

# BYLAW MODIFICATIONS APPROVED BY BOARD OF DIRECTORS

Article I (Membership), Section 2 of the Cooperative's bylaws was modified by the Board of Directors at their December 27, 2019 regular meeting. The purpose of the revision was to limit joint memberships in the Cooperative to joint tenancy memberships with rights of survivorship, which will streamline the process for how capital credits allocated to joint memberships are retired in the future. Previously, joint memberships could be in the form of a tenancy in common, and if a member died, the Cooperative had to divide capital credits among the surviving member(s) and any the heirs of deceased members. With this change, all joint memberships will be treated the same as joint memberships among spouses, where upon the death of one joint member, all capital credits allocated to the joint membership will be assigned to the surviving member(s). No action will be needed on this bylaw revision at the annual meeting.

## ARTICLE I MEMBERSHIP

### SECTION 2. ~~Spousal~~ Joint Membership.

- A. Any application for membership in the Cooperative, from any person who is married shall be deemed and become an application for membership by spouses as joint tenant members with right of survivorship unless the person making such application otherwise designates in writing.
- B. With respect to memberships issued prior to October 6, 1962, the membership of any person who, was married, or who thereafter while a member became married, shall be deemed to have become, and did become at such time, a membership in spouses as joint tenant members with right of survivorship without further action by such member.
- C. Any application for joint membership in the Cooperative received after December 27, 2019, shall be deemed and become an application for membership as joint tenant members with rights of survivorship. All joint memberships issued after December 27, 2019 shall be limited to two persons.
- D. With respect to any joint memberships issued prior to December 27, 2019, that were not joint tenant memberships with right of survivorship, such joint memberships shall be deemed to have become, and did so become as of December 27, 2019, joint tenant memberships with right of survivorship without further action by such joint members.
- E. The term "member" as used in these bylaws shall be deemed to include two spouses or any two or more persons holding a joint membership and any provisions relating to the rights and liabilities of membership, including, without limitation the following:
  1. the presence at a meeting of ~~either or both~~ one or more persons holding a joint membership shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
  2. the vote of ~~either separately~~ one or ~~both jointly~~ more persons holding a joint membership shall constitute a joint vote;
  3. a waiver of notice signed by ~~either one~~ or ~~both more~~ persons holding a joint membership shall constitute a joint waiver;

4. notice to ~~either any person holding a joint membership~~ shall constitute notice to ~~both~~ all persons holding such joint membership;
5. expulsion of ~~either one~~ person holding a joint membership shall terminate the joint membership;
6. withdrawal of ~~either any person holding a joint membership~~ shall terminate the joint membership;
7. ~~either one~~, but not ~~all persons, holding a joint membership~~ may be elected or appointed as an officer or board member, provided that ~~both~~ all persons holding such joint membership meet the qualifications for such office.
8. The persons holding a joint membership shall be jointly and severally liable for any joint membership debts due the Cooperative.
- F. The records of the Cooperative shall properly show all joint memberships in the names of the joint members. By writing signed by both joint members and filed with the Cooperative, any joint membership may be terminated ~~changed to a membership in common~~ and vested solely in one of the joint members.
- G. Upon the death of either spouse or other person who is the party to a joint membership, such membership shall be held solely by the ~~survivors~~ survivors of the joint membership, and the records of the Cooperative shall be changed to show membership solely in the ~~survivors~~ survivors; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

~~SECTION 3. Conversion of Membership. A membership may be converted to a membership as tenants in common or as joint tenants with right of survivorship upon the written request by the holder and the agreement by the holder and the persons becoming tenants in common or joint tenants, to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board.~~

~~SECTION 4.~~ SECTION 3. Membership Fee. The Board of Directors may impose a membership fee as a condition of membership in the Cooperative. The member shall be eligible for service upon paying such membership fee, if applicable.

SECTION 54. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his/her application for membership, and shall pay

therefore at rates which shall from time to time be fixed by the board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

SECTION 65. Non-Liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

#### SECTION 76. Termination of Membership.

- A. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. Subject to any regulations imposed by lawful authority, the board may, by the affirmative vote of not less than two-thirds of all members of the board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or reasonable rules or regulations adopted by the board. The membership of a member who for a period of six (6) months after service is available to him/her, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the board.

B. Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or a member's estate from any debts due the Cooperative.

C. Upon legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint, provided that, except for the membership fee, this provision shall not affect the ownership of funds held by the Cooperative in the names of the joint owners, and further provided, that neither joint owner shall be released from debts due the Cooperative arising from the joint ownership.

D. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 87. Property Interest of Members. Upon dissolution after all debts and liabilities of the Cooperative shall have been paid, and all capital and all capital furnished through patronage shall have been retired as provided in the bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members on the date of the filing of the certificate of dissolution, subject to and in accordance with such classifications of business formula as may have been employed in allocating patronage capital to such members.

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Article IV (Directors) of the Bylaws was modified by the Board of Directors at their February 27, 2020 regular meeting. The purpose of the revision was to clarify the process for the Board of Directors to remove a director who does not meet the qualifications required by the bylaws. No changes were made to the process for members to remove a director. No action will be needed on this bylaw revision at the annual meeting.

#### ARTICLE IV DIRECTORS

SECTION 5. Qualifications. To become and remain a Director, a person must comply with the following qualifications:

- A. be an individual who is a member served by the Cooperative at his or her residence, who is a bona fide domiciliary of the district which the individual is to represent, and who has been a bona fide domiciliary of that district for at least the one year immediately before his or her nomination;
- B. have the capacity to enter into legally binding contracts;
- C. while a Director and during the one year immediately before becoming a Director, not be, be employed by, control, own more than ten percent of, serve as a director or officer of, or receive more than ten percent of annual gross income from
- a. an individual or entity that competes with the Cooperative,

a Cooperative Subsidiary or a Cooperative Affiliate,

- b. an individual or entity that provides a good or service similar to a good or service provided by the Cooperative, a Cooperative Subsidiary or a Cooperative Affiliate, within the same geographic area as the Cooperative, Cooperative Subsidiary or Cooperative Affiliate, or
- c. an individual or entity that directly or indirectly advances the individual or entity's pecuniary interest by engaging in business dealings with the Cooperative, a Cooperative Subsidiary or a Cooperative Affiliate,

if such interest or relationship would likely impair the individual's ability to serve the best interest of the Cooperative. Nothing in this provision shall be construed to disqualify any member from serving as a director who provides electric energy by means of distributed generation facilities that are interconnected with Cooperative facilities.



- D. while a Director and during the three years immediately before becoming a Director, not be an employee of the Cooperative, a Cooperative Subsidiary or a Cooperative Affiliate;
- E. while a Director, not be a relative of a Director or Employee of the Cooperative or of a Cooperative Subsidiary or Cooperative Affiliate except as may be reasonably authorized by the Board as set forth in a policy or policies adopted by the Board;
- F. not have been previously removed as a Director by the Board or the members in accordance with these Bylaws, or shall not have resigned as a Director while a proceeding to remove him or her was pending;
- G. while a Director not be, and at any time during the three years immediately before becoming a Director, not have been a party in any stage of mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary;
- H. while a Director and during the five years immediately before becoming a Director, not be convicted of, or plead guilty to, a felony or first degree misdemeanor;
- I. except as otherwise provided by the Board for good cause, attend at least two-thirds of all Board Meetings during each year of the Director's term of office; and
- J. any other reasonable qualifications set forth in a policy or policies adopted by the Board.

Nothing in this section shall be construed to preclude any member from serving as a director because such member is also a member or a director of any other cooperative from which this Cooperative purchases or may purchase electric energy, supplies or services, or which is engaged in selling electrical or plumbing appliances,

fixtures, or supplies to the members of this Cooperative.

If the Board determines that a Director does not maintain the qualifications to serve on the Board, the Board shall remove such Director from office, and any vacancy created by such removal shall be filled as provided in Section 7 of this Article. The Board may only make such determination by a vote of Directors following a hearing held by the Board in accordance with such procedures as the Board shall establish. The vote of the Director against whom charges are brought shall not be counted on the question of such Director's removal.

Following a due process hearing as provided in Section 6 of this Article, if the Board determines that a Director is in violation of any of the foregoing provisions, the Board shall remove such Director from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 6. Removal of Directors by Members. No person shall be eligible to remain a board member of the Cooperative who does not maintain the qualifications to serve as a Board member as set forth in Board Policy Number 101 as from time to time promulgated by the Board of Directors. Any member may bring charges against a director and, by filing with the Secretary-Treasurer such charges in writing together with a petition signed by at least ten per cent (10%) of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled as provided in Section 7 of this Article.

