – Member non-Patrons, Non-Member Patrons and Non-Member Non-Patrons. As a condition of Using any Cooperative Service, and unless otherwise determined by the Board:

1. To the same extent as Members, Members who are non-Patrons by reason of having explicitly waived an allocation in the form of a bookkeeping credit to a Capital account for Capital Credits and Affiliated Capital Credits regarding the Cooperative Service (“Member non-Patrons”), Patrons who are not Members (“Non-Member Patrons”) and Persons Using any Cooperative Service who are neither Members nor Patrons (“Non-Member Non-Patrons”) shall abide by, and be bound to:
 - a. All the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members; and
 - b. These Bylaws, unless otherwise provided in these Bylaws;

2. Non-Member Patrons and Non-Member former Patrons shall have none of the rights granted by the Governing Documents to Members, other than the rights to:
 - a. Be allocated and paid by credit to a Capital account Capital Credits and Affiliated Capital Credits; and
 - b. Receive retired and refunded Capital Credits and Affiliated Capital Credits; and
3. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members.

SECTION 7.6 – Reasonable Reserves. Regardless of any contrary Bylaw, and to meet the Cooperative’s reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses (“Reasonable Reserves”). The Cooperative shall keep records necessary to determine, at any time, each Member’s rights and interest in any Reasonable Reserves.

Article 8 – Disposition of Cooperative Assets

SECTION 8.1 – Transfer of Cooperative Assets. Except as provided hereafter, the Cooperative shall not in any twelve-month period sell, lease, exchange, or otherwise dispose of (“Transfer”) more than ten percent of the book value of the Cooperative’s total property or Cooperative’s assets (“Asset”) until each of the following provisions is satisfied:

1. At the expense of the Person seeking to purchase, lease or acquire the Cooperative’s Assets, the Board appoints three independent appraisers, each of whom, within a reasonable time of appointment, evaluates and renders an appraisal valuing the Cooperative’s Assets specified in the proposed Transfer (“Appraisal”);
2. Within a reasonable time of receiving the Appraisals, the Cooperative invites any other Entities operating on a cooperative basis, Providing electric power and energy, and located in Oregon, to submit proposals to purchase, lease, or acquire the Cooperative’s Assets specified in the proposed Transfer, or to Merge or Consolidate with the Cooperative;
3. The Board approves the proposed Transfer;
4. At least two-thirds of the Total Membership approves the proposed Transfer;
5. Notice of any Member Meeting at which Members will consider the proposed Transfer states that one of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the proposed Transfer; and

6. In proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates and credits to Members as Capital Credits any consideration received for the Cooperative's Assets that exceeds the amount paid for the Cooperative Assets.

Unless otherwise determined by the Members, after the Members approve a Transfer, the Board has the authority not to complete a proposed Transfer.

Notwithstanding the above: (a) to secure indebtedness, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset; and (b) the Board may also transfer all or substantially all of the Cooperative's assets: (1) pursuant to condemnation or threat of condemnation; (2) pursuant to an existing legal obligation; (3) pursuant to a merger or consolidation as provided in Section 8.2; (4) pursuant to dissolution as provided in Section 8.3; or (5) to a Cooperative subsidiary.

SECTION 8.2 – Merger or Consolidation. In a manner determined by the Board that is consistent with this Bylaw, the Cooperative may consolidate or merge with any other Entity operating on a cooperative basis that Provides electric power and energy ("Consolidate or Merge").

- A. **Board Approval.** The Board must approve an agreement or plan to Consolidate or Merge ("Consolidation or Merger Agreement") stating the:
 1. Terms and conditions of the Consolidation or Merger;
 2. Name of each Entity Consolidating or Merging with the Cooperative;
 3. Name of the new or surviving Consolidated or Merged Entity ("New Entity");
 4. Manner and basis, if any, of converting memberships, or ownership rights, of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity;
 5. Number of directors of the New Entity, which must equal or exceed seven;
 6. Date of the New Entity's annual meeting;
 7. Names of New Entity directors who will serve until the New Entity's first annual meeting; and
 8. Any other information required by Law.
- B. **Member Approval.** After the Board approves a Consolidation or Merger Agreement, two-thirds of the Total Membership must approve the Consolidation or Merger

Agreement. Members may approve the Consolidation or Merger Agreement by Mail Ballot.

- C. Notice. The Cooperative shall notify Directors of any Board Meeting, and Members of any Member Meeting, at which Directors or Members may consider a Consolidation or Merger Agreement. This notice, and any material soliciting Member approval of the Consolidation or Merger Agreement by Mail Ballot, must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement, the New Entity's articles of incorporation and bylaws and any provision which would require Director or Member approval if contained in a proposed Articles or Bylaws Amendment.
- D. Other Requirements. The New Entity directors named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law. After a Consolidation or Merger Agreement is approved, and before articles of Consolidation or Merger are filed, the Board or Members may abandon the Consolidation or Merger.

SECTION 8.3 – Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative's dissolution:

1. The Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all Capital Credits and Affiliated Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services Used by each Patron or former Patron; and
2. After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities:
 - a. To the extent practical, the Cooperative shall first distribute gains from selling any appreciated Cooperative Asset to Members who Used Cooperative Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative owned the Cooperative Asset;
 - b. To the extent practical, the Cooperative shall then distribute Non-Operating Margins used by the Cooperative as permanent, non-gains to Members who Used Cooperative Services during the period in which the Cooperative received the Non-Operating Margins in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative received the Non-Operating Margins; and

- c. To the extent practical, the Cooperative, as the Board may direct, shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to:
 - (i) The Members in proportion to the value or quantity of Cooperative Services Used prior to the Cooperative's dissolution; or
 - (ii) Any nonprofit charitable or educational Entity or organization exempt from federal income taxation; or
 - (iii) Any combination of the above.

Article 9 – Miscellaneous

SECTION 9.1 – Bylaw Amendments. Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) by the affirmative vote of a majority of Members voting as provided in Section 3.9. Unless otherwise stated in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment.

A. Sponsorship of Bylaw Amendments. The Board may sponsor or propose Bylaw Amendments. Members are encouraged to contact any Director with their ideas for Bylaw Amendments that they wish the Board to sponsor or propose. Members may sponsor or propose Bylaw Amendments to be considered at a Member Meeting if the proposed Bylaw Amendments are:

1. Sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty days of the petition date for, at least fifty (50) Members entitled to vote on the Bylaw Amendment;
2. Delivered to, and received by, the Cooperative at least sixty days prior to the Member Meeting at which the Members will consider the proposed Bylaw Amendment;
3. After review by the Board, determined lawful by the Board; and
4. Not altered or modified after delivery to the Cooperative.

B. Notice of Bylaw Amendment. Notice of any Member Meeting at which Members will consider a proposed Bylaw Amendment must:

1. State that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment; and
2. Contain, or be accompanied by, either a copy or a summary of the proposed Bylaw Amendment, and the Cooperative's recommendation, if any, regarding the proposed adoption, amendment or repeal.

SECTION 9.2 – Rules of Order. Unless the Board determines otherwise at any time, and to the extent consistent with Law, the Articles, and these Bylaws, the latest edition of *Robert's Rules of Order* governs all Member Meetings.

SECTION 9.3 – Fiscal Year. Unless otherwise provided by Law or in the Articles, the Board shall determine, and may modify, the Cooperative's fiscal year.

SECTION 9.4 – Notice. In these Bylaws:

A. Notice Type. Unless otherwise provided in these Bylaws, notice may be:

1. Oral or written; and
2. Communicated:
 - a. In person;
 - b. By telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication;
 - c. By mail or private carrier; or
 - d. If the above-listed forms of communicating notice are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members:

1. Residing at the address; or
2. Having the same address shown in the Membership List.

B. Notice Effective Date. If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:

1. Oral notice is effective when communicated; and
2. Written notice is effective upon the earliest of:
 - a. When received;
 - b. With the postmark evidencing deposit in the United States Mail, if correctly addressed and:

- (i) Mailed with first class postage affixed, then five days after deposit in the United States Mail; or
 - (ii) Mailed with other than first class, registered, or certified postage affixed, then thirty days after deposit in the United States Mail; or
- c. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

SECTION 9.5 – Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

SECTION 9.6 – Titles and Headings. All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 9.7 – Partial Invalidity. When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any Entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

SECTION 9.8 – Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9.9 – Entire Agreement. Between the Cooperative and any Member, the Governing Documents:

1. Constitute the entire agreement; and
2. Supersede and replace any prior or contemporaneous oral or written communication or representation.

SECTION 9.10 – Successors and Assigns. To the extent allowed by Law:

1. The duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and

2. The rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative and any Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws upon the Cooperative or Member.

SECTION 9.11 – Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 9.12 – Lack of Notice. To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

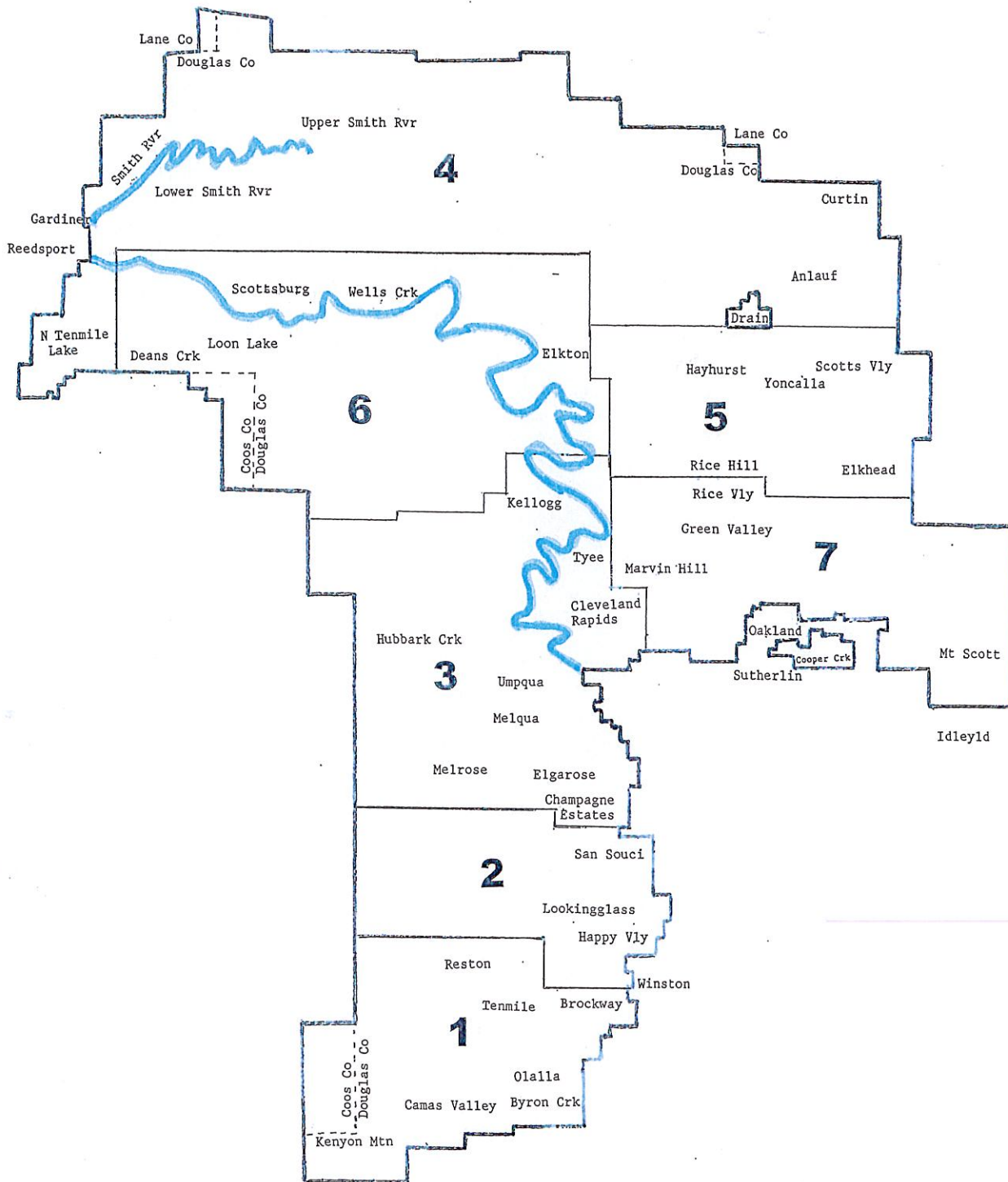
APPENDIX "A"

Map of
Douglas Electric Cooperative, Inc.

Showing

Director's
Districts

Douglas Electric Service Territory



Descriptions of Director Districts

District 1 can generally be described as Camas Valley, Tenmile, Olalla, Porter Creek and Reston.

District 2 can generally be described as Happy Valley, Lookingglass, San Souci, Flournoy Valley, and the part of Melrose south of Doerner Road.

District 3 can generally be described as the part of Melrose north of Doerner Road, Elgarose, Melqua, Cleveland Rapids, Lower Garden Valley, Umpqua, Hubbard Creek, Kellogg and Tyee.

District 4 can generally be described as Lower and Upper Smith River, west of Drain to the tunnel on Highway 38 (Drain not included), Anlauf, and Curtin.

District 5 can generally be described as Yoncalla, Hayhurst, Rice Hill, Scotts Valley, and Elkhead.

District 6 can generally be described with its eastern edge at the tunnel on Highway 38 extending due west to Elkton, Wells Creek, Scottsburg, Loon Lake, and Deans Creek.

District 7 can generally be described with its western edge at Marvin Hill on Highway 138, its northern edge at Rice Hill on I-5, its southern edge at Sutherlin and Cooper Creek, and its eastern edge at Mt. Scott.