

BYLAWS



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Navopache Electric Cooperative, Incorporated Bylaws

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**NAVOPACHE ELECTRIC COOPERATIVE, INC.
BYLAWS**

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership.

Section 1.1. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Navopache Electric Cooperative, Inc., (hereinafter called "NEC" or "Cooperative") by:

- (a) Filing a written application for membership;
- (b) Agreeing therein to purchase from the Cooperative its electric energy requirements pursuant to the terms and conditions, including conveyances in the application and as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules, regulations and policies adopted by the Board of Directors (sometimes referred herein as "Board"); and
- (d) paying the membership fee hereinafter specified; provided, however, no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Directors or, as set forth herein, by the members. No person, either individually or through any entity not legally separate from the person, may hold more than one membership in the Cooperative. No membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 1.2. Any membership application received by the Cooperative more than ninety days prior to an annual meeting of the members that complies with the requirements of Section 1.1 of this Article, and has not been accepted or has been rejected by the Board of Directors, shall be submitted to the members for their consideration and vote. The Secretary shall provide each such applicant at least ten (10) days written notice of the date of the annual meeting of the members at which the applicant shall be entitled to be present and heard regarding the application. The application shall be accepted only upon an affirmative vote of a majority of the voting members present at the annual meeting of the members.

SECTION 2. Evidence of Membership.

Membership in the Cooperative is evidenced by enrollment on the records of the Cooperative.

SECTION 3. Joint Membership.

Where permitted by law, individuals joined in a legally recognized marital relationship, may apply as joint tenants with right of survivorship and not as tenants in common or as community property, 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 Bylaws shall be deemed to include individuals joined in a legally recognized marital relationship holding a joint membership, and any provisions relating to the rights and liabilities of

membership shall apply equally with respect to the individual participants in a joint membership. With regards to the rights and obligations of the individual participants of a joint membership the following shall apply:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and of constituting a joint waiver of notice of the meeting;
- (b) There shall be only one vote per joint membership. If each of the participants of a joint membership attempts to cast a vote, the first vote counted will be deemed the vote of the joint membership and the second vote will be disqualified and will not be considered as part of the vote tally;
- (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, but not eliminate any obligations or amounts due or owing by both to the Cooperative;
- (f) Withdrawal of either shall terminate the joint membership, but not eliminate any obligations or amounts due or owing by both to the Cooperative;
- (g) Either, but not both, may be elected or appointed as a director, provided such appointee or electee shall meet the applicable qualifications.

SECTION 4. Conversion of Membership.

Section 4.1. A member may request that a membership be converted to a joint membership upon written request and application of both individuals joined in a legally recognized marital relationship.

Section 4.2. Upon the death of either individual participant in the joint membership, such membership shall be held solely by the survivor and, upon notice by the survivor, the Cooperative's records shall reflect the change in status. The estate of the deceased member shall not be released from any debts due the Cooperative.

SECTION 5. Membership and Service Establishment Fees.

The membership fee shall be \$5.00. A service establishment fee shall be charged for each service requested, as set by the Board of Directors and, if required, confirmed by the regulatory body having jurisdiction.

SECTION 6. Purchase of Electric Energy and Services

Section 6.1. Each member agrees to, and shall, as soon as electric energy and service shall be available, purchase from the Cooperative all of its non-distributed electric energy requirements for use at the premises specified in the application, or for multiple services, as indicated and specified in the application for membership, and shall pay the rates which shall from time to time be fixed by the Board and approved by regulatory bodies having jurisdiction. The Board of Directors may limit the amount of electric energy that the Cooperative shall be required to furnish to any one member. It is expressly understood that production or use of electric energy on a member's premises regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities,

shall be subject to appropriate conditions and regulations as shall be fixed from time to time by the Cooperative.

Section 6.2. Members agree to be bound to receive electrical energy and other electric and system service by means of, through and over the wires and facilities of the Cooperative.

SECTION 7. Termination of Membership.

Section 7.1. Any member may withdraw from membership upon compliance with the terms and conditions prescribed by the Board of Directors.

Section 7.2. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of all the directors, expel any member who fails to comply with any of the provisions of the law, Articles of Incorporation, Bylaws or rules, regulations, resolutions or policies adopted by the Board of Directors. Any member subject to a vote of expulsion by the Board of Directors shall be provided ten (10) days' prior written notice of the vote. Any expelled member may be reinstated by a majority vote of the Board of Directors or a majority vote of the members at any annual or special meeting of the members, provided, the cause for which the member was expelled has been purged.

Section 7.3. A member, who for a period of one year after electric service is initially available to him, has not purchased or contracted for the purchase of electric energy from the Cooperative or who, without Cooperative consent, ceased to purchase energy from the Cooperative or who has failed to pay promptly for energy received may be expelled by the affirmative vote of not less than two-thirds (2/3) of all the directors. The member's obligation to purchase energy and electric service shall continue until cancelled by the Board of Directors and if required, the consent of any appropriate regulatory bodies having jurisdiction.

Section 7.4. Upon the withdrawal, death, cessation of or expulsion of a member, the membership status of such member shall thereupon terminate, and be so noted on the records of the Cooperative. Termination itself of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

Section 7.5. In case of withdrawal or termination of membership in any manner, the Cooperative will 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 owing from the member to the Cooperative and the cost of processing.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members.

Members shall have no individual interest in the property or assets of the Cooperative, except 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.

Any 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 seven years preceding the date of the filing of the Certificate of Dissolution.

SECTION 2. Non-Liability for Debts of the Cooperative.

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

SECTION 3. Contract between Member and Cooperative.

The members of the Cooperative acknowledge that the terms and provisions of the Articles of Incorporation, Bylaws, membership application, schedules, policies and procedures shall constitute and are a contract between the Cooperative and each member and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument, containing such terms and provisions.

ARTICLE III MEETINGS OF THE MEMBERS

SECTION 1. Annual Meeting of the Members.

Section 1.1. The annual meeting of the members shall be held on the date set by the Board of Directors each year, for the purpose of declaring election results, passing upon reports for the previous fiscal year and transaction of other business, as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting of the members. Failure to hold the annual meeting of the members at the designated time and date, for good cause, shall not result in a forfeiture or dissolution of the Cooperative.

Section 1.2. As permitted by law and at the discretion of the Board of Directors, the Cooperative may convene the annual meeting of the members in person, virtually or a combination of both (referred to herein as a "hybrid" meeting).

SECTION 2. Special Meetings of the Members.

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by;

- (a) any three directors, or
- (b) by the Board Chair, or
- (c) by ten percent (10%) or more of all the members.

Upon receipt of a written request it shall 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 in person, virtually or hybrid.

SECTION 3. Notice of Members' Meetings.

Written notice stating the place (or virtual link), day and hour of the meeting and where required, a statement of the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days, nor more than twenty-five (25) days, before the date of the meeting personally or by U.S. or electronic mail. Notice

shall be provided at the address of the member as it appears on the records of the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Meeting notice may also be waived by members.

SECTION 4. Quorum.

Section 4.1. A quorum of members must be present in person, or in the case of a virtual or hybrid meeting, virtually, at an annual or special meeting of the members in order to vote on matters noticed for the meeting.

Section 4.2. If the total membership of the Cooperative does not exceed five hundred (500), then ten percent (10%) of the total eligible voting membership, present in person or virtually, shall constitute a quorum.

Section 4.3. If the total membership of the Cooperative exceeds five hundred (500), then at least one hundred (100) eligible voting members, present in person or virtually, shall constitute a quorum, except that a majority of those members present may adjourn and convene the meeting from time to time without further notice to ensure that a quorum of eligible voting members can be present.

SECTION 5. Voting.

Section 5.1. Each member shall be entitled to only one vote. Joint memberships are subject to the terms of Article I, Section 3 of these Bylaws. All matters as otherwise required by law, the Articles of Incorporation or these Bylaws, shall be decided by a vote of a majority of the members present in person or virtually, except the election of directors, which is governed by the provisions of Article IV Section 5 herein.

Section 5.2. There shall be no vote by proxy.

Section 5.3. The Board of Directors shall, as provided by law, develop procedures whereby a member who is absent from an annual meeting or special meeting of the members may vote by U.S. or electronic mail. The Secretary shall include with the notice of such meeting, or separately a copy of the motion or resolution to be acted upon and instructions on how a member may cast a vote.

Section 5.4. Any vote by U.S. or electronic mail cast in accordance with the procedures provided for in Section 5.3 of this Article shall be counted as a vote of such member at the corresponding meeting of the members. The failure of any absent member to receive a copy of any motion or resolution or notice of procedures to cast a vote by U.S. or electronic mail shall not invalidate any action which may be taken by the members at the meeting.

Section 5.5. Notwithstanding any other provision of these Bylaws, voting for the election of directors shall be by secret ballot.

SECTION 6. Order of Business.

Absent good cause for modification as determined by the Board Chair, the order of business at the annual meeting of the members shall be essentially as follows:

- (a) Report as to the existence of a quorum.

- (b) Reading of the notice of the meeting and proof of the 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 taking the necessary action thereon.
- (d) Presentation and consideration of reports of officers, directors and committees.
- (e) Declaration of newly elected directors.
- (f) Unfinished Business.
- (g) New Business.
- (h) Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. General Powers and Board Officers.

Section 1.1. The business and affairs of the Cooperative shall be managed by a Board of not less than three and no more than nine directors, which shall exercise all of the powers of the Cooperative, except those, which by law, the Articles of Incorporation or these Bylaws are conferred upon or reserved to the members. On an annual basis the directors shall elect by a majority vote, a Board Chair, Board Vice-Chair and Board Secretary ("Board Officers") who shall assist the Board in carrying out its duties and responsibilities.

Section 1.2. The Board Chair shall:

- (a) preside at all meetings of the Board of Directors and, unless otherwise determined by the Board of Directors, shall preside at all meetings of the members; and
- (b) in general, perform all duties incident to the Board Chair and such other duties as may be prescribed by the Board of Directors from time to time.

Section 1.3. The Board Vice-Chair shall:

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

Section 1.4. The Board Secretary shall:

- (a) prepare or cause to be prepared the minutes of the meetings of the Board of Directors;
- (b) keep or cause to be kept the executed minutes of the meetings of the Board of Directors in one or more books provided for that purpose;

- (c) see that all notices of Board meetings are duly given in accordance with these Bylaws or as required by law; and
- (d) perform such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 2. Voting Districts.

The service territory of the Cooperative is divided into the following voting districts, as set forth more fully on maps approved and adopted by the Board of Directors:

District No. 1:	Lakeside, AZ.
District No. 2:	Pinetop, AZ.
District No. 3:	Fort Apache Indian Reservation.
District No. 4:	St Johns, Concho, Vernon and Hunt, AZ.
District No. 5:	Eagar, Springerville, Alpine, Nutrioso, Greer, and Blue, AZ.
District No. 6:	Summer Pines, Linden, Pinedale, Clay Springs and certificated areas of Show Low, AZ.
District No. 7:	Overgaard, and Heber, AZ.
District No. 8:	Reserve, Luna, Apache Creek, Aragon, Horse Springs, Glenwood and other certificated areas of New Mexico.

SECTION 3. Tenure.

One director from each of the voting districts, as described in Section 2 of this Article, shall be elected by and from the members of the respective districts. Directors shall hold office for a term of four (4) years from the date of the annual meeting of the members following their elections. The term of office for the directors shall be staggered, where four (4) of the director positions will be up for election on odd numbered years. The directors shall hold office until the annual meeting of the members at which their successors have been elected and have qualified.

SECTION 4. Qualifications.

Section 4.1. No persons shall be eligible to become or remain as a director or to hold any position of trust in the Cooperative who:

- (a) is not a natural person, bona fide member receiving electric service and bona fide resident in the district served by the Cooperative; or
- (b) is in any way employed by or financially interested in a business that;
 - (i) competes with the Cooperative in providing electric service;
 - (ii) provides other energy sources to the public;
 - (iii) sells supplies to the Cooperative; or
 - (iv) is in a direct business conflict with the Cooperative.
- (c) has been an employee of the Cooperative at any time during the previous five years;

- (d) is the incumbent of or candidate for an elective public office which would create conflicts of interest with a director's duties and responsibilities;
- (e) is related to or a relative of any sitting member of the NEC Board of Directors or NEC employee. "Related to" and "Relative of" are defined as the parent, step-parent, father-in-law, mother-in-law, child, son-in-law, daughter-in-law, sibling, grandparent, or grandchild, first cousins, spouse and legal ward or guardian;
- (f) has not been a member of the Cooperative for the preceding twelve (12) months: or
- (g) has been convicted of a felony or other offense involving the violation of public trust or moral turpitude.

Upon establishment of the fact a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office.

Section 4.2. No more than one director shall be elected from each of the districts listed in Section 2 of this Article. In the event that any director shall move his or her residence from the district where he or she was elected, then the remaining members of the Board of Directors shall declare that director's office vacant and a majority of the Board shall elect a new member for the balance of that term.

SECTION 5. Nomination and Election of Directors.

Section 5.1. Nominations. Not less than 45 days nor more than 80 days before the relevant annual meeting of the members, the Board of Directors shall appoint a separate nominating committee for each voting district for the purpose of electing directors. The committees shall consist of not less than three (3) nor more than seven (7) members from such district. No employee, officer or director of the Cooperative shall be appointed to a nominating committee. The nominating committee shall open its meeting by the election of a chairman and secretary.

- (a) **Nominating Committee.** The nominating committee for each district shall, by a majority vote, nominate one or more qualified persons for the office of director to represent the membership located within such district. No person shall be nominated who shall not first have agreed to serve if elected. The nominating committee shall cause a list of the names of all persons nominated to be posted on the Cooperative website and at all offices of the Cooperative within such district at least 30 days before the annual meeting of the members.
- (b) **Written Petition.** Other persons may be nominated by written petition, containing the signatures of at least fifty (50) members from such district. Nominating petitions must be filed with the Cooperative in accordance with the process set forth by the Board of Directors. No member may sign the petition of more than one person seeking nomination.
- (c) **Ballot Write-in.** The Cooperative, at the direction of the Board of Directors, shall cause to be printed separate ballots for each district. Said ballots shall contain the names of all persons duly qualified and nominated by the nominating committee of such district, and the names of all persons duly qualified and nominated by petition, as provided herein. In addition, there shall be a blank line on the ballot to permit voting members to write in the name of another member whose name is not printed on the ballot.

Section 5.2. Elections.

- (a) An election shall be held in each voting district in which a director is to be elected.
- (b) When voting for directors, the Cooperative shall cause notice of such election to be delivered to members within such district stating the nominating procedures and date of said election.
- (c) Each member, including joint members, shall be entitled to one vote.
- (d) The ballots must be available to the members not less than 14 days prior to the election. The ballot shall have a return date on it, as set by the Board. The Board of Directors of the Cooperative shall create rules and policies to permit for the secure and timely distribution, submission and counting of ballots.
- (e) The election results of each district shall be officially canvassed by the Board of Directors at a special meeting held before the annual meeting of the members with the results being reported to and made a part of such annual meeting.
- (f) A candidate receiving the highest number of votes shall be declared the officially elected director of the district. Should two or more candidates tie for the greatest number of votes received, then the new director shall be elected by those members who are eligible to vote from the district who are in attendance, in person or virtually, at the annual meeting of the members.

SECTION 6. Removal of Directors.

Section 6.1. Removal by Members. Any member, with good cause, may seek removal of a director by filing with the Secretary a written statement of the grounds with supporting evidence and a petition signed by at least ten percent (10%) of the members residing in that director's district. The director shall be informed in writing of the grounds for removal at least ten (10) days prior to the district meeting of the members called to consider the petition. The meeting shall be presided over by the Board Chair. The member and the director shall have the right to be heard personally or by their respective legal counsel. The removal of the director shall require a majority of votes by the members in attendance at the meeting. The vacancy created by such removal may be filled by a majority vote of the members in attendance at the meeting without compliance with the nominating provisions of Section 5 of this Article. The new director shall serve the remainder of the removed director's term.

Section 6.2. Removal by Board. A Director may be removed by an affirmative vote of two-thirds (2/3) of the Board of Directors in any of the following circumstances:

- (a) A director fails to attend four (4) regular consecutive Board meetings;
- (b) A director is found to have failed to:
 - (i) comply with the Articles of Incorporation, Bylaws or Board policies, or
 - (ii) maintain his or her Cooperative membership in good standing;
- (c) For cause.

SECTION 7. Vacancies.

Subject to the provisions of Section 6.1 of this Article, with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term of the director in respect of whom the vacancy occurs.

SECTION 8. Compensation.

Directors shall not receive any salary for their services as directors, except that, by resolution of the Board of Directors, expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, and by resolution of the Board, directors may be allowed expenses of attendance of any meeting on behalf of the Cooperative, in the United States. Unless approved by resolution of the Board; (i) no director shall receive compensation for providing services to the Cooperative in any other capacity; and (ii) no person related to a director shall receive compensation for providing services to the Cooperative. Enrollment and coverage in the Cooperative medical insurance program shall be offered to a director and shall not be considered salary or compensation for the purposes of this Section.

ARTICLE V MEETINGS OF THE DIRECTORS

SECTION 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice immediately after and at the same place as the annual meeting of the members. 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. A regular monthly meeting may be held without notice other than by resolution fixing the time and place thereof. As permitted by law, a regular meeting may be held in whole or in part in person, virtually and telephonically.

SECTION 2. Special Meetings.

Special meetings of the Board of Directors may be called by the Board Chair or by agreement of at least three directors. It shall be the duty of the Board Secretary to provide notice of a special meeting as set forth herein to the directors. The Board Chair or the three directors shall fix the time, manner and place for the holding of the meeting.

SECTION 3. Notice of Special Meetings.

Written notice of the time, manner, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than five (5) days previous thereto, either personally or by U.S. or electronic mail, by or at the direction of the Board Secretary, or upon a default in duty by the Board Secretary, by the Board Chair or the directors calling the meeting. If sent by U.S. mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at their address, as it appears in the records of the Cooperative, with postage thereon, prepaid. If sent by electronic mail, such notice shall be deemed to be delivered when sent electronically at the electronic address, as it appears in the records of the Cooperative. At any special meeting called pursuant to these Bylaws, where a quorum of the Board of Directors is present, notice of the special meeting

may be waived in writing by those Board members not present. In the event of an emergency special meeting, a quorum of the Board of Directors may approve or ratify, in writing, a waiver of the notice provisions of this section. As permitted by law, a special meeting may be held in whole or in part in person, virtually and telephonically.

SECTION 4. Quorum.

A majority of the Board of Directors shall constitute a quorum, provided that, if less than such majority of the directors is present at a meeting, a majority of the directors present may adjourn the meeting. Notwithstanding the foregoing, in the event that the Board of Directors will be discussing the recommendation or consideration of disposition by sale or lease of all or substantially all of the Cooperative's property, not less than two-thirds (2/3) of the directors shall constitute a quorum, absent which, consideration or recommendation shall not be valid or made; and provided, further, that the Board Secretary shall notify any absent director of the time, manner and place of such adjourned meeting. The act of the majority of the directors present at a meeting, at which a quorum is present, shall be the act of the Board of Directors.

ARTICLE VI COOPERATIVE OFFICERS

SECTION 1. Number.

The officers of the Cooperative ("Cooperative Officers" or "Officers") shall be a President, a Vice President, a Secretary, a Treasurer and such other officers as may be determined by the Board of Directors from time to time. No Cooperative Officer shall be a director. Each officer shall be elected with the duties and responsibilities stated in this Article. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. Election and Term of Office.

The Officers shall be elected annually by the Board of Directors at the meeting of the Board of Directors held immediately after the annual meeting of the members. If the appointment of Officers is not completed at such meeting, such election shall be held as soon thereafter as possible. 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 qualified. A vacancy in any office required by law, shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Cooperative Officers and Agents by Directors.

Any Officer or agent elected or appointed by the Board of Directors may be removed by an affirmative vote of two-thirds (2/3) of the members of the Board of Directors, provided that such removal shall not affect any rights that the officer or agent has under an employment agreement or other contract with the Cooperative.

SECTION 4. President.

The Board of Directors shall elect a President, who shall be a member of the Cooperative. The President shall be the principal executive officer of the Cooperative, and subject to the control of the Board of Directors, shall supervise and control all of the business affairs of the Cooperative and the performance by all of its officers of their respective duties and in general, shall perform all duties incident to the office of the President and other duties as may be prescribed by the Board of

Directors from time to time. The President shall be a proper officer to sign on behalf of the Cooperative 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. The Board may also assign to the President the title of Chief Executive Officer.

SECTION 5. Vice President.

In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of 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 by the Board of Directors.

SECTION 6. Secretary.

The Secretary shall:

- (a) keep or cause to be kept the minutes of the meetings of the members and assist the Board Secretary with the minutes 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) keep or cause to be kept all corporate records and the seal of the Cooperative and cause the seal of the Cooperative to be affixed to any and all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with these Bylaws.
- (d) keep or cause to be kept a register of the names and addresses of each member, which shall be furnished to the Cooperative by such member;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep or cause to be kept 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 all amendments thereto to each member or make a copy available electronically; and
- (g) in general, perform all duties incident to the office of Secretary and such duties as from time to time may be assigned by the Board of Directors.

One or more Assistant Secretaries may be assigned to assist the Secretary with the discharge of his or her duties.

SECTION 7. Treasurer.

The Treasurer shall:

- (a) have or cause to be implemented procedures for the charge and custody of and responsibility for all funds and securities of the Cooperative;
- (b) receive and give, or cause to be received and given, receipts for monies due and payable to the Cooperative and for the deposit of all such money in the name of the Cooperative in such bank or other associated organizations as shall be 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 by the Board of Directors.

One or more Assistant Treasurers may be assigned to assist the Treasurer with the discharge of his or her duties.

SECTION 8. Insurance/Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative, charged with responsibility for the custody of any of its funds or property, shall be insured in such sum and in such manner 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 be insured in such amount and in such manner as it shall determine. The cost of all such insurance and/or bonds shall be borne by the Cooperative.

SECTION 9. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors, subject to the provisions of these Bylaws.

SECTION 10. Reports.

At each annual meeting of the members, the officers of the Cooperative may submit reports covering the business of the Cooperative for the previous fiscal year. Such reports may include the condition of the Cooperative at the close of the previous 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 non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or be payable by the Cooperative on any capital furnished by its members.

SECTION 2. Patronage Capital in Connection With Furnishing Electric Energy.

Section 2.1. The Cooperative's operations shall be so conducted that all members 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 members for all

amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All 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 members as capital. The Cooperative is obligated to pay by credits to a capital account for each member 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to their account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member 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,

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

Section 2.2. In the event of 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 members' accounts may be retired in full or in part. Any such retirements of capital shall be made by the Board which shall determine the manner and method of retiring and refunding capital credits and, should they exist, affiliated capital credits.

Section 2.3. To secure payment of any amounts owed by a member to the Cooperative, including any reasonable compounded interest, and late payment fee, determined by the Board, the Cooperative has a security interest in every member's capital credits and affiliated capital credits.

Section 2.4. Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor or as may be otherwise provided for in these Bylaws.

Section 2.5. If the legal representative of a deceased member's estate requests in writing that the capital credited to the deceased member be retired, then the Board of Directors may retire the capital credited to any such member upon such terms and conditions established by the Board of Directors, provided however, that the financial condition of the Cooperative will not be impaired thereby.

Section 2.6. In the event of the death of a participant in a joint membership, retirement of capital credits shall be made to the surviving joint member. The surviving participant in a joint membership shall notify the Cooperative of the death of the joint member.

Section 2.7. All persons to whom capital credits have been allocated shall inform the Cooperative of their current mailing address.

Section 2.8. If a capital credits retirement or refund check mailed to a member's last known address as shown in the records of the Cooperative is

- (a) returned to the Cooperative and unclaimed for at least eighteen (18) months from the date of issuance; or
- (b) is uncashed for eighteen (18) months from the date of issuance, then the check and funds shall be deemed abandoned and right, title or interest in and to any capital credits, membership fees, funds, deposits or other amounts represented by check shall be assigned to and become the property of the Cooperative.

ARTICLE VIII DISPOSITION OF PROPERTY AND ENCUMBRANCE

SECTION 1. Disposition of Property.

Any proposal to sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion, as defined by the Board, of the Cooperative's property, must be approved by an affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative. The Board of Directors shall provide notice of the proposal to the members and shall prescribe the time, manner and process for the meeting to vote upon the proposal.

SECTION 2. Indebtedness.

Notwithstanding the foregoing, in order to secure any indebtedness of the Cooperative to; the United States of America, or any instrumentality or agency thereof, or to any person, association or corporation, licensed, chartered, or regulated by the United States, or State or any department or agency of either, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to sell, mortgage, lease all 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 there from, all upon such terms and conditions as the Board of Directors shall determine. Otherwise, the Board may act or authorize action to sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of the Cooperative's property only upon an affirmative vote by ballot by U.S. or electronic mail of the members as described in Section 1 of this Article.

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, "Incorporated 1946, Arizona."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts.

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or agent 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 evidence 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 from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

SECTION 4. 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.

**ARTICLE XI
MISCELLANEOUS**

SECTION 1. Membership in Other Organizations.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of a majority of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, the Cooperative may, upon the authorization of the Board of Directors, as permitted by law, purchase stock in or become a member of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or in furtherance of the interests of the Cooperative, or purchase stock in or become a member of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice.

Any member or director may, in writing, waive 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 grounds that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations.

The Board of Directors shall have power to make and adopt such policies, resolutions, 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 and 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, shall comply with applicable laws and rules and regulations of any regulatory body having jurisdiction over the Cooperative.

The books of the Cooperative shall be examined by a committee of the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall annually cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative. A financial report shall be presented to the members at the next following annual meeting of the members.

ARTICLE XII AMENDMENTS

An amendment, alteration or repeal of a bylaw of the Cooperative may be made as follows:

- (a) When the amendment, alteration or a repeal does not change Article VIII, it may be enacted as follows: by an affirmative vote of a majority of the Board, and thereafter the amendment will be submitted to the membership for confirmation by an affirmative vote of a majority of the members who vote by ballot by U.S. or electronic mail at the next annual meeting of the members, at which time the amendment shall be effective, or by an affirmative vote of a majority of the members who vote by ballot by U.S. or electronic mail at any meeting called for the purpose, in each instance the notice described in (b) having been provided;
- (b) There shall be no amendment, alteration or repeal of a bylaw, unless notice of the meeting of the members at which said action is to occur shall have been given and a copy of the proposed alteration, amendment or repeal shall have been mailed by U.S. or electronic mail to the members entitled to vote, sufficiently in advance of the meeting of the members.

ARTICLE XIII INDEMNIFICATION

No director or officer shall be personally liable for monetary damages for any action taken or any failure to take any action as a director or officer, except (i) as limited by applicable law; and (ii) other than an action by or in the right of the Cooperative. The Cooperative shall indemnify any and all of its existing and former directors and officers to the fullest extent permitted by applicable law. If any applicable law is amended to authorize corporate action broadening the Cooperative's ability to indemnify its directors and officers, the Cooperative shall indemnify its existing and former directors and officers to the fullest extent permitted by applicable law, as amended and applicable. Any repeal or modification of this Article shall not adversely affect any right or protection of any existing or former directors or officers existing hereunder with respect to any act or omission occurring prior to or at the time of such repeal or modification, as permitted by applicable law.

As Amended September 2021.

As Amended September 2021
(Printed August 30, 2021)
For 75th Annual Meeting Purposes Only