

**BYLAWS****of the****OREGON TRAIL ELECTRIC CONSUMERS COOPERATIVE, INC.**

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**ARTICLE I.****MEMBERS****Section 1. Qualifications and Membership**

Any person, firm, corporation or body politic may become a member in the Cooperative, provided that he, she or it has first:

- (a) Made a written application for membership (unless such requirement is waived by the Board of Directors);
- (b) Agreed to purchase electric power from the Cooperative;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable except as provided in these Bylaws.

**Section 2. Joint Membership**

Spouses may jointly become a member, and their application for a joint membership may be accepted in accordance with the foregoing provisions of this article, provided the husband and wife comply jointly with the provisions of the above Section 1.

**Section 3. Membership Fee**

The membership fee shall be one cent until such time as the Articles of Incorporation are amended.

**Section 4. Conversion of Membership**

(a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board.

(b) A membership held jointly by spouses is held in joint tenancy with rights of survivorship. Upon the death of either spouse, such membership shall be deemed held solely by the survivor, provided that the estate of the deceased shall not be released from any membership debts or liabilities owed the Cooperative.

(c) Except for conversion of a membership under subsections (a) or (b), a membership in the Cooperative is not transferable. Except for conversion to a membership in a surviving spouse, a membership shall terminate upon the death, cessation of existence, withdrawal, or expulsion of a member. Termination of membership in any manner does not release the former member from any membership debts or liabilities owed the Cooperative.

## **Section 5. Termination of Membership**

(a) Any member may withdraw from membership upon payment in full of all debts and liabilities of such member and upon compliance with such terms and conditions as the Board of Directors may prescribe.

(b) The Board of Directors may, by affirmative vote of not less than two-thirds of all the directors, expel or involuntarily terminate the membership of any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules of the Cooperative, provided that the member has been given written notice of the noncompliance which may result in expulsion and the noncompliance continues for at least 10 days or more after receipt of the written notice. A membership which has been terminated may be reinstated by vote of the Board of Directors pursuant to rules adopted by the Board for conditions of reinstatement.

## **Section 6. Purchase of Electric Power**

Each member shall purchase from the Cooperative all electric power purchased for use on the premises specified on his or her or its application for membership and shall pay therefor at rates which shall from time to time be fixed by the Board of Directors. Production or use of electric power on such premises, regardless of the source thereof, by means of facilities which may be interconnected with facilities of the Cooperative shall be subject to appropriate regulations fixed from time to time by the Cooperative. Amounts paid for electric power in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. Regardless of the amount of power consumed, each member shall pay a minimum amount as shall be fixed from time to time by the Board of Directors. Each member shall also pay all amounts owed to the Cooperative as and when the same become due and payable. A member who has not purchased electric power from the Cooperative within six months of when service is made available, or who ceases to purchase power from the Cooperative, may be involuntarily terminated.

## **Section 7. Property Interest of Members Expressly Defined**

Upon dissolution of the Cooperative, after all debts and liabilities of the Cooperative have been paid and all capital furnished through patronage has been retired, the remaining property and assets shall be distributed among the members and the former members of the Cooperative in the proportion which the aggregate patronage of each bears to the total patronage of all members.

## **Section 8. Non-liability of Members for Debts of the Cooperative**

The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative, and no member shall individually be liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE II.****DISTRICTS AND MEETING OF MEMBERS****Section 1. District Boundaries**

The territory served by the Cooperative shall be divided into four (4) districts which correspond to the boundaries of the counties of Baker, Grant, Harney, and Union. The Baker district may be further divided into three smaller districts and the Union district may be divided into four small districts if the Board of Directors deems such action to be appropriate. The delineation of the three district boundaries within Baker County and the four district boundaries within Union County may be modified from time to time by the Board of Directors to correct inequities in representation. District boundaries may not cross the boundary of a county.

**Section 2. Election of Directors**

As provided in these Bylaws, candidates for the position of director must be domiciled in the district associated with the particular position. All properly qualified voting members shall be entitled to vote on the election of directors from every district.

**Section 3. Annual Membership Meeting**

A meeting of the members shall be held each year. Such meeting shall be for the purpose of passing upon reports covering the previous fiscal year and transacting such business as properly comes before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 4. Special Meetings**

Special meetings of the members may be called by the Board of Directors or upon a written request signed by at least ten percent (10%) of all members qualified to vote, and it shall thereupon be the duty of the Secretary to cause notice of such meeting.

**Section 5. Notice and Purpose of Members' Meetings**

The Board of Directors shall select the time and place of the annual and special meetings of the members. Written or printed notice of such meeting shall be delivered personally or by mail to each member not less than 7 or more than 30 days prior to the meeting. The notice shall include:

- (a) Statement of the place, day and hour of the meeting and whether it is an annual or special meeting;
- (b) A ballot and envelope for use in voting by mail if an election is to be held;
- (c) An exact copy of every resolution to come before the membership; and,
- (d) Such other matter as may be deemed appropriate by the Board of Directors.

If mailed, such notice shall be deemed to be delivered when deposited in the U. S. Postal Service, addressed to the member at his or her address as it appears in the records of the Cooperative, with postage prepaid. The failure of any member to receive notice shall not invalidate any action which may be taken at such meeting.

## **Section 6. Resolutions, How Made**

The Board of Directors or any two hundred fifty (250) members qualified to vote may propose an action by the membership by submitting it to the Secretary in writing not less than sixty (60) days prior to the meeting at which the action is proposed.

## **Section 7. Quorum**

The lesser of twenty-five (25) members qualified to vote or five percent (5%) of the members qualified to vote shall constitute a quorum for any annual or special meeting. Ballots received by mail may be included with the members present for determination of a quorum, provided, however, that a quorum for purpose of Article XIV and any amendment of Article XIV shall be ten percent of all the members of the Cooperative who must be present in person.

## **Section 8. Order of Business**

All actions of the members shall be taken at a duly called meeting of the members. The order of business of the annual meeting, so far as possible, shall be as follows:

- (a) Determination of quorum;
- (b) Reading of notice of the meeting and proof of due publication of mailing thereof, or the waiver of notice, as the case may be;
- (c) Reading of the unapproved minutes of previous meetings of the members and taking of necessary action thereon;
- (d) Presentation, consideration of, and action on reports of officers, directors and committees;
- (e) Unfinished business;
- (f) New business; and
- (g) Electing of directors and voting upon all resolutions timely filed with the Secretary for inclusion in the meeting notice.

Matters of concern to the membership shall be taken up, but any matter not timely filed with the Secretary for inclusion in the meeting notice shall not be voted upon.

## **Section 9. Voting**

Each member shall be entitled to one (1) vote and no more on each matter submitted to a vote at an annual or special meeting of the members. Each member qualified to vote shall be entitled to one (1) vote and no more on the election of a director for each director vacancy submitted to a vote at an annual meeting of members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote by ballot of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. The qualified candidate for director for each director vacancy receiving the highest number of votes at an annual meeting, even if less than a majority of the votes cast, shall be elected as director. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at an annual or special meeting of the members.

## **Section 10. Voting by Mail.**

A member qualified to vote in any annual or special meeting of the members may vote by mail upon any matter, including the election of directors, to be acted upon at any such meeting. Such member may express his or her vote thereon by indicating on each resolution and, in the case of election of a director, "No" or "Yes" indicating a candidate in the space provided therefore. The ballot shall be enclosed by such member in an unmarked envelope and this unmarked envelope shall be placed in a sealed voting envelope bearing the member's name, authenticated by the member's signature, and addressed to the Secretary. Such a mail ballot from any member shall be accepted and counted as a vote of such absent member if received before the meeting. No member voting by mail may vote in person at any annual or special meeting.

## **ARTICLE III.**

### **DIRECTORS**

#### **Section 1. General Powers**

The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with the law, Articles of Incorporation and Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

#### **Section 2. Composition of Board of Directors**

Three (3) directors shall be elected from the district or districts contained within Baker County; one (1) director shall be elected from the district contained within Harney County; one (1) director shall be elected from the district contained within Grant County; and four (4) directors shall be elected from the district or districts contained within Union County.

#### **Section 3. Nominating Committee**

The Board of Directors shall appoint, from each district having the term of a director expire in the following year, a nominating committee of three (3) persons to nominate a candidate or candidates qualified for director from that committee's district. Appointments shall be made not less than one hundred twenty (120) days before the annual meeting. Each person appointed to a district nominating committee shall be a member of the Cooperative domiciled in the district.

Each nominating committee shall submit its nominations to the Secretary of the Cooperative not less than ninety (90) days before the annual meeting in which the director from that district is to be elected. The function and authority of each committee shall terminate upon the completion of the annual meeting.

#### **Section 4. Additional Nominations**

Not less than ninety (90) days before the annual meeting in which directors shall be elected, the Secretary of the Cooperative shall cause to be posted at the Cooperative's principal place of business a list of the names of candidates selected by the nominating committee. Additional nominations may be made by petition filed with the Secretary not less than sixty (60) days before the annual meeting. A petition shall contain the name of the candidate and the signatures of at least two hundred fifty (250) members qualified to vote, and a request that the name of the candidate be placed on the ballot.

## **Section 5. Qualification and Tenure of Directors.**

Directors shall be elected by ballot to fill vacancies in office of those directors whose term of office has expired. Each director at all times shall be a member domiciled in the district from which he or she is elected and must be at least (18) years of age. Provided, however, that any member who is a corporation, association, partnership, trust, or estate may designate one representative who is at least 18 years of age who may be nominated, and if elected, serve as director. Any district in which the represented entity receives electricity shall be considered the domicile of such representative.

Each director's term of office shall be until the annual meeting of the members in the third year following the director's election and until the director's successor takes office.

No member shall be eligible to be a director or hold any position of trust in the Cooperative who is not a bona fide resident in the area served by the Cooperative or who is in any way employed in a competing enterprise. No person who is or has been an employee of the Cooperative shall be eligible to be a director until three (3) years after cessation of such employment. Nothing contained in this section shall be construed to affect the validity of any act taken at any meeting of the acting Board of Directors.

The term of office of three (3) directors shall expire each year.

## **Section 6. Vacancies**

Vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors. The term of the member thus appointed to the Board of Directors shall be the unexpired portion of the term of the director he or she is appointed to fill. The member thus appointed as director to fill a vacancy must be qualified for election as a director from that district.

## **Section 7. Compensation**

Directors as such shall not receive any salary for their services but, by resolution of the Board of Directors, compensation may be allowed for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences, and training programs or performing committee assignments. If authorized by the Board of Directors, directors may be reimbursed for expenses actually and reasonably incurred on Cooperative business. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity.

## **Section 8. Removal of Directors by Members**

The members may request removal of a director by filing with the Secretary in writing the reasons for removal together with a petition signed by at least ten per cent (10%) of the members. Such director shall be informed in writing of the reasons and shall have an opportunity to respond in writing. The question of the removal of such director shall be determined at an annual or special meeting of all members of the Cooperative by majority vote of the members voting in person. The reasons for removal of the director and the director's response, if any, shall be included in the notice of the meeting. At the meeting of the members, the director shall have an opportunity to answer the reasons asserted for removal. Any vacancy created by such removal may be filled in the same manner as any other vacancy.

**ARTICLE IV.****MEETINGS OF THE DIRECTORS****Section 1. Regular Meetings**

A regular meeting of the Board of Directors may be held without notice other than this Bylaw immediately after and at the same place as the annual meeting of the members. If the election of officers is not held at such meeting, such election shall be held within a reasonable time. A regular meeting of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meeting may be held without notice to the members.

**Section 2. Special Meetings**

Special meetings of the Board of Directors may be called by the President or any four (4) directors. The person or persons authorized to call special meetings may fix the time and place for the holding of any special meeting.

**Section 3. Notice**

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given to each director at least five (5) days in advance by oral (including telephone) notice, or by written notice delivered personally or mailed to his or her last known address. If mailed, such notice shall be deemed delivered when deposited in the U.S. Mail with first class postage prepaid. Attendance of a director at any meeting shall constitute waiver of notice of such meeting, unless a director attends a meeting for the purpose of objection to the transaction of any business because the meeting has not been lawfully called.

**Section 4. Quorum**

A majority of the Board of Directors shall constitute a quorum. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws.

**ARTICLE V.****OFFICERS****Section 1. Number**

The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office**

The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If election of officers is not held at such meeting, then such elections shall be held within a reasonable time. Officers shall be elected from the Board of Directors except that one or more Assistant Secretaries or Assistant Treasurers, who need not be directors, may be elected. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until a successor shall have been duly elected and shall have qualified. Any vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

### **Section 3. Removal**

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby.

### **Section 4. The President**

The President:

- (a) Shall be the principle executive officer of the Cooperative and shall preside at all meetings of the members and the Board of Directors;
- (b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative or shall be required by law to be otherwise signed or executed; and
- (c) In general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

### **Section 5. Vice-President**

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

### **Section 6. Secretary**

The Secretary shall be responsible, either directly or through others, to:

- (a) Keep the minutes of meetings of the members and of the Board of Directors in one or more books provided for the purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records;
- (d) Keep a register of the post office address of each member which shall be furnished to the Secretary by each member;
- (e) Have general charge of the books of the Cooperative in which a record of members is kept;
- (f) Keep on file at all time a complete copy of the Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the Bylaws and all amendments thereto to each member; and
- (g) In general perform the duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

## **Section 7. Treasurer**

The Treasurer shall be responsible, either directly or through others, to:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general perform the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

## **Section 8. Manager**

The Board of Directors may appoint a Manager who need not be a member of the Cooperative. The Manager shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time vest in the Manager. At the discretion of the Board of Directors, the Manager may hold the office of Executive Vice President or any other office in the Cooperative as allowed by law.

## **Section 9. Bonds of Officers**

The Board of Directors shall require the Treasurer and any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employees of the Cooperative to give bond in such amount and with such surety as it shall determine. The expense of such bond may be borne by the Cooperative.

## **Section 10. Duties and Compensation.**

The powers, duties, and compensation of officers, agents, and employees shall be fixed by the Board of Directors.

## **Section 11. Reports**

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

**ARTICLE VI.****INDEMNIFICATION AND INSURANCE****Section 1. Non-Derivative Actions**

Subject to the provisions of this article and except for any action by or in the right of the Cooperative, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (including all appeals), by reason of that person's status as to the Cooperative as a director or former director of the Cooperative or by reason of that person's serving as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise at the request of the Cooperative, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person to be indemnified in connection with the proceeding, only if (i) with respect to actions taken in the person's official capacity, the person acted in good faith and in a manner that person reasonably believed to be in the best interests of the Cooperative; or (ii) with respect to any other actions, the person acted in a manner the person reasonably believed to be at least not opposed to the Cooperative's best interests; or (iii) with respect to any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful; and (iv) only as authorized by the Directors or members of the Cooperative or by court order in the specific case upon a determination that the person to be indemnified has met the applicable standards above and that indemnification is therefor proper in the circumstances. The termination of any proceeding described in this section shall not, of itself, be determinative that the person did not act in good faith and in a manner which that person reasonably believed to be in or not opposed to the best interests of the Cooperative and, with respect to any criminal proceeding, had reasonable cause to believe that the person's conduct was unlawful.

**Section 2. Derivative Actions**

Subject to the provisions of this Article, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any action or suit by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that the person is or was a director of the Cooperative, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person to be indemnified in connection with the proceeding, only if (i) with respect to actions taken in the person's official capacity, the person acted in good faith and in a manner that person reasonably believed to be in the best interests of the Cooperative; or (ii) with respect to any other actions, the person acted in a manner the person reasonably believed to be at least not opposed to the Cooperative's best interests; and (iii) only as authorized by the directors or members of the Cooperative or by court order in the specific case upon a determination that the person to be indemnified has met the applicable standards above and that indemnification is therefor proper in the circumstances; provided, however, that no indemnification shall be made in respect of any claim, issue or matter which such person shall have been adjudged to be liable for negligence or misconduct in the performance of that person's duty to the Cooperative unless the court in which the action or suit was brought shall determine, upon application by the person, that the person is fairly and reasonably entitled to indemnity for expenses which the court shall deem proper. Any indemnification of a director under this section shall be reported in writing to the members of the Cooperative in or prior to the notice of the next membership meeting.

### **Section 3. Determination of Right to Indemnification in Certain Cases**

Subject to the provisions following, Indemnification under Sections 1 and 2 shall be made upon the determination by any one of the following that the person to be indemnified has met the applicable standard of conduct set forth in Sections 1 and 2 and that Indemnification is therefore proper in the circumstances. The determination shall be made:

- (a) By the Board of Directors by a majority vote of a quorum consisting of the Directors who were not parties to a proceeding referred to in Sections 1 and 2.
- (b) If a quorum under paragraph (a) of this Section is not obtainable or, even if obtainable, a majority of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion;
- (c) By the members by the vote of a majority of a quorum of members; or
- (d) By the court in which the proceeding referred to in Sections 1 or 2 is or was pending, upon application by the Cooperative or the agent, attorney or other person rendering services in connection with the defense, whether or not the Cooperative opposes the application by the attorney, agent or other person.

### **Section 4. Indemnification of Person Other than Officers or Directors**

In the event any person not included among those referred to in Sections 1 and 2 was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding of a type referred to in Section 1 or 2 by reason of or arising from the fact that the person is or was an employee or agent (including attorneys) of the Cooperative, or is or was serving at the request of the Cooperative as an officer, director, employee or agent (including an attorney) or another cooperative, corporation, partnership, joint venture, trust or other enterprise, the Board of Directors of the Cooperative by a majority vote of a quorum (whether or not such quorum consists in whole or in part of directors who were parties to such proceeding) or the members of the Cooperative by a majority vote of a quorum of members, may, but shall not be required to, grant such a person a right of indemnification to the extent described in Sections 1 and 2 as if the person were an officer or director referred to therein, provided that such person meets the applicable standard of conduct set forth in Sections 1 and 2. The Board of Directors may designate by resolution in advance of any action, suit or proceeding, those employees or agent (including attorneys) who shall have all rights of indemnification granted to officers and directors.

### **Section 5. Successful Defense, Exception**

Notwithstanding any other provision of Sections 1, 2, 3, or 4, but subject to the provisions of Section 6, to the extent a director, officer or employee or agent (including an attorney) is successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, 2 or 4, or in defense of any claim, issue or matter therein, the Cooperative shall indemnify that person against expenses (including attorney's fees) actually and reasonably incurred by that person in connection with that proceeding; provided, however, that a director, officer, employee, agent (including attorneys) shall not be indemnified in regard to any proceeding referred to in Sections 1, 2 or 4 charging improper benefit to such person, whether or not the proceeding involves any action by such person in an official capacity, if such person is adjudged to be liable on the basis that such person improperly received personal benefit.

## **Section 6. Condition Precedent to Indemnification Under Sections 1, 2 and 4**

Any person who desires to receive the benefits otherwise conferred by Sections 1, 2 or 4 shall promptly notify the Cooperative that the person has been named a defendant in an action, suit or proceeding of a type referred to in Sections 1, 2 or 4, and intends to rely upon the right of indemnification described in Sections 1, 2 or 4. The notice shall be in writing and mailed, by registered or certified mail, to the President of the Board of the Cooperative at the principle office of the Cooperative, or in the event the notice is from the President, to the Board of Directors. Failure to give the notice shall entitle the Board of Directors of the Cooperative by a majority of a vote of a quorum (consisting of directors who, insofar as indemnity of employees or agents is concerned, may or may not have been parties) to make a determination that such a failure was prejudicial to the Cooperative and that the right of indemnification referred to in Sections 1, 2 and 4 shall be denied in its entirety or reduced in amount.

## **Section 7. Undertaking**

Expenses incurred by a person to be indemnified under this Article in defending an action, suit or proceeding (including all appeals) or threat thereof, may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 3 upon receipt of an undertaking on or on behalf of such person to repay such expenses if that person shall ultimately be determined not to be entitled to indemnification by the Cooperative.

## **Section 8. Insurance**

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against and incurred by that person in any such capacity, or arising out of such status, whether or not the Cooperative would have the power to indemnify that person against such liability under the provisions of this Article or under the Oregon Revised Statutes ("ORS"), Chapter 62.

## **Section 9. Purpose and Exclusivity**

The indemnification referred to in the various Sections of this Article shall be deemed to be in addition to and not in lieu of any other rights to which those indemnified may be entitled under any statute, rule of law or equity, agreement, vote of the members or Board of Directors or otherwise. The purpose of this Article is to augment the provision of ORS Chapter 62 relating to indemnification.

## **ARTICLE VII.**

### **FINANCIAL TRANSACTIONS**

#### **Section 1. Contracts**

(a) Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contracts or execute and deliver any instrument in the name and on the behalf of the Cooperative, and such authority may be general or confined to certain circumstances.

#### **Section 2. Check, Drafts and Documents**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

### **Section 3. Deposits**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks or with the National Rural Electric Cooperative Finance Corporation as the Board of Directors may select.

### **Section 4. Change in Rates**

Written notice shall be given to the membership 30 days prior to the date upon which any proposed change in rates charged by the Cooperative for electric power becomes effective.

### **Section 5. Accounting System and Reports**

The Board of Directors shall establish and maintain a complete accounting system which, subject to applicable laws and rules of any regulatory body, shall conform to such accounting system as from time to time be designated by any regulatory body having jurisdiction. After the close of each fiscal year, the Board of Directors shall also cause a full and complete audit to be made by a certified public accountant of the accounts, books and financial condition of the Cooperative at the conclusion of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

## **ARTICLE VIII.**

### **NONPROFIT OPERATION**

#### **Section 1. Interest or Dividends on Capital Prohibited**

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or be payable by the Cooperative on any capital furnished by its patrons.

#### **Section 2. Patronage Capital in Connection with Furnishing Electric Power**

In the furnishing of electric power, the Cooperative operations shall be so conducted that all patrons will furnish capital for the Cooperative through their patronage. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all accounts received and receivable from the furnishing of electric power in excess of operating costs and expenses properly chargeable against the furnishing of electric power. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his or her or its account. All such amounts credited to the capital account of any patron shall have the same status as if paid to the patron in cash pursuant to a legal obligation and the patron had then furnished the Cooperative corresponding amounts of capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall be allocated to its patrons on a patronage basis in any manner allowed by law and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

### **Section 3. Dissolution**

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or part. Any such retirements of capital shall be made according to the method, basis, priority, and order of retirement as determined by the Board of Directors.

### **Section 4. Assignment of Capital**

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in a parts of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

### **Section 5. Retirement of Capital at Death**

Notwithstanding of any provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting upon policies of general application, shall determine; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

### **Section 6. Bylaws a Contract**

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws dealing with patronage capital shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## **ARTICLE IX.**

### **SPECIAL PROCEDURES**

#### **Section 1. Waiver of Notice**

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

#### **Section 2. Action without Meeting**

Any action required or permitted to be taken at a meeting of the members or directors of the Cooperative may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote at a meeting.

#### **Section 3. Meetings by Telephone**

The Board of Directors and any committee designated by the Board of Directors may hold meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting.

**ARTICLE X.****TRANSFER OR ENCUMBRANCE OF PROPERTY****Section 1. Transfer or Encumbrance of Property**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting. The Board of Directors may, nevertheless, without authorization by the members, authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative. The Board of Directors may, upon the authorization of a majority of the members voting, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

**ARTICLE XI.  
FISCAL YEAR**

The fiscal year of this Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of that year.

**ARTICLE XII.****SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Oregon."

**ARTICLE XIII.****AMENDMENTS**

These Bylaws may be amended by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration or amendment.

**ARTICLE XIV.****DISPOSITION OF PROPERTY****Section 1. Supersedes Inconsistent Bylaws**

The provisions of this Article shall supersede any other inconsistent Bylaw provisions and shall govern the interpretation and application of matters within the scope of Article XIV.

## Section 2. Scope

The terms and conditions of Article XIV shall apply whenever the Cooperative, its directors or members consider, propose or adopt the following actions:

- (a) The sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Cooperative to or with any person, partnership, unincorporated association, or any domestic or foreign corporation subject to ORS 57 or successor statute; or
- (b) The merger of the Cooperative with or consolidation into an ORS Chapter 57 (or successor statute) domestic business corporation or a foreign business corporation; or
- (c) The voluntary dissolution of the Cooperative; or
- (d) An amendment to the Cooperative's Articles of Incorporation which would convert the Cooperative into an ORS Chapter 57 (or successor statute) domestic business corporation; or
- (e) The amendment or repeal of any of the terms, provisions or conditions of this Article XIV.

## Section 3. Requirements

- (a) If the Cooperative or its directors submit to the members for a vote at any annual or special meeting any resolution or proposal within the scope of Article XIV, each member shall be given a prior written notice containing the full text of the resolution or proposal and an objective explanation of the proposed action. Such notice shall be mailed not less than 120 days prior to the date set for such vote and shall be in addition to the legal notice of meeting.
- (b) Ten percent (10%) of the members, present in person, shall constitute a quorum at any meeting of the members to vote on a matter within the scope of Article XIV.
- (c) No member's vote may be cast by proxy upon any matter within the scope of Article XIV.
- (d) An affirmative vote of two-thirds (2/3) of all members of the Cooperative is required to take any action within the scope of Article XIV.

## Section 4. Severability

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

Bylaws Adopted August 22, 1987

Revised August 25, 1990

Revised August 28, 1993

Revised July 8, 1995

Revised May 8, 2005