

# Bylaws

As Amended: May 2, 2023



# CONTACT INFORMATION

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Salem Electric is not-for-profit electric cooperative providing electricity to members throughout a 17.5 square mile service territory in Keizer and Salem. We are available by phone, fax, mail, web contact, or in person at our office from 7:00 a.m. to 5:30 p.m. Monday–Thursday (closed Fridays and major holidays). Email and web contacts are only monitored during business hours.

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# **PART I: PURPOSES**

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## Bylaw 1.1 PURPOSES

This organization (“the Cooperative”) is a nonprofit cooperative corporation incorporated under the Cooperative Corporation Act (Oregon Revised Statutes Chapter 62) of the State of Oregon. The purposes of the Cooperative are as set forth in its Articles of Incorporation.

# **PART II: MEMBERSHIP**

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## Bylaw 2.1 QUALIFICATIONS

Any person, firm, corporation or body politic which uses electric energy and to whom the Cooperative’s electric service is then available, shall be eligible for membership in this Cooperative, subject to acceptance for membership as hereinafter provided.

## Bylaw 2.2 APPLICATION AND ACCEPTANCE

- (a) Application for membership shall be in the manner and form designated by the Cooperative, and shall specify the premises on which electric energy obtained from the Cooperative would be used. Such application shall constitute an agreement by the applicant, if accepted for membership, to comply with and be bound by the Articles of Incorporation, Bylaws and rules and regulations of the Cooperative then in effect or as thereafter from time to time duly amended or promulgated, and also an agreement to obtain from or through the Cooperative the electric energy used by or for that member on the premises specified in the application.
- (b) Each application for membership shall be acted upon, and rejected or accepted, by the Board of Directors of the Cooperative. If received by the Cooperative more than ninety days prior to an annual meeting of the members of the Cooperative, and not accepted by the Board of Directors, the application of a qualified applicant shall be submitted to that annual meeting and may be accepted by majority vote of the members of the Cooperative voting at that meeting. The Secretary of the Cooperative shall give each applicant whose application is to be submitted to a meeting of the members of the Cooperative, not less than ten days written notice of the date of that meeting, and such applicant may attend and be heard at that meeting.

## Bylaw 2.3 TERMINATION OF MEMBERSHIP

- (a) Membership in the Cooperative shall terminate automatically upon death, removal from the area served by the Cooperative, adjudication of bankruptcy, or cessation of existence of the member.

- (b) Membership shall be terminated by the Board of Directors at any time the Board finds that the member has discontinued use of the Cooperative's service or for any reason is no longer qualified for membership.
- (c) Membership may be terminated, by affirmative vote of a majority of the members of the Board of Directors present at a duly convened meeting of the Board or voting on that matter without a meeting pursuant to ORS 62.305, if the Board finds that the member has violated or refused to comply with any applicable provision of the Articles of Incorporation, Bylaws, or rules or regulations of the Cooperative, or any agreement of that member with the Cooperative.
- (d) Termination by action of the Board shall take effect upon mailing of notice thereof to the member at that member's address of record with the Cooperative. Any member whose membership is thus terminated may, within thirty days after the mailing to that former member of such notice, file with the Secretary of the Cooperative written request for hearing, in which event that former member shall be given opportunity to be heard before the Board of Directors or such special committee as the Board may designate, and the Board thereafter shall reconsider and affirm or rescind the termination, all within sixty days after the filing of such request for hearing. If the Board affirms the termination, the former member may appeal to the members of the Cooperative by filing written notice of appeal with the Secretary of the Cooperative within thirty days after the mailing of notice of the Board's action affirming the termination. In the event of such appeal, the matter shall be presented at the first meeting of members which follows such appeal by more than thirty days, at which the former member shall have opportunity to appear and answer the charges against such former member, and if the former member is qualified for membership according to the Bylaws such former member may be reinstated by affirmative vote of a majority of the members of the Cooperative there present in person and voting.
- (e) Upon termination of membership, through voluntary withdrawal or otherwise, the former member's rights and interests as a member shall terminate, but not the former member's interest, if any, in any reserve of the Cooperative, or in the capital of the Cooperative as represented by credits to that former member's account for capital contributions to the Cooperative, but termination of membership shall not create or accelerate any rights to receive payment or refund of the sums represented by such interests or credits, and all thereof shall continue to be governed by the Cooperative's Bylaws. Termination of membership shall not release the member from any debt or liability thereof to the Cooperative, and any debt or liability to the Cooperative of a former member may be offset by the Cooperative at its discretion against any credits to that member's account with the Cooperative.

#### Bylaw 2.4 TRANSFER OF MEMBERSHIP

Membership in the Cooperative shall not be transferable, by operation of law or otherwise, except when transferred with the ownership and possession of the property of the member to which the electric energy service of the Cooperative has related, and then only after ten

days written notice to the Secretary and approval by the Board of Directors of the Cooperative. Any transfer herein authorized shall be effective only if and when approved by the Board of Directors of the Cooperative and recorded on the books of the Cooperative. In the event of the death of either natural person who holds a membership jointly in a legal marital relationship, registered domestic partnership, or other civil union as recognized by Oregon law, such membership shall automatically transfer to the survivor with the same effect as though that membership had been originally issued thereto; provided, however, that the estate of the deceased joint member shall not thereby be released from any debt or liability of that deceased member to the Cooperative.

#### Bylaw 2.5 JOINT MEMBERSHIP

Persons who qualify to be members may apply for a joint membership in the Cooperative. A joint membership may consist of only two natural persons joined in a legal marital relationship, registered domestic partnership, or other civil union as recognized by Oregon law, and occupying or owning the same location to or for which the Cooperative provides or will provide a cooperative service. Any action by or a notice to one joint member shall be deemed applicable to the other joint member.

## **PART III: MEETINGS**

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#### Bylaw 3.1 ANNUAL MEETING

The annual meeting of the members of the Cooperative shall be held on the first Tuesday of May of each year, at such hour as may be specified by the Board of Directors, and at such place as specified by the Board in any county in which Salem Electric provides service; provided, however, that the date of such annual meeting may be postponed or advanced not to exceed fifteen days by the Board of Directors.

The purpose of such annual meeting shall be to elect Directors, receive reports of officers, and to transact such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If for any reason the election of Directors shall not be held at an annual meeting or any adjournment thereof, the Board of Directors shall cause such election to be held at a special meeting of the members which shall be called by the Board of Directors as soon after that annual meeting as the Board may find to be feasible.

#### Bylaw 3.2 SPECIAL MEETINGS

A special meeting of the members of the cooperative may be called by the Board of Directors or by written petition signed by at least ten percent of all the members of the Cooperative. Each such call shall be in writing and shall state the time, place and purpose of that meeting. Promptly upon receipt of such call the Secretary of the Cooperative shall cause notice of such meeting to be given as hereinafter provided. No business shall be transacted at a special meeting which is not included in the statement of purpose set forth in the call and notice of that meeting.

### Bylaw 3.3 NOTICE OF MEETINGS

Written or printed notice of each annual or special meeting of the members of the Cooperative shall be given by or under the supervision of the Secretary of the Cooperative to each member not less than twenty nor more than thirty days prior to the date of meeting. Such notice shall be delivered to the member in person, by electronic means, or mailed thereto at the member's post office address as the same appears on the books of the Cooperative, and such mailed notice shall be deemed to be delivered when deposited in the United States Mail with postage thereon prepaid. Failure of any member to receive notice of meeting shall not invalidate any action taken by the members at that meeting, and any member may waive, in writing, and shall waive by attendance in person at the meeting, any notice of meeting required to be given by these Bylaws.

### Bylaw 3.4 QUORUM

The members of the Cooperative present in person shall constitute a quorum for the transaction of business at any duly called meeting of the members of the Cooperative.

### Bylaw 3.5 VOTING RIGHTS

Each member of the Cooperative shall be entitled to one vote only, and all questions shall be decided by a majority vote of the members voting thereon, except as otherwise required by law or these Bylaws. A jointly held membership shall be entitled to a single vote.

### Bylaw 3.6 VOTING BY MAIL

Any member of the Cooperative shall be entitled to vote in any election of Directors at a Membership meeting either by casting the member's ballot by mail as provided by these Bylaws, or voting in person at the meeting. In addition, the Board of Directors prior to notice of any meeting of the members of the Cooperative may direct the Secretary of the Cooperative to prepare and mail to each member, along with a notice of that meeting, a ballot upon the principal questions which are expected to be voted upon at the meeting together with a small voting envelope. Any member who does not expect to be present personally at that meeting may cast a ballot on any or all of the said questions by mailing such voting envelope, sealed, and containing the ballot to the Cooperative. A member submitting a mailed ballot may not vote in person at the member meeting regarding a matter described in the mail ballot.

The Cooperative may count completed mail ballots received by the Cooperative on, or before, the day preceding the date for convening the member meeting in advance of convening the member meeting. Ballots received by the Cooperative by mail on the day of the member meeting shall be counted along with ballots deposited in the ballot box prior to closing of the ballot box. A member may not revoke a completed mail ballot received by the Cooperative. Failure of any member to receive a ballot or voting envelope for voting by mail shall not invalidate any action which may be taken by the members of the Cooperative at the meeting.



### Bylaw 3.7 FIRM REPRESENTATIVES

Any member of the cooperative not a natural person may act, vote, and be represented at meetings of members of the Cooperative by an officer, manager, stockholder, partner, associate, or agent of such member who is duly authorized in writing filed with the Secretary of the Cooperative. The Board of Directors may not be composed of more than three (3) individuals who serve as an authorized firm representative. No member not a natural person may authorize more than one director as its firm representative. In order for any person serving as a designated firm representative to serve on the Board of Directors, that person must satisfy the qualifications set forth in Bylaw 4.3

### Bylaw 3.8 ORDER OF BUSINESS

The order of business at each annual meeting of the members of the Cooperative, and so far as feasible at each other meeting of the members, shall be substantially as follows:

1. Roll Call.
2. Reading of the notice of the meeting and proof of service thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of any unapproved minutes of previous meetings of the members, and the taking of necessary action thereon.
4. Presentation and consideration of, and action upon, reports of officers, Directors, and committees.
5. Election of Directors, where applicable.
6. Unfinished business.
7. New business.
8. Adjournment.

## **PART IV: BOARD OF DIRECTORS**

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### Bylaw 4.1 NUMBER

The Board of Directors shall consist of seven members of the Cooperative or representatives (duly designated under Bylaw 3.7) of members which are not natural persons. The Director positions are designated respectively as position 1 through 7.

### Bylaw 4.2 TERM OF OFFICE

The term of office of each Director shall be three years, commencing upon adjournment of the membership meeting at which elected and terminating upon adjournment of the membership meeting at which that person's successor is duly elected.

### Bylaw 4.3 QUALIFICATIONS

No person shall be eligible for election or service as a member of the Board of Directors who is employed by or holds a substantial financial interest in an enterprise competitive to this Cooperative, or which is engaged in selling a substantial amount of electric energy or supplies to the Cooperative. No person shall be eligible to serve as a director if such person is not either a member and bona fide resident in the area served by the Cooperative, or, if such person is a designated representative of a firm, such person must be an owner, or, a full-time employee and indicated as such on the payroll records of the firm. No person shall be eligible to serve as a Director until such person shall have been a member of the Cooperative, or if such person is a designated representative of a member firm, until that firm shall have been a member of the Cooperative, for at least two (2) years prior to the date of election or appointment. To become or remain a director, and during the ten (10) years immediately prior to becoming a director, a person may not be, nor have been, convicted of a felony; or plead, nor have pled, guilty to a felony. Nothing in this Section shall affect the validity of any action taken at any meeting of the Board of Directors.

### Bylaw 4.4 NOMINATION AND ELECTION OF DIRECTORS

- (a) Nominations for Director positions shall be made by written petition not less than 45 nor more than 90 days prior to each annual meeting of the members of the Cooperative for those Director positions scheduled for election. Petitions shall be signed by not fewer than one percent of the members of the Cooperative of record as of the preceding June 30 and delivered to the Secretary of the Cooperative and posted at the principal offices of the Cooperative at least 30 days prior to the meeting. No nominations may be made from the floor at the meeting. A notice identifying those Director positions scheduled for election shall be mailed to the membership at least 120 days prior to the annual meeting.
- (b) The Board of Directors shall adopt a form of Candidate Disclosure Statement which each candidate shall complete and submit to the Secretary of the Cooperative at the time of delivery of that candidate's nominating petition.
- (c) The Candidate Disclosure Statement shall include disclosures of the candidate's residence address, time as a member of the Cooperative and, if a firm representative, whether or not the candidate's personal residence is served by the Cooperative, the name of the firm, the candidate's relationship to the member firm, the length of time the firm has been a member, the candidate's position with the firm, and any limits on the candidate's authority imposed by the firm. Such information shall be provided to the membership as part of the notice of the meeting at which the candidate seeks election to the Board of Directors and with all other ballot materials, except the ballot itself, mailed to the membership by the Cooperative.
- (d) A ballot marked "Ballot for Directors" and containing the names of all the qualified nominees duly nominated and posted as hereinbefore provided, alphabetically arranged and stating the residence of each, shall be mailed with the notice of that annual meeting, together with a statement by the Secretary of the number of

Directors to be elected. Such statement shall also state the manner in which members may vote by mail for Directors as provided in these Bylaws.

- (e) Election of Directors, based upon nominations made as hereinbefore provided, shall be as provided in Bylaw 3.6.
- (f) In the event any Director shall be removed from office at a meeting of the members of the Cooperative as in these Bylaws provided, the members there present may nominate and elect at that meeting a successor thereto without compliance with the foregoing provision with respect to nominations and mailed ballots.

#### Bylaw 4.5 VACANCIES

Any vacancy on the Board of Directors not caused by expiration of term shall be filled for the unexpired term by majority vote of the remaining members of the Board of Directors.

#### Bylaw 4.6 DISQUALIFICATION

Termination of a Director's membership in the Cooperative shall terminate automatically that Director's membership on the Board of Directors. If a Director is not a member of the Cooperative but is a duly designated representative of a member which is not a natural person, that Director's membership on the Board shall terminate automatically upon withdrawal of that designation or termination of the membership of the member that Director represents.

#### Bylaw 4.7 COMPENSATION

Each Director shall be reimbursed by the Cooperative for all reasonable travel expenses properly incurred in connection with the performance of duties as a Director. The Board from time to time may fix a reasonable automobile mileage rate and travel allowance to be paid each Director by the Cooperative, and a reasonable per diem remuneration to be paid each Director by the Cooperative for the time spent by that Director in the proper performance of that Director's duties. Except in emergencies, no Director shall receive compensation for serving the Cooperative in any capacity other than Director, nor shall any close relative of a Director receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by vote of the members of the Cooperative.

#### Bylaw 4.8 POWERS AND DUTIES OF DIRECTORS

The authority and duties of the Board of Directors shall include the following, as well as such other powers and duties as may be vested in the Board by law:

- (a) The Board shall have general supervision and control over and shall manage and conduct the affairs and business of the Cooperative, and shall make all necessary rules and regulations, not inconsistent with law or with the Bylaws or Articles of Association, for the management of the Cooperative and the guidance of the officers, employees and agents of the Cooperative.

- (b) The Board may in its discretion employ a General Manager who shall hold office at the pleasure of the Board and subject to such terms and conditions as may be fixed by the Board.
- (c) The Board shall require the General Manager, Treasurer, and all other officers, agents and employees charged by the Cooperative with responsibility for custody of any of its funds to give adequate fidelity bonds at the Cooperative's cost.
- (d) The Board shall cause to be kept a complete record of all of its acts and proceedings. The Board shall present a full statement and report at each annual meeting of the members of the Cooperative showing in reasonable detail the condition of the Cooperative's affairs.
- (e) The Board shall call such special meetings of the members of the Cooperative as it may deem necessary or advisable.
- (f) The Board shall select one or more banks as depository of funds of the Cooperative and determine the manner of receiving, depositing and disbursing the funds of the Cooperative, with full power from time to time to change such depositories and determinations.
- (g) The Board may invest or convert the funds of any Cooperative reserve in or into such securities as the Board may find advisable and proper.
- (h) The Board, by affirmative vote of at least four Directors, may borrow money or authorize any officer or the General Manager of the Cooperative to borrow money, in the name and on behalf of the Cooperative, for any Cooperative purpose either on open account or secured in any manner by any assets of the Cooperative or any of the Cooperative's reserves, in such amounts and upon such terms and conditions as the Board may deem necessary or advisable.
- (i) The Board shall cause to be established and maintained a proper and adequate accounting system conforming to the system of accounts prescribed for public utilities and licensees by the Federal Energy Regulatory Commission or by any other applicable laws, rules or regulations of any regulatory body. The Board shall cause proper audit of the Cooperative's books and accounts to be made at least annually by a certified public accountant selected by the Board, and written report of such audit to be filed with the Board. Such audit report shall be submitted to the members of the Cooperative at their annual meeting next following.
- (j) In addition to the foregoing express authority and duties, the Board may exercise such powers and do such lawful acts as it may find to be proper and necessary or expedient for accomplishing any of the lawful purposes of the Cooperative.
- (k) The Board of Directors may make such donations for the public welfare or for charitable, scientific or educational purposes, as the Board finds may result in a present or foreseeable future benefit to the Cooperative or to its members as a whole;

such donations shall constitute an expense of the Cooperative in computing net savings of the Cooperative.

#### Bylaw 4.9 RESIGNATION

Any Director may resign from office at any time, such resignation to be in writing and to take effect when filed with the Secretary of the Cooperative.

#### Bylaw 4.10 REMOVAL OF DIRECTORS

If a written petition for removal of a Director stating the reasons for removal and signed by not fewer than ten percent of the members of the Cooperative as of the date of that filing is filed with the Secretary of the Cooperative, such proposed removal shall be voted upon at the next annual or special meeting of the members of the Cooperative which follows such filing by more than thirty days. Notice of that meeting shall include notice that the proposed removal will be voted upon at that meeting and shall be accompanied by a copy of the petition filed and of any written response, not exceeding 500 words, filed with the Secretary by the Director charged. The petition shall be read, and the Director whose removal is sought shall have opportunity to answer, at that meeting. By affirmative vote of the majority of the members duly voting in person thereon at that meeting, the members may remove the Director; the resulting vacancy shall be filled by majority vote of the members voting thereon at that meeting or if not so filled then by the Board of Directors as provided in Bylaw 4.5.

#### Bylaw 4.11 PROHIBITION AGAINST EMPLOYMENT

Except in an emergency, a Board member shall be prohibited from becoming employed by the Cooperative while serving as a member of the Board or for two (2) years following resignation or termination of service on the Board of Directors.

#### Bylaw 4.12 ABSENCE OF DIRECTORS

Attendance at regularly scheduled Board meetings is required of Directors. The Board shall have the power to declare vacant the position of a Director who shall fail to attend three consecutive regular meetings without an excuse satisfactory to the Board.

## **PART V: MEETINGS OF DIRECTORS**

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#### Bylaw 5.1 ANNUAL MEETING

An annual meeting of the Board of Directors shall be held within ten days after each annual meeting of the members of the Cooperative, for the purpose of organizing, electing officers, and transacting such other business as may come before the meeting.

## Bylaw 5.2 REGULAR MEETINGS

A regular meeting of the Board of Directors shall be held each month, other than in the month of the annual meeting, at such time and place as the Board of Directors may provide. Such monthly meetings may be held without notice other than the action fixing the time and place thereof.

## Bylaw 5.3 SPECIAL MEETINGS

A special meeting of the Board of Directors shall be held whenever called by the President or by two members of the Board. Such call shall be in writing, signed by those making the same, and filed with the Secretary, and shall state the time, place and purpose of such meeting. Any business specified in the call and notice may be transacted at a special meeting.

## Bylaw 5.4 NOTICE

Notice of each special meeting of the Board of Directors shall be mailed to each Director, at that Director's address of record with the Cooperative, not less than five days prior to the time of such meeting, or shall be given by telephone or electronic mail not less than thirty-six hours prior to that meeting. Such notice shall state the purpose of that meeting and by whom called. Notice of any meeting may be waived in writing. Notice of the meeting shall be waived by attendance at the meeting unless the purpose of attendance was solely to object to the transaction of any business at the meeting on the ground that the meeting was not lawfully called.

## Bylaw 5.5 QUORUM

A majority of the number of Directors specified in Bylaw 4.1 of Part IV shall constitute a quorum of the Board at any meeting thereof. In event of lack of a quorum at any duly called meeting, the Directors there present may adjourn that meeting from day to day or time to time to reconvene at the same place, and at the time specified in the order of adjournment, and there may be transacted at such adjournment meeting any business which could have been transacted at the original meeting, without further notice.

## Bylaw 5.6 INDEMNIFICATION OF DIRECTORS, OFFICERS AND AGENTS

Each person who at any time has served or serves as Director, officer or agent of the Cooperative shall be indemnified by the Cooperative against liabilities incurred as a result of, and expenses (including attorney's fees) reasonably sustained in the defense or in the compromise or settlement of, any civil, criminal, or other action, suit, or proceeding, in which that person may become involved as a party or with which that person may be threatened, by reason of that person being or having been a Director, officer or agent of the Cooperative, provided, however, that such indemnification shall not apply to any claim, action, suit, or other proceeding in which the Director, officer or agent is adjudged liable for negligence or misconduct in the performance of duty, or in which that person shall have entered a plea of guilty or nolo contendere, unless the Cooperative shall receive a written opinion of independent legal counsel that (a) the conduct of that person in connection with such matters was in good faith, for a purpose which that person reasonably believed to be in the

best interests of the Cooperative, and, in any criminal action, in addition, that such person had no reasonable cause to believe that such person's conduct was unlawful, and (b) that indemnification pursuant to the provisions of this Bylaw 5.6 may be legally and validly made.

#### Bylaw 5.7 VIRTUAL BOARD MEETING ATTENDANCE

To the extent permitted by law, any meeting of the Board of Directors may be held, and Directors may otherwise attend any Board meeting, by teleconference or other electronic means. Any Director attending a Board meeting by teleconference or other electronic means shall be deemed present as if attending in person.

## **PART VI: OFFICERS**

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#### Bylaw 6.1 ENUMERATED

The officers of the Cooperative shall be a Chair of the Board of Directors, a President, a Vice-President, a Secretary, and a Treasurer. The Chair of the Board of Directors, the President and the Vice-President shall be members of the Board of Directors, but the Secretary and Treasurer need not be.

The offices of Chair of the Board and President may be combined in one person, and the offices of Secretary and Treasurer may be combined in one person as Secretary/Treasurer. The Board of Directors may appoint one or more Assistant Secretaries or Assistant Treasurers, or Assistant Secretary/Treasurers, and specify the duties and authority thereof.

#### Bylaw 6.2 ELECTION AND TERM OF OFFICE

Each officer shall be elected annually by the Board of Directors at its annual meeting and shall hold office until the next annual meeting of the Board of Directors, or until that officer's successor shall have been duly elected and qualified; provided, however, that any officer may be removed from office, and that officer's successor be elected, by the Board whenever the Board deems such removal to be in the best interest of the Cooperative.

#### Bylaw 6.3 CHAIR OF THE BOARD

The Chair of the Board of Directors shall preside over all meetings of the Cooperative's members and of the Board of Directors, and shall perform such other duties as may be properly required by the Board of Directors.

#### Bylaw 6.4 PRESIDENT

The President shall be the principal executive officer of the Cooperative. In the absence, disability, or disqualification of the Chair of the Board, that person shall preside over meetings of the Cooperative's members and the Board of Directors. The President shall sign for and on the behalf of the Cooperative all documents and instruments authorized by the Board of Directors to be executed, except when the signing and execution thereof shall be expressly delegated by the Board of Directors or these Bylaws to some other officer or agent of the

Cooperative or shall be required by law to be otherwise signed or executed. The President shall call such special meetings of the Cooperative and of the Board of Directors as the President deems advisable, and shall perform such other duties as may properly be required under the Bylaws or by the Board of Directors.

#### Bylaw 6.5 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 the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the Board of Directors.

#### Bylaw 6.6 SECRETARY

The Secretary shall serve as Secretary of the Cooperative and of the Board of Directors, and keep a complete record of all meetings and proceedings of each thereof. The Secretary shall be responsible for the maintenance of appropriate membership records showing the name and address of each member of the Cooperative, the date of that member's election to membership, and the date of termination of such membership. The Secretary shall have custody of the corporate seal and shall sign on behalf of the Cooperative and affix the corporate seal to all papers requiring the Secretary's signature and such seal, and otherwise as the Secretary may be authorized by the Board of Directors. The Secretary shall serve or cause properly to be served all notice required by law or the Bylaws. The Secretary shall make all reports required of the Cooperative by law or regulation. The Secretary shall make at each annual meeting proper report of matters pertaining to the Secretary's office. The Secretary shall keep on file at the Cooperative's principal office a complete copy of the Bylaws of the Cooperative including all amendments thereto, which copy shall be open to inspection by any member of the Cooperative at all reasonable hours, and at the expense of the Cooperative shall supply a copy of the Bylaws and all amendments thereto to each member of the Cooperative. In general the Secretary shall perform such duties and functions as from time to time shall be required by the Cooperative or the Board of Directors.

#### Bylaw 6.7 TREASURER

The Treasurer shall have custody and charge of and be responsible for all funds and securities of the Cooperative. The Treasurer shall receive and give appropriate receipt for moneys paid to the Cooperative from any source whatsoever and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws. In general the Treasurer shall 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.

#### Bylaw 6.8 GENERAL MANAGER

The Board of Directors may appoint a General Manager who may be but shall not be required to be a member of the Cooperative. The General Manager shall perform such duties and shall have such authority as the Board of Directors from time to time may specify.



### Bylaw 6.9 BONDS OF OFFICERS

The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, or vested with authority to disburse any funds, to give appropriate fidelity bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors may also require any other officer, agent, or employee of the Cooperative to give appropriate fidelity bond in such amount and with such surety as it shall determine. The premium on all such bonds shall be paid by the Cooperative.

### Bylaw 6.10 COMPENSATION

The compensation, if any, of any officer, agent or employee of the Cooperative who is also a Director or close relative of a Director of the Cooperative, shall be determined by the members of the Cooperative, as provided elsewhere in these Bylaws, and the powers, duties and compensation of each other officer, agent and employee shall be fixed by or under the direction of the Board of Directors.

### Bylaw 6.11 REPORTS

The officers of the Cooperative shall submit at each annual meeting of the members appropriate reports covering the business of the Cooperative during the previous fiscal year and showing the financial condition of the Cooperative at the close of that fiscal year.

### Bylaw 6.12 ABSENCE OR DISABILITY

In case of absence, disability, or disqualification of any officer of the Cooperative for whom a successor is not specified in the Bylaws, the Board of Directors may transfer or delegate the powers and duties of that officer temporarily and during such absence, disability, or disqualification, to any other officer or to any Director.

## **PART VII: OPERATING METHODS**

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### Bylaw 7.1 FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the 31st day of December the same year.

### Bylaw 7.2 NONPROFIT

This corporation shall be operated on a nonprofit cooperative basis for the mutual benefit of its patrons as consumers of electric energy supplied by or through this Cooperative.

### Bylaw 7.3 RATES AND CHARGES

The Board of Directors shall fix and maintain such monthly rates and charges for the Cooperative's service as the Board shall determine to be reasonably required in order to

maintain a high level of electric service. The Board from time to time may fix a reasonable minimum charge which shall be payable by all patrons regardless of the amount of electric energy consumed.

#### Bylaw 7.4 LIMITATION OF SERVICE

In order that the total energy available shall be equitably distributed among all patrons, the Board of Directors may fix a limit upon the amount of electric energy to be supplied to any one patron.

#### Bylaw 7.5 DISTRIBUTION OF NET SAVINGS

Net savings of the Cooperative remaining after payment of all costs and expenses, including but not limited to payment of interest due on system indebtedness, provision for debt amortization charges or sinking fund payments thereon, and after reasonable provision for any contingent liabilities or expenses or other contingencies and reasonable operating reserves, shall be appropriated among and credited to the patrons of the Cooperative in proportion to the dollar amounts of their patronage of the Cooperative during the fiscal year involved.

#### Bylaw 7.6 CAPITAL RESERVE

As at the end of each fiscal year the Board of Directors of the Cooperative shall determine what if any part of the net savings of the Cooperative during that fiscal year is reasonably required by the Cooperative for working capital, new construction, replacement of plant, or other proper capital purposes of the Cooperative, in order for the Cooperative to maintain a high level of service to its patrons. The Board in its discretion may include as such a capital purpose a payment upon or retirement of any system indebtedness or other indebtedness of the Cooperative at or before maturity, if the Board finds such payment or retirement to be in the interest of the Cooperative. Any portion of the net savings thus determined by the Board of Directors to be required by the Cooperative, shall be retained by the Cooperative and added to the Cooperative's capital reserve. The amount thus retained for each patron of the Cooperative shall constitute and be credited to that patron on the Cooperative's books as a contribution to the capital of the Cooperative and shall not create or constitute a debt of the Cooperative. The Board of Directors each year shall determine what, if any, notification shall be given each patron of the amount thus contributed thereby to the Cooperative's capital reserve.

#### Bylaw 7.7 CASH PATRONAGE REFUND

Any portion of the Cooperative's net savings as determined by the Board of Directors as of the end of each fiscal year, and not retained for the capital reserve, shall be distributed as a cash patronage refund, within a reasonable time after such determination, to the Cooperative's patrons during that fiscal year pro rata according to their patronage during that year.

### Bylaw 7.8 CAPITAL RESERVE REFUNDS

In the event the Board of Directors determines as at the end of any fiscal year that the capital reserve is in excess of the reasonable requirements of the Cooperative, the Board shall cause the surplus to be applied to the refunding of capital reserve contributions representing such contributions on the patrons' accounts with the Cooperative. Consistent with this bylaw, the retirement and payment of capital reserve contributions are at the discretion of the Board, and the Board shall determine the timing of retiring and paying capital reserve contributions. The Board of Directors may, but is not required to, cause forfeiture to the Cooperative pursuant to the ORS 62.425 of any sum not claimed, by the person entitled thereto, within four years after it became refundable under this Bylaw. Any sum so forfeited shall constitute permanent capital of the Cooperative. Any matured indebtedness to the Cooperative of the record owner of such capital credits may be deducted by the Cooperative in making any such refund.

## **PART VIII: DISSOLUTION**

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### Bylaw 8.1 ORDER OF DISTRIBUTION

In the event of dissolution or liquidation of the Cooperative, all assets of the Cooperative or proceeds thereof shall be distributed in the following order of priority:

- (1) In payment of all secured liabilities then of all unsecured liabilities, of the Cooperative other than those hereinafter specified.
- (2) In payment pro rata to the patrons of the Cooperative having in their accounts on the books of the Cooperative net credits (other than capital credits described in clause (3)), and not to exceed the amount of such net credits.
- (3) In payment pro rata to the record owners of capital credits, without regard to the dates of entry of such credits, but not to exceed the net amount of such credits.
- (4) In payment to the patrons of the Cooperative any sums remaining in any allocated contingent reserve or other allocated reserve after satisfaction of the foregoing priorities, pro rata as allocated, according to the amount contributed by each patron to each such reserve and not previously refunded.
- (5) Any residue remaining thereafter shall be distributed among all patrons or former patrons of the Cooperative of whose patronage the Cooperative shall have adequate record, in proportion to their patronage of the Cooperative.

# **PART IX: CORPORATE SEAL**

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## Bylaw 9.1 FORM

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

# **PART X: AMENDMENTS**

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## Bylaw 10.1 METHOD

These Bylaws may be amended or repealed at any meeting of the members of the Cooperative by majority vote of the members voting thereon, provided that notice of the proposed amendment or repeal in the form of a copy of the proposed amendment or resolution for repeal shall have been included in the call and notice of that meeting.

## Bylaw 10.2 PRESENTATION

A proposed amendment or repeal of existing Bylaws of the Cooperative shall be presented to the membership following action by the Board of Directors or by petition. A petition containing the proposed amendment shall be signed by not fewer than 5% of the number of members of the Cooperative of record as at the preceding December 31 and delivered to the Secretary of the Cooperative at least 30 days prior to the annual or special meeting of the members of the Cooperative.