



Valley Electric Association, Inc.

A Touchstone Energy® Cooperative



BYLAWS

EFFECTIVE APRIL 28, 2018

BYLAWS

VALLEY ELECTRIC ASSOCIATION, INC.

Effective April 28, 2018

ARTICLE I MEMBERSHIP

SECTION 1. *Requirement of Membership.* Any person, sole proprietorship, partnership, association, corporation or similar legal entity, trust, body politic or subdivision thereof may become a member of VALLEY ELECTRIC ASSOCIATION, INC. (hereinafter called the "Association") by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Association transmission, distribution, or electric service as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Association and any rules and regulations adopted by the Board of Directors, and
- (d) Paying the non-refundable membership fee hereinafter specified.

No membership in the Association shall be transferable, except as provided in these Bylaws.

SECTION 2. *Membership Certificates.* Membership in the Association shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Association and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Association as the Board of Directors may prescribe.

SECTION 3. *Joint Membership.* Any two persons 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" or "membership" as used in these bylaws shall be deemed to include any two persons holding a joint membership and any provisions relating to the rights and liabilities of membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to 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; and
- (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 the written request of the holder thereof and the agreement by such holders to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Directors. The outstanding membership certificate shall be surrendered and shall be reissued by the Association in such manner as shall indicate the changed membership status.

(b) Upon the death of either party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Association.

SECTION 5. *Membership Fee.* The non-refundable membership fee shall be ten dollars (\$10.00).

SECTION 6. *Purchase of Transmission, Distribution, or Electric Service.* Except as otherwise provided in any written agreement between the Association and any of its members for the furnishing of transmission, distribution, or electric service, each member shall, as soon as electric energy shall be available, purchase from the Association electric energy to be used on the premises specified in the application for membership, and shall pay therefor monthly at rates which shall, from time to time, be fixed by the Board of Directors. It is expressly understood that amounts paid for transmission, distribution, energy, or communications service 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 Association such minimum amount per month 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 that member to the Association 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 Association 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 or at the discretion of the Secretary of the Association that such failure makes the member liable to expulsion and such failure shall have continued for at least ten (10) 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. The membership of a member who, for a period of six (6) months after service is available, has not purchased electric energy from the Association, or of a member who has ceased to purchase energy from the Association, shall be cancelled by resolution of the Board of Directors.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Association. Termination of membership in any manner shall not release a member or that member's estate from any debts due the Association.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. *Property Interest of Members.* Upon dissolution, after (a) all debts and liabilities of the Association 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 Association 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 next preceding the date of the filing of the certificate of dissolution, or, if the Association shall not have been in existence for such period, during the period of existence. If the Association operates multiple divisions, then the provisions of this Section 1 shall be applied on a divisional basis to the current and former members of such dissolving division.

SECTION 2. *Non-Liability for Debts of the Association.* The private property of the member shall be exempt from execution or other liability for the debts of the Association and no member shall be liable or responsible for any debt or liabilities of the Association.

ARTICLE III MEETING OF MEMBERS

SECTION 1. *Annual Meetings.* Commencing with the calendar year 1965, there shall be held during the month of March of each year an annual district meeting in each of the districts which form the service area. The main purpose of the annual district meetings shall be to elect in alternate years by the membership in each district, a Director to serve on the Board of Directors of the Association. The annual meeting of the full membership shall be held during the month of April of each year at such time and place in Nye, Esmeralda or Clark County, Nevada, as shall be designated in the notice of the meeting, for the purpose of passing upon reports for the previous fiscal year and transacting such 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 district and full membership meetings. Failure to hold such annual meetings at the designated time shall not work a forfeiture or dissolution of the Association.

SECTION 2. *Special Meetings.* Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three directors, by the President or by five (5) 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 Counties of Nye, Esmeralda or Clark, State of Nevada, specified in the notice of special meetings.

SECTION 3. *Notice of Members' Meeting.* Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, shall be delivered not less than twenty-five days nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each membership. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears in the records

of the Association, with postage thereon prepaid. 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.

SECTION 4. *Quorum.* At annual or special meetings of the full membership and district or special district meetings, two percent (2%) of the membership entitled to vote at the full membership meeting or district meeting or thirty (30) members, Present at the meeting, whichever is greater, shall constitute a quorum. If less than a quorum is Present at any meeting, a majority of those Present may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members Present at the meeting. For purposes of this Article III, Section 4, the term "Present" shall have the meaning given to it in Article III, Section 5.

SECTION 5. *Voting.* Each membership shall be entitled to one vote, which, pursuant to this Section 5, shall be exercised, except as otherwise provided by law, either (i) in person, (ii) by proxy, (iii) by mail, or by (iv) electronic means. If a vote is cast using any of the four above-described methods, the membership voting shall be deemed to be "Present" at that meeting. At any meeting of the members, each person shall be limited to the vote of their own membership and one proxy vote only. All questions shall be decided by a majority vote of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

A vote by mail ballot and a stamped, self-addressed envelope marked "Official Ballot" will be forwarded to each member at the same time that notice of the meeting is mailed. Each member who elects to use the vote-by-mail ballot may vote pursuant to the procedures as herein prescribed:

- (a) No vote by mail ballot shall be valid unless received in the envelope provided by the Association, no later than five (5) business days before the scheduled day of the regular or special meeting at which it is to be voted;
- (b) No vote by mail ballot shall be valid unless the ballot designates the date and time of the particular meeting at which it is to be voted. A vote by mail ballot shall be valid only at the meeting so designated;
- (c) A vote-by-mail ballot of a corporate or municipal membership may be signed by such person as the governing body of the corporation, or municipality may designate. Proof of such designation in the form of a copy of the appropriate corporate resolution, excerpt from the minutes of the Board of Selectmen's meeting, or other proof of designation shall be supplied with a municipal or corporate member's ballot; and
- (d) The instructions accompanying the vote-by-mail ballot shall govern the validity of the ballots.

If a membership elects to vote using electronic means, the member shall adhere to all rules and procedures accompanying such electronic ballot. The ability to vote by electronic means is subject to the Board's decision to implement such electronic voting system, which may or may not be used for a given-meeting, and is subject to the discretion of the Board.

SECTION 6. *Order of Business.* The order of business at an 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:

1. Report on the number of memberships Present at the meeting in order to determine the existence of a quorum.
2. Reading 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.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors. (if applicable)
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. *General Powers.* The business and affairs of the Association shall be managed by a Board of six (6) directors, which number may be changed by amendment to these Bylaws and which directors shall exercise all the powers of the Association except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 2. *Qualifications.* No person shall be eligible to become or remain a director of the Association who:

- (a) Is not a member in good standing and consumer of transmission, distribution, or energy service.
- (b) Is in any way employed by or financially interested in a competing enterprise, or in a business selling electric energy or supplies to the Association.

Upon the establishment of the fact that a 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 3. *Districts.* The Association's service area shall consist of six (6) separate districts which are generally described as follows:

- (1) DISTRICT 1: South Pahrump Valley (All services South of Highway 372).
- (2) DISTRICT 2: Amargosa Valley, Lathrop Wells, Ash Meadows.
- (3) DISTRICT 3: Beatty, Rhyolite, Sarcobatus Flats, Scotty's Junction.
- (4) DISTRICT 4: Fish Lake Valley, Lida, Gold Point, Lida Junction.
- (5) DISTRICT 5: Sandy Valley, Mountain Springs, Trout Canyon.
- (6) DISTRICT 6: North Pahrump Valley (All services North of Highway 372).

SECTION 4. *Nominations.* Not less than 120 days prior to the annual district meeting, the Board of Directors shall appoint a Nominating Committee for each district in which a Director is to be elected that year for the term set forth in Article IV, Section 5. The nominating committee shall nominate a minimum of one (1) and a maximum of three (3) persons from that District. The incumbent shall be a nominee for re-election to the board by notifying the Nominating Committee of such candidacy at or prior to the first meeting of the Nominating Committee. The cooperative shall provide the Nominating Committee with the appropriate information to select the slate of nominees. Not less than 100 days before the annual district meeting, the Nominating Committee shall submit the slate of nominees to the cooperative for notice and the delivery of ballots to the members entitled to notice and to vote in the district in which a Director is to be elected.

Any fifteen (15) or more members within a district may, by signed petition filed not less than seventy-five (75) days prior to the annual meeting, make other nominations for director from such district. Such petition shall designate the district to be represented. The order of placement of nominees' names on the ballot shall be placed alphabetically.

SECTION 5. *Election of Directors.* Directors shall be elected from and represent districts as may, from time to time, be established by these Bylaws. One (1) director shall be elected from each of the six (6) districts.

Directors representing a district shall either be residents thereof or purchasers of transmission, distribution, or electric energy for consumption therein. Directors shall be elected by vote of the membership in each district, either via (i) a general election at an annual meeting called for that purpose or (ii) a special meeting called by a district for the purpose of electing a director. If a meeting called to elect a director fails to elect a director for whatever purpose, including without limitation due to lack of quorum, the provisions of Section 7 of this Article IV shall control.

Commencing with the year 2008, the term and procedure for the election of directors shall be as follows:

- (a) The director from District 1 shall serve its current and existing term ending in 2009. Thereafter, the term for the director from District 1 shall be for three (3) years.
- (b) The director from District 2 shall be elected in 2008 for a two (2) year term. Thereafter, the term for the director from District 2 shall be for three (3) years.
- (c) The director from District 3 shall serve its current and existing term ending in 2009. Thereafter, the term for the director from District 3 shall be for three (3) years.

- (d) The director from District 4 shall be elected in 2008 for a two (2) year term. Thereafter, the term for the director from District 4 shall be for three (3) years.
- (e) The director from District 5 shall be elected in 2008 for a term ending in 2011. Thereafter, the term for the director from District 5 shall be for three (3) years.
- (f) The director from District 6 shall be elected in 2008 for a term ending in 2011. Thereafter, the term for the director from District 6 shall be for three (3) years.

A Director elected from a district shall take office immediately following the first annual meeting of the full membership that occurs after the director is elected.

SECTION 6. *Removal of Directors by Members.* Any member may bring charges against a Director, by filing with the Secretary such charges in writing together with a petition signed by at least ten 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 or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the director 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 may be filled by a vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 7. *Vacancies.* Unless otherwise proscribed in these Bylaws, 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.

SECTION 8. *Compensation.* Directors shall not receive any salary for their services as directors, except that by resolution of the Board of Directors a fixed sum and actual expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors. No director shall receive compensation for serving the Association in any other capacity, nor shall any close relative of a director receive compensation for serving the Association, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such director or close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE V MEETING OF DIRECTORS

SECTION 1. *Regular Meetings.* A regular meeting of the Board of Directors shall be held at such date, time, and place as the Board of Directors may determine. Unless otherwise required by these Bylaws, the Board meetings may be held without notice.

SECTION 2. *Special Meeting.* 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 (which shall be in Nye, Esmeralda or Clark Counties) for the holding of the meeting.

SECTION 3. *Notice of Directors' Meeting.* 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 five business days previous thereto either personally, by email, or by mail, by or at the direction of the

Secretary, or upon default in duty by the Secretary, by the President or Directors calling the meeting. If mailed, such notice shall be placed in a sealed envelope and 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 Association, with postage thereon prepaid.

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 said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further that the Secretary shall cause notice to be given to any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE VI OFFICERS

SECTION 1. *Number.* The officers of the Association shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time.

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 by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors following the annual meeting of the members. 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 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 by Directors.* Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

SECTION 4. *President.* Unless otherwise determined by the Board, required by the Articles or these Bylaws, the President:

- (a) Shall preside at all meetings of the members and the Board of Directors, and
- (b) On the Association's behalf, may sign any document properly authorized or approved by the Board; and
- (c) Shall perform other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board of Directors.

SECTION 5. *Vice-President.* Unless otherwise determined by the Board, required by the Articles or these Bylaws, the Vice-President:

- (a) Upon the President's death, absence, disability, inability to act or refusal to act, shall perform the duties, and shall have the powers of the President; and
- (b) Shall perform other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6. *Secretary.* Unless otherwise determined by the Board and unless otherwise required by the Articles or these Bylaws, the Secretary shall be responsible for preparing minutes of Board and Member Meetings and keeping such minutes in books provided for that purpose; and

- (a) Shall be responsible for authenticating the Association's records; and
- (b) May affix the Association's seal to any document authorized or approved by the Board;
- (c) May sign, with the President, any document properly authorized or approved by the Board of Directors; and
- (d) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 7. *Treasurer.* Unless otherwise determined by the Board, and unless otherwise required by the Articles or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 8. *Assistant Secretary.* Unless otherwise determined by the Board, and unless otherwise required by the Articles or these Bylaws, the Assistant Secretary shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 9. *Chief Executive Officer.* The Board of Directors shall elect a Chief Executive Officer who may be, but who shall not be required to be, a member of the Association. 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/her.

SECTION 10. *Bonding and Insuring of Directors and Officers.* At the Association's expense, the Association may purchase a bond or insurance coverage, which may include fidelity and fiduciary insurance coverage, for any individual that is or was a Director or officer of the Association.

SECTION 11. *Compensation.* The powers, duties and compensation of the Chief Executive Officer and General Counsel shall be approved by the Board of Directors, subject to the provisions of these Bylaws.

SECTION 12. *Reports.* The officers of the Association shall submit at each annual meeting of the members reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. *Definitions.* *In this Article,*

- (a) "Patron" shall mean (1) a member purchasing electric energy, (2) a member purchasing other utility type services, and (3) a non-member to whom the Association furnishes electric energy, and/or other utility type services.
- (b) "Other utility type services" shall mean broadband, Internet access and other like goods and services provided by the Association to its patrons on a cooperative basis as such services are defined and provided for by resolutions and policies of the Board and other contractual authority.

- (c) “Cooperative services” shall mean electric energy and other utility type services purchased or contracted for by patrons.

SECTION 2. *Interest or Dividends on Capital Prohibited.* The Association 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 Association on any capital furnished by its patrons.

SECTION 3. *Patronage Capital in Connection with Furnishing Cooperative Services.* In the furnishing of cooperative services the Association's operations shall be so conducted that all patrons will through the patronage furnish capital for the Association. In order to induce patronage and to assure that the association will operate on a non-profit basis the Association is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from and directly related to the furnishing of cooperative services in excess of operating costs and expenses properly chargeable against the furnishing of cooperative services, such services, hereinafter referred to as “margins”. All such margins at the moment of receipt by the Association are received with the understanding that they are furnished by the patrons as capital. The Association is obligated to pay by credits to a capital account for each patron all such margins. The books and records of the Association shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

If the costs and expenses exceed the amounts received and receivable from and directly related to the furnishing of cooperative services, hereinafter referred to as “loss”, then the Board shall have the authority under accepted accounting practices and applicable tax law to prescribe the manner in which such loss shall be handled.

Notwithstanding any provision in Section 3 of this Article VII, for each fiscal year:

- (a) Margins and losses are calculated separately for each distinctive cooperative service.
- (b) The Board shall choose the method for handling losses for each cooperative service in accordance with other provisions of Section 3 of this Article VII.
- (c) The margins for each respective cooperative service, after taking into consideration any prior year losses carried forward to offset margins of the current fiscal year, shall be allocated to the capital account of patrons on the basis of patronage solely to the patrons of each cooperative service. The Board has the authority to choose the method for determining the patronage and allocation of margins for each cooperative service provided that such method is fair and equitable to the patrons. Insofar as permitted by law, the Board is authorized to net margins and losses of multiple cooperative services into one or more allocation unit(s.)

All other margins received by the Association, other than from the furnishing of Cooperative Services, shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, (b) used to establish reserves and other capital not assignable to the patrons prior to the dissolution of the Association and (c) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital

credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association 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 Association will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After December 31, 2010, the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts theretofore and thereafter furnished as capital; provided, however, that (i) the Board of Directors shall not establish any method, basis, priority or order of retirement which shall impair or work a forfeiture of any substantial right relating to the retirement of capital furnished prior to January 1, 2011, and (ii) if the Board of Directors determines that a retirement pursuant to this Article VII, Section 2 shall be made, no less than fifty percent (50%) of the capital retired shall be credited to the capital first received by the Association.

The method, basis, priority and order of retirement shall be determined separately for each cooperative service based on the operational and contractual needs of each. Therefore, the Board shall have the power to retire patronage capital of each division independent of any other division. In no event, however, shall patronage capital be retired if such retirements would violate any applicable law or regulation, or if such retirements would breach any provision of any mortgage or loan contract executed by the Cooperative.

Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Association 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 natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such 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 patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Association will not be impaired thereby.

The patrons of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron, and both the Association 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 Association by posting in a conspicuous place in the Association's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The Association may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two thirds of all the members of the Association and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Association, without

authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages of a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchise, and permits of the Association, 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 Association; provided further that the Board of Directors may upon the authorization of a majority of those members of the Association Present, at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Association or foreign corporation doing business in this State pursuant to the Act under which this Association is incorporated.

ARTICLE IX SEAL

The Corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association, date of incorporation, and the word "Seal" engraved thereon.

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 Association, and such authority may be general or confined to specific instances.

SECTION 2. *Deposits.* All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

SECTION 3. *Fiscal Year.* The fiscal year of the Association 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 Association may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization so long as such activity does not jeopardize the Association's non-profit status.

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 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 and affairs of the Association.

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

systems as may from time to time be designated by the Federal Energy Regulatory Commission of the United States of America. The Board of Directors shall also cause to be made a full and complete audit of the accounts, books, and financial condition of the Association as of December 31 each year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII AMENDMENTS

SECTION 1. *Bylaw Amendments.* These Bylaws may be altered, amended or repealed by a two-thirds (2/3) vote of the membership entitled to vote at any regular meeting or special meeting called for that purpose or by written ballot, provided, however, the notice of such meeting or ballot shall have contained a copy of the proposed alteration, amendment or repeal.

SECTION 2. *Amendment of Bylaws by Board of Directors.* The Board of Directors may propose amendments to the Bylaws.

SECTION 3. *Petitions to Amend Bylaws Submitted by Members.* Petitions submitted by members to amend the Bylaws shall meet the following conditions:

- (a) The petition shall be delivered to the President, Secretary, Treasurer, or Chief Executive Officer of the Association.
- (b) The petition shall contain the printed and signed names of not less than ten (10) percent of all Members entitled to vote, with the date of each signature to the petition and the District in which the person signing has a Membership. The signatures on the petition shall all be dated within sixty (60) days from the date the petition is submitted to the Association.
- (c) The language of the proposed Amendment to the Bylaws to be voted on shall be printed on each petition on which members have signed their names.
- (d) The Board of Directors shall review the proposed Bylaw amendment at its next meeting to determine that it is in conformance with the Articles of Incorporation and Nevada Revised Statutes. In the event the Board of Directors determines that the petition is in conformance with the Articles of Incorporation and the Nevada Revised Statutes, the petition shall be submitted to a vote of the Members within forty-five (45) days thereafter.

Amended: December 7, 1998
April 29, 1999
April 27, 2002
April 21, 2007
April 19, 2008
April 25, 2009
April 30, 2011
April 28, 2018