

BY-LAWS
OF
SOUTHEAST COLORADO
POWER ASSOCIATION

ADOPTED

March 16, 1968

AMENDED:

March 1, 1969

March 7, 1970

March 4, 1972

May 5, 1973

May 17, 1975

February 18, 1978

March 28, 1981

March 26, 1983

March 24, 1984

March 26, 1987

March 27, 1988

March 24, 1994

March 19, 1998

March 30, 2000

January 1, 2017

March 1, 2018

November 1, 2019

BYLAWS

Southeast Colorado Power Association

ARTICLE I MEMBERSHIP

SECTION 1 – Requirements for Membership

Any person, firm, association, corporation or body politic or subdivision thereof may become a member, (hereinafter called “member”) of Southeast Colorado Power Association, (hereinafter called “Cooperative”) by:

- (a) Making written application for membership therein;
- (b) Memberships shall be approved by the Board of Directors;
- (c) Agreeing to purchase from the Cooperative electrical energy as hereinafter specified;
- (d) Agreeing to comply with and be bound by the Articles of Incorporation, Bylaws of the cooperative, and such rules and regulations adopted from time to time by the Board of Directors;

Any member shall therefore cease to hold membership in the Association if;

- (a) He or she fails to comply with any one of the forgoing provisions, or
- (b) Fails to accept service within six months after the service is available.

If a person refuses to take service after it is available to him, his membership shall be canceled.

SECTION 2 – Membership Certificates

From and after the annual meeting March 24, 1994, no membership certificates shall be issued.

SECTION 3 – Joint Membership

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term “member” as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to

the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an Officer or Director, provided that both meet the qualifications for such office.

SECTION 4 – Conversion of Membership

- (a) A membership may be converted to a joint membership upon 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 of Directors.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

SECTION 5 – Membership Fees

From and after the annual meeting on March 24, 1994, no membership fee shall be required.

SECTION 6 – Purchase of Electric Energy

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

Each member shall also pay all amounts owed by him to Cooperative as and when the same shall become due and payable.

SECTION 7 - Termination of Membership

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all Directors expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting.
- (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 his estate from any debts due the Cooperative.

ARTICLE II **RIGHTS AND LIABILITIES OF MEMBERS**

SECTION 1 - Property Interest of Members

Upon dissolution after:

- (a) All debts and liabilities of the Cooperative shall have been paid and;
- (b) All capital furnished through patronage shall have been retired as provided in these 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 during the fifteen years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2 - Non-Liability for Debts of the Cooperative

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

ARTICLE III
MEETINGS OF MEMBERS

SECTION 1 - Annual Meeting

The annual meeting of the members shall be held on such date as may be designated by the Board of Directors and at such place within the outermost boundaries of the service area of the Association in the State of Colorado as shall be designated in the notice of meeting, for the purpose of electing Directors, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2 - Special Meetings

Special meetings of the members may be called by resolution of the Board of Directors, upon a written request signed by any three Directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the outermost boundaries of the service area of the Association in the State of Colorado, specified in the notice of the special meeting.

SECTION 3 - Notice of Members' Meetings

Public notice of the time and place of the holding of each meeting shall be published not less than ten (10) nor more than forty-five (45) days previous thereto in a newspaper printed in the county where the principal office of the Cooperative is located, and if there be no such newspaper, then in a newspaper printed in an adjoining county. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall also be delivered not less than thirty (30) days before the date of the meeting either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member; and no business shall be transacted at such special meeting except as shall be mentioned in the notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, address to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4 - Quorum

A quorum for the transaction of official business as stated in the notice of the meeting shall be declared and established by a majority vote registered by a show of hands from members actually present in person. If a quorum is not declared and established, the meeting will be considered adjourned but can continue for informational purposes only.

SECTION 5 - Voting

Voting for election of Directors and amendments to the bylaws shall be in person at meetings therefore or by mail, as provided herein.

Nothing shall be voted on at a meeting of the members that is not on the published agenda and placed there by the Board, or as otherwise provided in these bylaws.

Each member of the Cooperative shall be entitled to only one vote upon each matter, including election of members of the Board of Directors, submitted to a vote at a meeting of the members. Unless otherwise provided by the law, the Articles of Incorporation, or these bylaws, material issues on the published agenda or other questions shall be decided by a vote of a majority of the members voting thereon in person and by mail.

Mail voting shall be on ballots provided by the Cooperative. Mail ballots shall be voted by the member, placed in a special envelope for the purpose of concealing the marking on the ballot, deposited in a return envelope, which must be signed by the voting member and mailed back to the Association. Envelopes containing mail ballots shall be counted prior to the annual meeting, and stored in a manner that protects their privacy. Mail ballots must be returned to Southeast by the close of business two (2) days prior to the date of the meeting of the members in order to be considered valid after which time a revote is not permitted.

Nothing herein shall prevent those physically present at an annual meeting from acting on advisory, non-binding resolutions brought forth at the meeting.

SECTION 6 - Proxies

Proxies shall not be allowed.

SECTION 7 - Order of Business

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting.

- (a) Report on the number of memberships present in person in order to determine the existence of a quorum.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of Officers, Directors and committees.
- (e) Election of Directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

ARTICLE IV DIRECTORS

SECTION 1 - General Powers

The business and affairs of the cooperative shall be managed by a Board of seven Directors which shall exercise all of the power of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2 - District Boundaries and Tenure of Office

At the first annual meeting beginning with and including February 18, 1978, at which there is a quorum present for the election of Directors, the seven Directors shall be elected by secret ballot by the memberships, one of whom shall be elected from each of the following districts in the following years and each three years thereafter:

- District 1* The eastern portion of Baca County east of a line drawn straight north and south of the line separating Bent and Prowers Counties, Colorado (following division line between Range 47 and Range 48.) – 1980

- District 2* Bent County, Colorado – 1979
- District 3* Cheyenne and Kiowa Counties, Colorado – 1980
- District 4* Las Animas County and that portion of Baca County, Colorado west of a line drawn straight north and south of the line separating Bent and Prowers Counties, Colorado (following division line between Range 47 and Range 48.) – 1978
- District 5* Otero County, Colorado – 1978
- District 6* Prowers County, Colorado – 1979
- District 7* Crowley, El Paso, Lincoln & Pueblo Counties, Colorado – 1978

Directors shall be elected for a term of three years. In the event no one is nominated and elected to the Board for a particular district, the Board of Directors shall choose from the members within the District to fill the vacant term until the next annual or special meeting.

SECTION 3 - Qualifications

No person shall be eligible to become or remain a Director of the Cooperative who:

- (a) Is not a member and bona fide resident of the district which he or she is to represent and in the general area served by the Cooperative, provided that no person shall be ineligible merely because he resides in an area served by some other public utility or cooperative if the area of residence is surrounded by any area which the Cooperative has the right to serve; or
- (b) Is in any way employed by or financially interested in a competing enterprise or business selling electric energy, or supplies to the Cooperative.
- (c) Is or has been an employee of the Cooperative or its' subsidiary within the preceding five (5) years.
- (d) Effective with the annual meeting of March 19, 1998, there shall be no term limit for any person holding the office of Director.

Upon establishment of the fact that the Director is holding office in violation of any of the foregoing provisions, the Board of Directors 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 of Directors.

SECTION 4 - Nominations

A nomination for Director on the Board of Directors shall be made by a written petition signed by at least fifteen members within that district, and filed with the Board of Directors no later than forty-five days prior to the date of the election. Any petition so filed shall designate the name of the nominee and the term for which nominated. The name of a nominee shall appear on the ballot if the nominating petition is in apparent conformity with the section as determined by the Secretary of the Board. Any petition for nomination shall be signed by at least 15 individual members of the Association having memberships located within the District for which the person is nominated.

SECTION 5 - Elections

- (a) Each membership of the association shall be entitled to vote in the election of the directors on the Board of Directors either at a meeting held for such purpose or by mail. Mail voting shall be in writing on ballots provided by the Association. The mail ballot shall be voted by the member, placed in a special envelope provided for the purpose so as to conceal the marking on the ballot, deposited in a return envelope which must be signed by the voting member, and mailed back to the Association. Envelopes containing mail ballots shall remain sealed and uncounted until the meeting held for the purpose of electing the Board of Directors. A member, if present at such meeting, may revoke a mail vote theretofore executed by such member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if such member had not voted by mail.
- (b) Voting for Directors on the Board of Directors by proxy or cumulative voting is prohibited.

SECTION 6 - Removal of Directors by Members

Any member may bring charges of *malfeasance* against a Director and by filing with the Secretary such charges in writing together with a petition signed by at least five per centum 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 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 and persons bringing the charges against him 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.

SECTION 7 - Vacancies

Any vacancy in the Board of Directors shall be filled by appointment by the affirmative vote of the majority of the remaining Directors. The appointed Director will serve until the next annual meeting at which time said Director would be up for election for remainder of term in accordance with the bylaws of the Cooperative.

SECTION 8 - Compensation

Directors as such shall not receive any stated salary for their services but by resolutions of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors; provided that nothing herein contained shall be construed to preclude any Director from serving the Cooperative in any other part-time or temporary capacity and receiving compensation therefore.

ARTICLE V MEETING OF DIRECTORS

SECTION 1 - Regular Meetings

A regular meeting of the Board of Directors shall be held monthly at such time and place in the State of Colorado as the Board of Directors may provide by resolution. Such regular monthly meetings shall be held upon at least 10 days written notice.

SECTION 2 - Special Meetings

Special meetings of the Board of Directors may be called by the President or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meetings.

SECTION 3 - Notice of Directors' Meetings

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than ten days previous thereto either personally or by mail or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President of the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the

Cooperative, with postage thereon prepaid.

Any member of the Board of Directors or a committee of the board may participate in a regular or special meeting of the Board or committee by means of a conference telephone call or similar communications equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by this means shall constitute presence in person at the meeting.

SECTION 4 - Quorum

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE VI OFFICERS

SECTION 1 - Number

The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers may be determined by the Board of Directors 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 meeting of the Board of Directors held at the next regularly scheduled meeting of the Board of Directors following the annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have been qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3 - Removal of Officers and Agents by Directors

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgement the best interest of the

Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges in writing together with a petition signed by ten per centum of the members, requesting the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4 - President

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors.
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed except in case 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, perform all duties incident to the office of President and 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 his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6 - Secretary

The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that 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 and of the seal of the Cooperative and affix the seal of the Cooperative to all documents, and the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the names and post office and post office addresses of all members;
- (e) have general charge of the books of the Cooperative;
- (f) keep on file at all times a complete copy of the articles of incorporation and 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 of all amendments thereto each member, and
- (g) in general, perform all duties incident to the Office of Secretary and such other duties from time to time may be assigned by the Board of Directors including but not limited to approval of nominating petitions for the Board.

SECTION 7 - Treasurer

The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Cooperative. Will also be responsible for the deposit of all such monies in the name of the Cooperative within seven (7) days of receipt or within such lesser time as may be prescribed by the Board of Directors in a federally insured financial institution selected in accordance with the provisions of these bylaws; and
- (c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8 - Chief Executive Officer

The Board of Directors may appoint a Chief Executive Officer (CEO) who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

SECTION 9 - Bonds of Officers

The Treasurer and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property shall give bond in such

sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with sure surety as it shall determine.

SECTION 10 - Compensation

The powers, duties and compensation of officers, may be fixed by the Board of Directors.

SECTION 11 - Reports

The officers of the Cooperative shall submit at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1 - Interest or Dividends on Capital Prohibited

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

SECTION 2 - Patronage Capital in Connection with Furnishing Electric Energy

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all distribution patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its distribution patrons for all amounts received and receivable from the furnishing of electric energy in excess of the sum of:

- (a) operating costs and expenses properly chargeable against the furnishing of electric energy, and
- (b) amounts required to offset any losses incurred during the current or any prior fiscal year.

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 distribution patrons, members and non-members alike, as capital account for each distribution 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 distribution patron is clearly reflected and credited in appropriate records to the capital account of each distribution patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each distribution patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any distribution patron shall have the same status as though they had been paid to the distribution patron in cash in pursuance of a legal obligation to do so and the distribution patron had then furnished the Cooperative corresponding amounts for capital.

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

- (a) used to offset any losses incurred during the current or any prior fiscal year and
- (b) to the extent not needed for that purpose, allocated to its distribution patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of distribution patrons, as herein provided.

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

The Cooperative may, after such notice as the Board of Directors shall deem necessary, transfer to its general funds any amount of patronage, membership fees, deposits or other credits that are undeliverable to its distribution patrons for any reason.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of the distribution patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall:

- (a) establish a method for determining the power supply portion of capital credit to each distribution patron for each applicable fiscal year,

- (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's distribution patrons.
- (c) provide for appropriate notifications to distribution patrons with respect to the power supply portion of capital credited to their accounts.
- (d) preclude a general retirement of other capital credited to distribution patrons for the same year or of any capital credited to distribution patrons for any prior fiscal year.

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

Notwithstanding any other provision of these bylaws the Board of Directors, at its discretion, shall have the power at any time upon the death of any distribution patron, if the legal representatives of his estate shall request in writing that the capital credited to any such distribution patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such distribution patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representative of such distribution patron's estate shall agree upon; provided however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the article of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office. The annual subscription price for the association publication, the *Rural Life*, shall be one dollar, or such other subscription price as may be established from time to time by the Board of Directors.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting, provided

however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, license, 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.

Notwithstanding the above, the Cooperative may merge *or consolidate* with another cooperative if the merger *or consolidation* is authorized by a majority vote of all those members of the Cooperative present in person or by means of a mail-in ballot, provided that such proposed merger *or consolidation* vote shall have been given a 30-day written notice of the mail-in ballot election merger *or consolidation* question to the membership, and further provided that such merger *or consolidation* is recommended by a majority vote of the entire Board of Directors.

Otherwise, any proposed merger *or consolidation* or acquisition of the Cooperative by any other kind of organization shall require a $\frac{2}{3}$ majority affirmative vote of all the member of the Cooperative following a positive recommendation by a $\frac{2}{3}$ majority vote of the entire Board of Directors and following 30 days' written notice of a meeting of members to consider and vote on such merger *or consolidation* or acquisition questions. Such vote shall occur at a meeting of the members called for the specific purpose of approving such a merger *or consolidation* or acquisition of the Cooperative.

ARTICLE IX 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, State of Colorado".

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1 - Contracts

Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2 - Checks, Drafts, etc.

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

SECTION 3 - Deposits

All funds of the Cooperative shall be deposited in accordance with Article VI, Sec. 7, Par (b) to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

SECTION 4 - Change in Rates

Written notice shall be given to the REA Administrator of the United States of America not less than 90 days prior to the date upon which any proposed change in base rates charged by the Cooperative for electric energy becomes effective. Any increase in wholesale power rates approved by the Public Utilities Commission of Colorado shall be exempt from the above notification requirements.

This section shall automatically be deleted from the bylaws at any time REA/RUS no longer holds a security interest on any of the company's properties.

SECTION 5 - Fiscal Year

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

SECTION 6 - Indebtedness

If any member or consumer is indebted to the Association for electrical energy, material and labor, or for any other reason, the Association shall have the right, but shall not be obligated, to apply as a set-off to the said indebtedness any credits, including patronage capital, that the member or consumer has in his favor with the Association. In the event any credit of any nature shall remain in favor of the member or consumer at any time and the member or consumer cannot be located after following uniform notification procedures as adopted by the Board of Directors, the Board of Directors can, after waiting two (2) years, then transfer the credit to the donated capital account of the Association, and thereby cancel all interest of said member or consumer.

ARTICLE XI MISCELLANEOUS

SECTION 1 - Membership in Other Organizations

The Cooperative shall not become a member of or purchase stock *or become a partner* in any other organization without an affirmative vote of the *Board of Directors* at a duly held meeting; the notice of which shall specify that action is to be taken upon such proposed membership or *partnership* or stock purchase.

SECTION 2 - Waiver of Notice

Any member or Director may waive in writing any notice of a meeting required to be given by these bylaws.

The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3 - Rules and Regulations

The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business affairs of the Cooperative.

SECTION 4 - Accounting System and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America.

SECTION 5 - Bylaw Changes

By a majority vote of the Board, the Board of Directors is authorized, upon 30 days advance written notice to the Membership, to amend bylaws relating to any matter except those relating to the disposition of property and capital credits.

ARTICLE XII AMENDMENTS

Bylaws relating to any matter may be altered, amended, or repealed by a majority of the members present *in person or by mail-in ballot*, at any regular or special meeting at which there is a quorum in attendance *in person or by mail-in ballot*, provided the

notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal *and a mail-in ballot provided.*