

Tanner Electric Cooperative Bylaws

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ARTICLE I - MEMBERSHIP

Section 1. Requirements for Membership. Any Individual or Entity may become and remain a Member of Tanner Electric Cooperative (hereafter the "Cooperative") only if: (1) the Individual or Entity is a person with the capacity to enter into legally binding contracts ("Person"); and (2) the Person consumes, receives, purchases, or otherwise uses, or requests or agrees to use, when available, electric energy, generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided by the Cooperative. An "Individual" is a natural person. An "Entity" includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or a division of government.

A Person may not become a Member of the Cooperative if the Person was previously a Member and still owes the Cooperative money on their previous account until the account is paid or the Person has made arrangements satisfactory to the Cooperative to pay the overdue account. An application for membership by any Person may be rejected if the Cooperative, in its sole discretion, determines that the application is being made fraudulently or with the intent to obtain Cooperative Services while avoiding payment for amounts due for past Cooperative Services that directly or indirectly benefited the applicant..

Section 2. Membership Procedures. Any Person may apply to become a "Member" of the Cooperative by submitting an application for electric service from the Cooperative or as otherwise provided in these Bylaws. Upon determination by the CEO that any applicant is eligible to be connected to the Cooperative for electric service and is willing and able to satisfy and abide by the Cooperatives' terms and conditions of membership set forth herein ("Qualified"), the CEO may authorize approval of the application and the applicant's connection for electric service, in which case, the applicant shall automatically become a Member of the Cooperative on the date of their approval for connection for electric service.

- (a) A report of new electric service applications shall be regularly submitted to the Board by the CEO, including a list of any applications that have been denied based on the CEO's determination that the applicant is not Qualified. PROVIDED, the Board may override the approval or denial of an application based upon its determination regarding qualification, or for other good cause; PROVIDED FURTHER, that any Person whose application, has been submitted to the Cooperative, but who has been denied membership and service based on the CEO's determination may, by filing a written request with the Cooperative at least thirty (30) days prior to the next meeting of the Board, have the application reviewed by the Board at such meeting, at which the applicant shall be entitled to be present and heard. Notwithstanding any other provision of these Bylaws, except as otherwise determined by the Board, upon use of electric energy provided by the Cooperative, other than use pursuant to another Member's receipt of such energy, a Person automatically consents to

and becomes a Member of the Cooperative unless within 30 days of after such use, the Person notifies the Cooperative in writing that the Person does not consent to being a Member.

(b) When electric service is requested at a residence, office, building, premise, structure, or other facility (“Location”) an account for electric service to the Location shall be established in the name of the owner of the Location. In addition, a membership may also be established in the name of tenants or other occupants at the Location. In all cases, the Person in whose name an active electric service account is established or maintained shall be a Member of the Cooperative and shall be responsible for all charges to the account for electric services provided to the Location. If a Location is occupied by a tenant, or other occupant, the owner may elect to maintain the account under the owner’s membership. In that case, the Cooperative shall hold the owner solely responsible and will bill the owner directly for all charges for electric services rendered to the Location during the occupancy of the tenant or other occupant. Provided, if the owner consents to a tenant or other occupant establishing a membership and an account under the tenant or other occupant’s name, and the tenant or other occupant becomes a Member as provided herein, the Cooperative shall hold the tenant or other occupant solely responsible for all charges and will bill the tenant or other occupant directly for all charges for electric services rendered to its portion of the Location during the occupancy of the tenant or other occupant and shall have no right to bill the owner or to collect or attempt to collect any amount due from the owner. An owner of one or more Locations who ceases to take any service from the Cooperative because all accounts for all such Locations are in the names of tenants or other occupants automatically becomes an inactive Member without any of the rights or privileges of a Member except that an inactive Member will still receive routine retirements of capital credits that accrued when the owner was an active Member. An inactive Member will be restored to active status if and when the owner again takes any service from the Cooperative.

c) Members and all Persons connected for electric service agree to:

- (a) Pay the membership fee hereinafter specified.
- (b) Purchase electric power and related services from the Cooperative and to be responsible for all charges for such services;
- (c) Provide the Cooperative with a current billing address and telephone number;
- (d) Comply with and be bound by the Articles of Incorporation, these Bylaws, the Cooperative’s service rules and regulations; the Cooperative’s rate or price schedules; all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board; and all applicable law and legally binding agreements regarding the Cooperative including the Membership

Agreement as they may be amended from time to time (“Governing Documents”).

- (e) Timely pay for all products and services used, received or purchased from the Cooperative by the Member; and
- (f) Give the Cooperative all information reasonably requested by the Cooperative, including the applicant’s photographic identification, the applicant’s federal tax identification number, and such other information as the Cooperative may determine to be necessary to comply with federal, state or local regulatory and statutory requirements and complete any additional or supplemental document, contract, or action required by the Board as a condition of receiving the Cooperative service which the applicant is requesting or agreeing to use.
- (g) Pay the Cooperative for the Cooperative’s damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member’s failure to comply with the Governing Documents including, without limitation, fees and costs in any related legal action. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the membership or a Cooperative service provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (i) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (ii) bring and maintain a legal action to order the Member to comply with the Governing Documents; and
- (h) No Member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 3. Evidence of Membership Interest. A Member’s ownership interest shall not be considered a share of the Cooperative and there shall be no membership certificate, stock or other document evidencing each Member’s ownership interest in this Cooperative. The ownership and equity interest of each Member in the Cooperative shall be as shown in the books and records of the Cooperative. No Person may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 4. Joint Membership. By jointly signing and executing a membership application, and by jointly completing membership procedures, any two Individuals joined in a legal relationship and principally residing at the same Location may apply for joint membership. The term "Member" as used in these Bylaws shall be deemed to include such Individuals holding a joint membership, and any provisions relating to the rights and obligations of a membership shall apply equally with respect to the holders of a joint

membership. Without limiting the foregoing, the effect of a joint membership shall be as follows:

(a) The presence at a meeting of either joint Member shall be regarded as the presence of the membership and shall constitute a waiver by the membership of notice of the meeting; A joint membership may only cast one vote and the vote of either separately or both jointly shall constitute one joint vote;

(b) A waiver of notice signed by either joint Member shall constitute a joint waiver on behalf of the membership;

(c) Notice to either joint Member shall constitute notice to both joint Members;

(d) Expulsion termination of either joint Member shall terminate the joint membership and convert it to an individual membership of the remaining Member;

(e) Withdrawal of either joint Member shall terminate the joint membership and convert it to an individual membership of the remaining Member;

(f) Only one Member of a joint membership may be elected or appointed to the Board;

(g) Each joint Member shall be jointly and severally liable for any and all debts owed by the joint membership to the Cooperative;

Section 5. Conversion of Membership.

(a) By written request, and by jointly executing a new membership application, any Member may apply to convert the Member's individual membership to a joint membership with any other Individual with whom the Member is legally joined and principally residing at the same Location as the Member. Each Individual comprising a joint membership has and may enjoy the rights, benefits, and privileges, and is subject to the obligations, requirements and liabilities, of being a Member as provided herein.

(b) Upon the death of either Individual who is a party to the joint membership, it shall be converted to an individual membership and the survivor shall hold such membership; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

(c) Upon the dissolution of the legal relationship underlying a joint membership, the joint Members shall inform the Cooperative of the change in status and the membership shall be converted to an individual membership of the Individual who continues to reside at the premises; however, both Individuals shall remain liable for any amounts owed to the Cooperative arising prior to the dissolution.

Section 6. Membership Fees. The membership fee shall be \$5.00 and shall be refundable when the membership is inactive and all debts of the Member to the Cooperative have been paid.

Section 7. Purchase of service. Except as required by law, or as specified in the Bylaws or the Member Service Policies of the Cooperative or as otherwise specified in writing by the Board, each Member shall, as soon as electric services shall be available, purchase from the Cooperative all such services used on the premises specified in its application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. Provided that in the event Members acquire facilities for generation of their own power, or provide their own other services they may do so, provided that they have installed appropriate safety apparatus under the direction and inspection of the management of the Cooperative which will safeguard the employees, equipment and facilities of the Cooperative.

(a) Each Member shall pay all amounts owed to the Cooperative as and when the same shall become due and payable.

(b) As provided by the Board: (1) a Member shall pay interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; and (2) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a Member to all of the Member's accounts on a pro rata basis.

Section 8. Service Quality. The Cooperative shall provide services to Members in a reasonable manner. The Cooperative does not, however, guarantee or warrant the continuous or flawless provision of services or the availability or expansion of service. , Events beyond the reasonable control of the Cooperative may cause interruption of service or voltage or other service quality variations.. Events beyond the reasonable control of the Cooperative include events which by the exercise of its commercially reasonable efforts and reasonable foresight, the Cooperative could not be expected to avoid and was unable to avoid, including, but not limited to:

(a) Strikes or work stoppage;

(b) Extreme temperatures, storms, floods, earthquakes or other natural events, disasters or Acts of God; and

(c) Compliance with orders or injunctions issued by any court or by any administrative officer or agency with jurisdiction,

The Cooperative shall not be liable for any loss, injury, or damage resulting from the interruption, restoration, or variation of electric service from any cause, including but not limited to failure of generation and distribution systems, inadequacy of energy supply, transmission capacity, implementation of emergency plans, or temporary disconnection for repairs and maintenance or failure to pay for service rendered. During an emergency declared by appropriate civil authority, the Cooperative may curtail utility services.

Section 9. Member Grant of Property Rights. As reasonably determined to be necessary for the provision of utility services by the Cooperative, each Member shall provide the Cooperative, safe and reliable access to, and use of, any portion of any real

or personal property in which the Member possesses any legal right. In addition, each Member shall, without charge to the Cooperative, execute any document reasonably requested by the Cooperative, to grant and convey to the Cooperative any written or oral easement, right-of-way, license, or other property interest in any real or personal property in which Member possesses any legal right and which the Cooperative determines are reasonably necessary to:

(a) Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any equipment of the Cooperative;

(b) Provide, monitor, measure, or maintain any utility service provided by the Cooperative; or

(c) Satisfy or facilitate any obligation incurred, or right granted, by the Cooperative regarding the use of equipment of the Cooperative; or

(d) Safely, reliably, and efficiently: (1) operate the Cooperative; or 2) provide any Cooperative service.

Section 10. Damaging or Interfering with Cooperative Equipment or Personnel. No Member shall tamper or interfere with, damage, or impair any equipment or property owned by the Cooperative or used by the Cooperative to provide utility services, including, without limitation, any equipment used to meter electric service. Each Member shall protect all equipment owned by the Cooperative and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative or by law. The Cooperative shall have the right to inspect any equipment used to provide services to the Member whether or not owned by the Cooperative. No Member shall obstruct, interfere with, threaten, attempt to inflict or inflict injury on an employee or contractor of the Cooperative in the performance of activities related to the operation of the Cooperative.

Section 11. Suspension or Termination of Membership.

(a) Any Member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe.

(b) The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, suspend or expel Members who fail to comply with any of the provisions of the Governing Documents but only if such Members shall have been given written notice by the Cooperative that such failure makes them liable to suspension or expulsion and such failure shall have continued for at least ten days after such notice was given. Any suspended or expelled Member may be reinstated by vote of the Board or by vote of the Members at any Member Meeting. The membership of a Member who for a period of six months after service is available, has not purchased service from the Cooperative, or of a Member who has ceased to purchase services from the Cooperative, may be terminated by resolution of the Board.

(c) Upon the suspension or termination of Member's membership, other than the Cooperative's obligation to retire and pay Capital Credits, and other than the

Cooperative's obligations regarding dissolution, the Cooperative's duties, obligations, and liabilities imposed by the Governing Documents for the Member cease and the Cooperative may elect to cease providing electric service to the Member. Upon the suspension or termination of a Member's membership, other than the Member's right to receive retired and paid Capital Credits, and other than the Member's rights upon the Cooperative's dissolution, the Member forfeits and relinquishes rights provided in the Governing Documents, but remains subject to obligations imposed by the Governing Documents. In particular, a suspended Member may not receive notice, nominate, vote, hold office, remove, demand, request, petition, consent, or otherwise act as provided in the Governing Documents.

Section 12. Withdrawal, Death or Cessation of Existence of Member. Upon the withdrawal, death, cessation of existence or expulsion of a Member, the membership of such Member shall thereupon terminate. Termination of membership in any manner shall not release a Member or the Member's estate from any debts due the Cooperative.

ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Upon dissolution, Members shall receive a distribution of property and assets of the Cooperative as provided in Article VIII, Section 2

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 liable for or responsible for any debts or liabilities of the Cooperative.

Section 3. Articles and Bylaws are Contractual. The Governing Documents are contracts between the Cooperative and a Member. By becoming a Member, the Member acknowledges that: (1) Every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in an interdependent relationship. Article VII also defines the obligations between the Cooperative and Patrons as defined therein.

ARTICLE III – MEETING OF MEMBERS

Section 1. Annual Meeting. The Cooperative's annual meeting of Members ("Annual Meeting") need not involve a physical assembly at a particular geographic location and may include any combination of physical assembly and virtual participation as long as all participants can hear each other, vote, pose questions and comments subject to procedures and limitations adopted by the Board. Furthermore, the Annual Meeting may be held over multiple days at multiple locations provided that all Members are permitted to participate in all portions of the meeting. The Cooperative's failure to hold an Annual Meeting does not affect an action taken by the Cooperative. At the Annual Meeting: (1) the president shall provide a written or oral report regarding the activities of the Cooperative; and (2) a written or oral report shall be presented regarding the financial condition of the Cooperative and any Cooperative subsidiary. If the Annual Meeting does

not involve a physical assembly, the Cooperative shall make a copy of the president's report available to the Members on the Cooperative's website. The physical assembly portion of the Annual Meeting, if applicable, may be held at any place or places within King or Pierce County, Washington, specified in the notice of the meeting.

Section 2. Special Meetings. Special Meetings of the Members ("Special Member Meetings") may be called by resolution of the Board, or upon written request signed by any three Directors, by the president, or by written demand signed and dated within 60 days after the first signature by at least ten (10) percent of the total number of Members ("Total Membership"), with each page of each written demand requesting and describing the purpose of the meeting. Special Member Meetings may be held over multiple days at multiple locations at any place(s) within King or Pierce County, Washington, specified in the notice. The Board shall determine the date(s), time(s), and location of a Special Member Meeting, which may be held by any combination of physical assembly and virtual participation as long as all persons participating in the meeting can hear each other, vote, and pose questions and comments subject to procedures and limitations adopted by the Board and all Members are permitted to participate in all portions of the meeting.

Section 3. Record Date. A "Record Date" is the date for determining the Total Membership and the Members entitled to receive a notice of or vote at an Annual or Special Member Meeting (collectively, "Member Meeting"). If a Member withdraws or is suspended after the Record Date, then the Member is not entitled to receive a notice of or vote at a Member Meeting.. The Board may fix the Record Date, which shall not be more than 120 days before the date of the Member Meeting for which notice is required to be given.

Section 4. Notice of Member Meetings. Written, electronic, or printed notice stating the place(s), day(s) and hour(s) of the Member Meeting, and in case of a Special Member Meeting, the purpose or purposes for which the meeting is called, shall be mailed or otherwise delivered not less than ten days nor more than fifty days before the date of the meeting, by or at the direction of the secretary, or by the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at their address as it appears on the records of the Cooperative, with postage thereon prepaid. The good faith, inadvertent, and unintended failure of some Members to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

Section 5. Agenda, Attendance, and Action at Member Meetings. Except as otherwise provided in these Bylaws, before or at a Member Meeting, the Board: (1) shall determine the agenda, program, or order of business for the meeting; and (2) may limit attendance at the meeting to Members and persons occupying a Location with a Member. Except as otherwise provided by the Board before or at a meeting, the president: (1) shall preside at the Member Meeting; (2) may remove an Individual from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Section 6. Quorum. Except as hereinafter provided:

(a) Subject to paragraphs (c), and (d), a minimum of sixty Members in attendance at any Annual Meeting shall constitute a quorum and the vote on any issue at the initial or adjourned meeting shall be totaled and the issue to be determined and decided by a majority of such total vote. Members voting by mail or by other approved means of delivering their ballot to the Cooperative, and those present for any portion of the Annual Meeting shall be deemed present in person at the meeting for purposes of determining a quorum.

(b) Subject to paragraphs (c) and (d), in the case of a Special Member Meeting, a minimum of sixty Members of the Cooperative will constitute a quorum.

(c) Subject to paragraph (d), in every instance where an issue is submitted to the membership which involves the sale of substantially all of the assets, merger, consolidation, the voluntary dissolution or revocation of a voluntary dissolution of this Cooperative, the practical effect of which would be that the Cooperative would not continue to operate under its Articles of Incorporation, participation by 5% of the voting membership, whether in person, by mail or as otherwise provided by these Bylaws, shall constitute a quorum.

d) In every instance where an action is submitted to the membership for approval which has not been approved by the Board, participation by fifty percent of the voting membership, whether in person or voting by mail or as otherwise provided by these Bylaws, shall constitute a quorum.

Section 7. Voting. Subject to provisions regarding joint membership, each Member shall be entitled to only one vote upon each matter submitted to a vote at a Member Meeting. All questions shall be decided by a vote of a majority of the Members voting thereon, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Ballots containing the names of all candidates for Director and any other matter to be voted upon by the membership shall be mailed or otherwise delivered to all Members of the Cooperative at least ten (10) days before the Member Meeting at which Directors are to be elected or such other matter is to be decided.

Section 8. Voting in Person or by Other Method. At any Member Meeting voting for Directors, and upon such other issues submitted to the membership for a vote may be: (i) by Members delivering their written ballot or other voting form provided by the Cooperative in person at the meeting; (ii) by Members personally delivering their ballot or other voting form to the Cooperative's business office or to another location designated by the Cooperative; (iii) by delivering their ballot or other voting form provided by the Cooperative by U.S. mail or by another delivery service to the Cooperative's business office, or to another location designated by the Cooperative; or (iv) if a process for electronic submittal of vote is established for the meeting by the Cooperative, by submitting their ballot or other voting form using that process. Provided, the following rules shall apply to delivery of ballots or other voting forms to the Cooperative by Members as provided under (i), (ii), (iii) and (iv) above:

- (a) All votes shall be in writing on a written ballot or on written forms provided to the Member by the Cooperative, or in electronic form according to the process and timeline established by the Cooperative;
- (b) Ballots may be delivered personally by the Member, to the Cooperative's business office, or to another location designated by the Cooperative, or by U.S. mail or by another delivery service but must be received by the Cooperative no later than the business day before the meeting or they shall be deemed late filed and shall not be counted.
- (c) At any in-person Member Meeting, a Member may vote in person by delivering the written ballot or other forms provided to the Member by the Cooperative; provided that a Member whose vote electronically or by mail or by other delivery method has been timely delivered to the Cooperative shall not be entitled to vote in person.
- (d) Voting by proxy or cumulative voting is prohibited at Member Meetings.
- (e) A Member's failure to receive a mail ballot or information regarding electronic voting does not affect a vote or action taken by the Cooperative.

Section 9. Election Committee; Election Disputes. The president shall appoint two or more Individuals, who need not be Members, to serve as an Election Committee. Members of the Election Committee may not be an existing Director, Director candidate, or a Close Relative of a Director or Director candidate. The Election Committee shall consider and decide all questions, issues and disputes regarding: (1) the validity of ballots and (2) the tabulation of Member votes. The Cooperative shall make its legal counsel available to the Election Committee. The Board shall decide issues or disputes regarding Director nominations and whether a Director nominee or a newly elected Director satisfies the Director Qualifications

Section 10. Order of Business. The order of business at the Annual Meeting and, so far as practicable, at all other Member Meetings, shall be essentially as follows, except as otherwise determined by the Members at such meeting:

- (a) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- (b) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon;
- (c) Presentation and consideration of reports of the CEO, Officers, Directors and committees;
- (d) Election of Directors;
- (e) Unfinished business;

- (f) New business;
- (g) Adjournment.

Section 11. Member Meeting List. The Cooperative shall maintain a list of the names and addresses of each Member entitled to receive notice of and to vote at Member Meetings. For a proper purpose, a Member may request that the Cooperative mail, at the Member's expense, materials related to any matter to be voted on or discussed at a Member Meeting. A Member mailing for the purpose of soliciting Member votes on any matter to be voted on by Members at a Member Meeting shall be deemed a proper purpose. A Member request to send a mailing to the Member Meeting List: (1) for a purpose unrelated to the Member Meeting; or (2) for a commercial purpose, shall not be deemed a proper purpose. The Board otherwise shall determine what is a proper purpose.

ARTICLE IV – BOARD OF DIRECTORS

Section 1. General Powers. The business affairs of the Cooperative shall be managed by a Board of Directors (sometimes hereafter referred to as the "Board") of nine members (sometimes hereafter referred to as "Directors") which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the Members. The Board shall take any and all actions necessary to ensure responsible management and operation of the Cooperative. The Directors shall define the powers and duties of all committees, Officers, agents, and CEO of the Cooperative.

Section 2. Rates and Terms of Service.

- (a) Rates. The Directors shall fix the price at which electric power and other Cooperative services shall be sold to the membership of the Cooperative, and shall have authority to raise or lower the price of Cooperative services at their discretion, when such change in price shall be necessary to properly operate the business affairs in a fiscally responsible manner. Based upon different costs of providing Cooperative services to different classes of Members or subgroups within those classes, the Directors may adopt rates that charge each class or subgroup a different rate or price for providing Cooperative services. Rates for electric service may include: (1) a "facility charge," which shall be an amount fixed by the Board from time to time, regardless of the amount of electric services consumed, (2) an "electric services" charge including charges for energy, capacity, delivery, metering, administrative and general costs, a power cost adjustment charge, and any other costs or charges as may be further defined in the Cooperative's tariffs, including for other services incidental to providing electric

services to a Member; and (3) any dues, assessments, fees, deposits, contributions or other amounts as provided for in the Governing Documents.

(b) Pursuant to rates, terms and conditions, and at the times, and in the manner specified by the Board, each Member shall pay the Cooperative: (a) all amounts owed to the Cooperative including interest, compounded periodically, and late payment fees for amounts owed, but not timely paid. The Cooperative may require a Member to pay charges for Cooperative services in advance of receiving or using the services.

(c) Customer Service Policies. The Board may establish Service Policies not inconsistent with the Articles and these Bylaws regarding the provision of electric service to Members of the Cooperative. These Service Policies shall be part of all contracts for delivery of electric services.

Section 3. Responsibilities of Directors.

(a) Standard of Care. A Director shall discharge the Director's duties, including duties as a Board Committee member:

1. In good faith;
2. In a manner the Director reasonably believes to be in the Cooperative's best interests;
3. When becoming informed in connection with the Director's decision-making function or devoting attention to the Director's oversight function, with the care that an Individual in a like position would reasonably believe appropriate under similar circumstances; and
4. With full and timely disclosure to the Board or Board Committee, as applicable, of relevant personal information regarding conflict of interest transactions, unless disclosure would violate a duty imposed under law.

(a) Director Reliance on Others. Unless a Director has knowledge making reliance unwarranted, then in discharging the Director's duties, including duties as a Board Committee member, the Director may rely:

1. On the performance by any of the Individuals listed in (i) and (ii) below or a committee listed in (iii) below to whom the Board has formally or informally delegated the authority or duty to perform one or more of the Board's delegable functions; and upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by any of the following:

- i. One or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports, or statements provided;
- ii. Legal counsel, public accountants, or other Individuals retained by the Cooperative regarding matters involving skills or expertise the Director reasonably believes are matters within the Individual's professional or expert competence and as to which the Individual merits confidence; and
- iii. A Board Committee of which the Director is not a member if the Director reasonably believes the Board Committee merits confidence.

Section 4. Qualification, Election and Tenure of Office.

(a) Area Representation. For purposes of assuring equitable representation of Members in each of the three geographic service areas served by the Cooperative, the Cooperative shall be divided into three Director Districts consisting of the three separate service areas of the Cooperative. These Director Districts shall be designated as Ames Lake, North Bend, and Anderson Island respectively. Each District shall be represented by three Directors, each to be elected for a three-year term and each term to be staggered so that no two Directors' terms from each District will expire in any year.

(b) Voting by Area and Eligibility to be a Director. Directors from the different Districts can be voted on only by the Members who are served at Locations within the District that the Director represents. A Member may vote in only one Director District and if a Member is served at Locations in more than one Director District, then the Member shall vote in the Director District in which the Member has its primary residence, or if neither is its primary residence then at the Location with the greater electric usage.

(c) Qualifications of Directors. Unless excused pursuant to subsection (g) below, no Member shall be eligible to become or remain a Director of the Cooperative who does not meet the Director Qualifications set forth in subsections (d), (e) and (f) below, and the attendance requirements in Section 10 below. The Board of the Cooperative may conduct an investigation, or require information, to determine whether a Director or a Director candidate complies with this Bylaw. When a membership is held jointly by two Individuals, either one, but not both, may be elected a Director, provided, however, that neither one shall be eligible to become or remain a Director in the Cooperative unless both shall meet the qualifications hereinabove set forth.

(d) General Qualifications of Directors. To be a candidate for Director and, if elected, to remain a Director, an Individual must comply with the following general qualifications ("General Director Qualifications"):

- (1) Be an Individual;
- (2) Have the capacity to enter legally binding contracts;

- (3) Not have been previously removed or disqualified as a Director or Director candidate;
- (4) While a Director, and during the five (5) years immediately before becoming a Director, not be convicted of, or plead guilty to any felony;
- (5) Within three (3) years of first becoming a Director, obtain a Credentialed Cooperative Director (CCD) designation, Director's Certificate or similar certification from NRECA or other recognized utility industry organization;
- (6) Be a Member in good standing of the Cooperative permanently residing in the Cooperative's electric service territory and receiving, using, or purchasing electric services from the Cooperative at their primary residence;
- (7) On a continuing basis, be in compliance with all applicable Board policies governing conflicts of interest, ethics, confidentiality, and the conduct of Directors; and
- (8) Meet any other reasonable qualifications as determined by the Board.

(e) Membership Director Qualifications. To be a candidate for Director and, if elected, to remain a Director, an Individual must comply with the following membership qualifications ("Membership Director Qualifications"):

- (1) During the one year immediately before becoming a Director and while a Director, be a Member in good standing and not commit any act or action for which the Board could suspend the Member from membership, whether or not actually suspended; and
- (2) For at least six months of the calendar year before being nominated or elected as a Director, purchase electric service from the Cooperative at the Individual's primary residence within the Director District from which the Director is nominated or elected;

(f) Independence Director Qualifications. To be a candidate for Director and, if elected, to remain a Director, an Individual must comply with the following Independence Director Qualifications.

- (1) Annually complete and sign an independence certification and disclosure form approved by the Board;
- (2) While a Director and during the five (5) years immediately before becoming a Director, not have engaged in business or other activities

or have a Close Relative that engages in business or other activities that: (i) materially and adversely affect their ability to perform their duties as a Director, (ii) that compete with or adversely affect the business of the Cooperative, (iii) that involve the unauthorized use of business information obtained by reason of being a Director, or (iv) that are contrary or adverse to the interests or adopted policies of the Cooperative;

- (3) While a Director and during the five (5) years immediately before becoming a Director, not be an employee of the Cooperative or an employee of an entity in which the Cooperative owns a majority interest ("Cooperative Subsidiary"), or receive or have a Close Relative that receives more than ten (10) percent of their annual gross income, directly or indirectly from the Cooperative, or a Cooperative Subsidiary (excluding compensation as a Director);
- (4) While a Director, and during the five (5) years immediately before becoming Director, not be employed by another Director, or be employed by, or receive more than ten (10) percent of annual gross income from, an entity in which another Director owns more than ten (10) percent, or in which another Director is a Director or officer
- (5) While a Director and during the five (5) years immediately before becoming a Director, not have been a Director, officer, employee, or agent of a union or other entity representing, or seeking to represent, Cooperative employees regarding the terms and conditions of employment with the Cooperative;
- (6) While a Director and during the five (5) years immediately before becoming a Director, not own, lease, or rent goods or services that compete with the goods and services provided by the Cooperative, including, without limitation, owning, leasing, or renting real or personal property (e.g. distributed generation property) used to provide electric energy other than to the Individual's own Location, or have a Close Relative that does so;
- (7) While a Director and during the five (5) years before becoming a Director, the Director shall not have been finally adjudged in a lawsuit to have engaged in intentional misconduct or a knowing violation of law, involving a transaction with the Cooperative with respect to which such Individual received a benefit in money, property or services to which such Individual was not legally entitled, or that the Cooperative was otherwise prohibited by applicable law from paying

to the Individual, or (2) the Individual is finally adjudged to have been liable pursuant to RCW 23B.08.310;

- (8) During the five (5) years immediately before first becoming a Director candidate, the Individual shall not have made a claim against the Cooperative in a legal action, including arbitration or a lawsuit, which was: (i) summarily dismissed for lack of sufficient factual or legal basis; or (ii) in which the Director or Director candidate was not the prevailing party; or (iii) that resulted in the award of a personal judgment against the Director or Director candidate of \$1,000 or more, including any award of fees and costs;
- (9) Agree not to become an employee of the Cooperative or a Cooperative Subsidiary during the five (5) year period immediately after ceasing to be a Director.

(g) Director Disqualification. If, after investigation, an Individual nominated to be a Director or elected or appointed as a Director, is subsequently determined by the Board not to comply with all of the General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") existing when the Director was nominated, elected or appointed, then, unless compliance with the requirements is excused by the Board for good cause, the Board may by two-thirds vote of the disinterested Directors disqualify the Director candidate or Director. Upon disqualification, the Individual will immediately cease to be a Director candidate or Director. Provided, prior to voting to disqualify a Director candidate or an elected or appointed Director, the Board shall:

- (1) Notify the Director candidate or Director in writing of the basis for the potential disqualification at least ten days prior to the Board meeting at which the disqualification is to be considered. ; and
- (2) Provide the Director candidate or Director an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the potential disqualification; other Directors shall have the same opportunity..

(h) Notwithstanding any other provision of these Bylaws, if a Director is disqualified under this Bylaw, the failure to comply with the Director Qualifications does not affect any prior Board action in which the Director participated.

(i) Definitions: For purposes of this Bylaw the following definitions shall apply:

- (1) "Close Relative" shall mean a spouse, brother, sister, father, mother, daughter, or son, whether by marriage or adoption.

- (2) “Conflicts of Interest” transactions shall include, without limitation, being employed by, materially affiliated with or sharing a material financial interest in any business providing electric service, and any labor union that presently represents or has expressed an intent to represent employees in any business engaged in by the Cooperative or any subsidiary of the Cooperative.

Section 5. Nominations. The following procedures shall be used for nominating the Individuals whose names shall be submitted to the membership as candidates for the office of Director of the Cooperative.

(a) Nominating Committee—Optional. Not less than 120 days before the date of a meeting of the Members at which Directors are to be elected, the Board may appoint a Nominating Committee for one or more Director Districts consisting of at least three Members who are not Directors from each such Director District. Nominating Committee members may not be an existing, or a Close Relative of an existing Cooperative Director, officer, employee, agent, representative, or Individual known to be interested in becoming a Director. Such Nominating Committees shall nominate at least one candidate for each Director position for which Members are scheduled to vote at the Member meeting. Not less than 75 days before the date of a meeting of the Members at which Directors are to be elected, the nominations shall be forwarded to the Board by the Nominating Committee. The Board shall review each nominee’s qualifications and if a candidate is selected by a Nominating Committee who does not meet the Director Qualifications, as determined by a majority of the disinterested Members of the Board, their name shall not be placed on the ballot, unless the candidate is excused by the Board from meeting such requirements for good cause. Unless disqualified; the candidate(s) nominated by the Nominating Committee shall appear on the ballot for election of Directors at the Annual Meeting. If any nominee is disqualified, the Nominating Committee shall nominate another candidate to replace the disqualified candidate and forward the replacement candidate’s name to the Board.

(b) Nomination by Petition. Any fifteen (15) or more Members in good standing may make nominations in writing over their signatures not less than 75 days prior to the date of a meeting of the Members at which Directors are to be elected. The Board shall review each nominee’s qualifications and if a candidate does not meet the Director Qualifications, as determined by a majority of the disinterested Members of the Board, their name shall not be placed on the ballot, unless the candidate is excused by the Board from meeting such requirements for good cause.

(c) Incumbent Directors. The names of incumbent Directors who notify the Board of their desire to run for re-election to the Board not less than 75 days prior to the date of a meeting of the Members at which Directors are to be elected shall be placed on the ballot as candidates whether or not they have been nominated.

(d) The secretary shall mail with the notices of the meeting a statement of the number of Directors to be elected and showing separately the nominations made by the

committees on nominations, if any, the nominations made by petition, if any, and the incumbent Directors who have elected to run for reelection.

(e) Nominations from the floor at the Annual Meeting shall not be allowed.

(f) The Members may, at any meeting at which a Director or Directors shall be removed, as provided in this Article IV, Section 6, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

(g) Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not in any manner whatsoever affect the validity of any election of Directors.

(h) The signature of one joint Member shall constitute the signature on behalf of the joint membership. If more than one Individual signs the petition on behalf of a joint membership, the signatures shall constitute only one signature for the purpose of the nomination petition.

For purposes of these Bylaws, a Member in good standing means a Person who is not over 30 days delinquent on the payment of any amount due and owing to the Cooperative on the date the petition was signed.

Section 6. Election of Directors by Members. The Directors shall be elected by ballot by the membership at the Annual Meeting of each year and shall hold office until their successors are elected or appointed. Each year, three Directors—one from each District—shall be elected for a three-year term. All candidates for the office of Director shall be voted upon at the Annual Meeting, and the candidate from each District receiving the highest number of votes shall be elected. Members may not vote for write-in candidates. As determined by the president or other Officer presiding at the Annual Meeting, the number of votes received by each nominee will or will not be announced. If only one Individual is nominated to run for election for a Director position scheduled for election by Members at the Annual Meeting, then the Individual presiding at the Annual Meeting may announce that the nominated Individual was elected by acclamation and no vote is required.

Section 7. Removal of Directors by Members. Any Member may bring charges against a Director who represents the Director District in which the Member has its primary residence by filing with the secretary, such charges in writing seventy-five days before the date of the meeting at which a vote on removing the Director is to be held, together with a petition signed by at least ten percent of the Members residing within that Director District. The charges and the petition shall state the grounds for requesting the removal of such Director. Such Director shall be informed in writing of the charges upon receipt of the petition 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 Members bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon only by the Members present at the meeting from the

applicable Director District and any vacancy created by such removal may be filled by vote of such Members present at the meeting without compliance with the foregoing provisions with respect to nominations. A quorum of 10 percent of the Members residing within the applicable Director District shall be required at any meeting to remove a Director.

Section 8. Director Resignation. A Director may resign at any time by delivering a written notice of resignation to the Board, president, or secretary. Unless the notice specifies a later effective date, a Director's resignation is effective upon the Board, president, or secretary receiving written notice of resignation.

Section 9. Vacancies. Unless otherwise provided in these Bylaws:

(a) By the affirmative vote of a majority of the remaining Directors, the Board may fill any vacant Director position.

(b) Any Director elected by the Board to fill any vacant Director position shall serve the unexpired term of the vacant Director position.

(c) An Individual elected to fill a vacant Director position must comply with the Director Qualifications set forth in this Article IV.

Section 10. Attendance. Directors are required to participate in at least nine of twelve Regular Monthly Board Meetings within any one-year period commencing with the month of taking office unless their participation is excused. For purposes of this rule, Directors must participate in a minimum of six Regular Monthly Board Meetings by attendance in person at the meeting. Directors may participate in up to six additional meetings by means of conference telephone or similar communications equipment as permitted in Article V, Section 6. Participation in more than six Regular Monthly Board Meetings by means of conference telephone or similar communications equipment shall be considered an unexcused absence for purposes of this attendance rule. A Director who fails to participate in at least nine of twelve Regular Monthly Board Meetings in accordance with this rule is subject to removal as a Director pursuant to Article IV, Section 4 (c) above. In the event of removal, the successor of such removed Director shall be selected from the membership of the Cooperative in the manner provided in Article IV, Section 9 for filling vacancies. If any Member of the Board shall request to be excused from attendance at a Board meeting, such excuse shall be entered into the minutes of the Board meeting at which the Director was excused. This attendance rule does not apply to Special Meetings of the Board. Notwithstanding the foregoing, participation in any Regular meeting by means of conference telephone or similar communications equipment shall constitute presence at such meeting for purposes of determining the presence of a quorum even if the Director has participated in more than 6 meetings within any year by conference telephone or similar communications equipment. In no event shall participation in a meeting by means of conference telephone or similar communications equipment have any effect on the validity of any action taken by the Board at any meeting.

Section 11. Compensation and Expenses. Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and

expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors or any other Board authorized function. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any Close Relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the disinterested Members of the Board and the service by the Director or Close Relative shall have been certified by the Board as an emergency measure. Expenses are defined as transportation (including mileage), lodging, meals, associated gratuities, registration fees, books and materials incurred by Directors in the conduct of Cooperative business; provided, that mileage for out-of-state meetings shall not be greater than the cost equivalent coach airfare to the destination city. Out-of-region travel expenses for industry conferences, training and continuing education seminars shall be approved in accordance with a policy adopted by the Board. Notwithstanding any other provision of this Section 11, the Cooperative will provide reimbursement to Directors for the additional expense of travel and lodging only, for the Director's spouse when accompanying Director for certification training leading to a Credentialed Cooperative Director (CCD) designation as required in Article-IV Section-4 (d)(5) of these Bylaws. Reimbursement for any additional spousal trips must be for the benefit of the Cooperative, and must have prior Board approval. Spousal travel cost for each trip shall not be greater than the equivalent of coach airfare to the destination city.

Section 12. Employment of Former Directors. Former Directors shall not be employed by the Cooperative during the five (5) year period immediately after their service as a Director ends; provided, this Section is not intended to preclude a Director from being retained as an independent contractor for not more than 25 hours in any month with the approval of the Board.

ARTICLE V – MEETINGS OF THE BOARD

Section 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the Annual Meeting. A regular meeting of the Board shall also be held monthly at such time and place within King or Pierce County, Washington, served by the Cooperative as designated by the Board (each a “Regular Monthly Board Meeting”). Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special Meetings of the Board 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 Directors calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Notice of Special Board Meetings. Special Meetings shall require written, electronic, or oral notice to all Directors. Written notice may be delivered by regular mail

at least three days before the date of the meeting. Only one form of notice is required. It shall be the responsibility of each Director to provide an address, phone number for facsimile transmissions, e-mail address and/or phone number to which notices may be sent. Failure of a Director to receive a notice of a Special or Annual Meeting will not invalidate an action taken by the Directors at such meeting provided a quorum is present. A Director may waive notice of any meeting before, at, or after the meeting, in writing, orally, or by attendance. Attendance at a meeting by a Director is a waiver of notice of that meeting unless the Director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not be lawfully considered at such meeting and does not participate in the consideration of the item at such meeting.

Section 4. Action Without Meeting. Any action that may be taken at a meeting of the Board of Directors, or of a lawfully constituted committee, may be taken without a meeting if set forth and approved by a writing signed by all Directors, or by all committee members, as the case may be. The action shall be effective on the date specified, or if no date is specified, on the date on which the last signature is placed on the writing.

Section 5. Quorum. A majority of the Board (including vacant positions) shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent Director 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, except as otherwise provided in these Bylaws.

Section 6. Participation in Board Meetings by Telephone or Other Communications Equipment. One or more Directors may participate in a meeting of the Board of Directors, by means of conference telephone or similar communications equipment by means of which all Individuals participating in the meeting can hear each other. Participation in a meeting by means of conference or telephone or similar communications equipment shall constitute presence in person at such meeting for purposes of determining the presence of a quorum. Meetings of committees established by the Board of Directors may also be conducted by conference telephone or similar communications equipment.

Section 7. Rules and Procedures. The Board may adopt rules governing the transaction of its business, and the holding of meetings, in which event the rules shall be binding on the Board, and all meetings shall be called and held in conformance with such rules. If such rules are silent as to the time and manner of calling meetings of the Board, such meetings may be called and held as provided in this section. The president of the Cooperative shall preside at all meetings of the Board, and the secretary of the Cooperative shall be responsible for insuring that a record of all meetings of the Directors are kept in such form as prescribed by the Board.

Section 8. Confidentiality. The Cooperative's Confidential Information obtained by a

Director, or any Officer or employee shall be kept in strict confidence by such Individual. “Confidential Information” includes, without limitation, financial or other proprietary information about the Cooperative or any Member of the Cooperative, including information about the Cooperative’s Members marketing plans, contracts with vendors, future resource planning, resource acquisitions, resource costs, and other information that the Director, Officer or employee knows or should reasonably know that the Cooperative treats as confidential or proprietary. Confidential Information does not include information that is or becomes generally known to the Person to whom it is disclosed other than through wrongful disclosure to such Person. A Director that violates this Section shall be subject to exclusion from discussion or voting on matters related to the violation pursuant to a vote of the majority of the Board.

Section 9. Committees.

The Board may establish such standing or ad hoc committees as it deems advisable to effectively execute its general powers. The Board shall establish a charter for each committee (either separately or in a consolidated charter of multiple committees) identifying each committee’s scope and purpose and other such information deemed appropriate by the Board. Committees shall consist of 2 or more Board members, who shall be appointed by the Board and serve at the pleasure of the Board. The chairperson and vice-chairperson, and other officers as appropriate, of each committee shall be appointed by the Board president. The Board president shall be an ex officio member of each committee. The Board may appoint individuals who are not Board members as advisory members of any committee. The Board shall annually review the operation and charter of each committee and may modify or dissolve committees and adjust their membership and officers as it deems appropriate at any time.

No powers of the Board shall be delegated to any committee and the activities of all committees shall be subject to the ultimate direction of the Board of Directors. The Board may rely on committee recommendations but is under no obligation to act in accordance with them. The designation and appointment of any such committee and the assignment of functions and responsibilities to a committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon them by law. The rules and procedures applicable to meetings of the Board adopted pursuant to Article V, Section 7 of the Bylaws shall be applicable to meetings of committees.

Section 10. Committee Member Compensation. A stipend for committee attendance by an official committee member, shall be paid according to current Cooperative policy. The attendance of any non-committee member or Director, at a committee meeting shall not entitle the non-committee member or Director, to be paid a stipend for such attendance.

ARTICLE VI – OFFICERS

Section 1. Required Officers. The Required Officers of the Cooperative shall be a president, vice president, secretary, and treasurer. The Required Officers shall be elected from within the Board; provided, if an Individual holding the office of president, vice-president, or secretary ceases to be a Director, they shall immediately cease to hold such office. Only Directors who have successfully completed their training and received their certificate as a credentialed Director may hold the office of president. Such other Officers as may from time to time be determined by the Board to be necessary may be appointed from within or without the Board. The offices of secretary and treasurer may be held by the same Individual.

Section 2. Election and Term of Office. The Required Officers shall be elected annually, by and from the members of the Board. The election of Required Officers shall occur at the meeting of the Board held immediately after the Annual Meeting each year, or as soon thereafter as may be reasonably possible and convenient. A two-thirds majority vote of the Directors in office is required to elect the president; i.e. a plurality or simple majority of the Directors in office is not sufficient. The Board shall elect the other Required Officers by affirmative vote of a majority of Directors in office. The Board may adopt other rules, procedures and policies for the conduct of the Required Officer elections. Subject to the automatic termination of an Officer under Section 1 above, or removal of an Officer by the Board as provided in Section 3 below, Required Officers shall hold office until the first meeting of the Board following the next succeeding Annual Meeting or until their successors shall have been elected and shall have qualified. The Board shall fill a vacancy in any office for the unexpired portion of the term. There are no term limits for any Required Officer.

Section 3. Removal of Officers and Agents by the Board. The Board may by two-thirds vote of the disinterested Directors, remove any Officer or agent elected or appointed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. President. The president shall:

- (a) Preside at all meetings of the Members and the Board;
- (b) Sign, 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 or by these Bylaws to some other Officer or agent of the Cooperative.
- (c) In general perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.
- (d) Notwithstanding the grant of authority to sign documents on behalf of the Cooperative in this Section, the Board may authorize additional Cooperative Officers to sign, execute, and acknowledge a document on the Cooperative's behalf.

Section 5. Vice-President. Except as otherwise provided by the Board or these Bylaws, the vice-president:

(a) upon the president's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the president; and

(b) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6. Secretary. The secretary shall be responsible for:

(a) Keeping the minutes of the meetings of the Members and of the Board in books provided for that purpose;

(b) Seeing that all notices are given in accordance with these Bylaws or as required by law;

(c) The safekeeping of the corporate books and records and for authenticating the Cooperative's records.

(d) Affixing the Cooperative's seal to any document authorized or approved by the Board or Members;

(e) Keeping a register of the names and post office addresses of all Members;

(f) Keeping 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, furnishing a copy of the Bylaws and of all amendments thereto to any Member upon request; and

(g) The secretary shall also perform such other duties as from time to time maybe assigned by the Board.

Section 7. Treasurer. The treasurer shall be responsible for:

(a) Custody of all funds and securities of the Cooperative;

(b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

(c) The performance of all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the Board.

Section 8. Delegation. The Board of Directors may from time to time delegate the powers or duties of the treasurer or the secretary to any other Officer or any Director or other Individual whom it may select.

Section 9. Chief Executive Officer. The Board may appoint a Chief Executive Officer (CEO) who may be, but shall not be required to be, a Member of the Cooperative. The CEO shall not be a member of the Board, shall serve at the pleasure of a majority of the Board, and shall be responsible to and report directly to the Board. The CEO shall be responsible for the operations of the Cooperative, including the hiring and termination of personnel, purchasing and disposal of supplies and equipment, system planning, financial planning and reporting, and the performance of such other duties as shall be specified by the Board. The CEO shall perform such other duties and shall exercise such other authority as the Board may from time to time vest in him or her.

Section 10. Officer Resignation and Removal. At any time, a Required Officer or other Officer (collectively, "Officer") may resign. To resign, an Officer must deliver to the Board an oral or written resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date.

Section 11. Officer Standard of Conduct. An Officer shall discharge the Officer's duties:

- (a) in good faith;
- (b) with the care an ordinarily prudent Person in a like position would exercise under similar circumstances; and
- (c) in a manner the Officer reasonably believes to be in the Cooperative's best interests.

Section 12. Bonds of Officers. At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative Officer. The Board, in its discretion, may require any Officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 13. Compensation. The powers, duties and compensation of Officers, agents and employees shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for a Director.

Section 14. Reports. The Officers of the Cooperative shall submit at each Annual Meeting reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII – COOPERTIVE OPERATION AND CAPITAL

Section 1. Definitions.

As used in this article:

1. "Capital Credit" shall mean the amounts allocated to and contributed by the Patron to the Cooperative as capital.
2. "Cooperative Service" shall mean the provision of electric service. Such term shall also include the provision of other utility type goods and services to the extent the provision of such goods and services qualify an organization for exemption from federal income taxation under Section 501(c)(12) of the Internal Revenue Code and for which the Cooperative has a pre-existing legal obligation to provide on a Patronage basis through the allocation of Capital Credits. Such pre-existing legal obligation shall be provided for by Board policies, Board resolutions, an affirmative vote of the members, or other contractual authority (collectively, "binding authority"). At the Board's discretion, this binding authority may be for members only or both members and non-members alike. Also at the Board's discretion, the binding authority may include the sale or provision of a good or service qualifying as a Cooperative Service and provided by a subsidiary company treated as a disregarded entity for federal income tax purposes. Notwithstanding any provision of these Bylaws to the contrary, except a subsidiary company treated as a disregarded entity for federal income tax purposes, Cooperative Service does not include any good or service provided by an affiliate of the Cooperative to its customers.
3. "Non-patronage Earnings" shall mean, during the fiscal year, the amount by which revenue, income and gains, which are derived from the sale of a good or service or other sources not from or directly related to a Cooperative Service and for which the Cooperative is not obligated to provide or sale on a Patronage basis (hereinafter referred to as "non-patronage sourced"), exceed the non-patronage sourced expenses and losses, all as determined under federal cooperative tax law.
4. "Non-patronage Loss" shall mean, for any fiscal year, the amount by which non-patronage sourced expenses and losses exceed the non-patronage sourced revenue, income and gains, all as determined under federal cooperative tax law.
5. "Patron" shall mean, during a fiscal year: (1) a Member purchasing electric service and (2) any other Individual or entity, whether a Member or non-member, using a Cooperative Service to whom the Cooperative is obligated to provide on a

Patronage basis and allocate Capital Credits as evidenced by applicable binding authority

6. "Patronage" shall mean the quantity or value of the goods or services purchased and/or used by the Patrons during the fiscal year. An allocation "on the basis of Patronage" shall mean an allocation based on the quantity or value of such goods or services provided to, and timely paid for by, a Patron in a proportionate manner based on the total quantity or value of such goods or services for all Patrons.
7. "Patronage Earnings" shall mean, for any fiscal year, the amount by which the Cooperative's revenues, income, and gains from and directly related to, including amounts done for or with Patrons (hereinafter referred to as "patronage sourced"), providing the Cooperative Service to the Patrons exceed the Cooperative's patronage sourced expenses and losses of providing the Cooperative Service, all as determined under federal cooperative tax law. Such amounts may be net of Patronage and Non-patronage Losses as provided elsewhere in this article.
8. "Patronage Loss" shall mean, for any fiscal year, the amount by which patronage sourced expenses and losses of a Cooperative Service exceed the patronage sourced revenue, income, and gain from and directly related to providing the Cooperative Service, all as determined und federal cooperative tax law.
9. "Retirement" shall mean the redemption and payment in cash or other property of Capital Credits to the Patrons or former Patrons to whom such amounts were previously allocated.

Section 2. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its Patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Patrons.

Section 3. Reasonable Reserves. Notwithstanding other provisions of these Bylaws, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). Such reserves may be allocated or unallocated as determined by Allocated Earnings section of this Article VII. Additionally, the Cooperative must keep records necessary to determine, at any time, each Patron's rights and interest in all all Reasonable Reserves.

Section 4. Allocating Capital Credits.

The Cooperative shall allocate Capital Credits as provided in this Bylaw. Capital Credits will be allocated in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status.

1. Allocating Earnings.

- (a) Patronage Earnings. For each Cooperative Service provided by the Cooperative on a cooperative basis during a fiscal year and subject to the

loss recovery provisions of this Bylaw, the Cooperative shall equitably allocate the Patronage Earnings for the fiscal year to each Patron on the basis of Patronage .

- (b) Non-Patronage Earnings. Subject to the loss recovery provisions of this Bylaw, and insofar as permitted by law, Non-patronage Earnings may be used by the Cooperative to offset any losses incurred during the current or any prior year, to retain as capital not distributable to the Patrons except in the event of dissolution of the Cooperative and to the extent not needed for these purposes, allocated to the Patrons on a Patronage basis at the discretion of the Board.

2. Recovering Losses.

- (a) Patronage Losses. To the extent the Cooperative incurs a Patronage Loss for a Cooperative Service during the fiscal year, the Board shall have the authority under accepted accounting practices, loan covenants and federal cooperative tax law to prescribe the manner in which such Patronage Loss shall be handled, including but not limited to: (1) partial or full offset of patronage earnings, (2) cancellation of Capital Credits for loss year patrons, and (3) offset of unallocated reserves.

- (b) Non-patronage Losses. To the extent the Cooperative incurs a Non-patronage Loss, then the Cooperative may offset such loss with its unallocated and retained equity, or offset Patronage Earnings of the year; provided, however, the Non-patronage Loss does not exceed the amount of patronage earnings. The excess of any Non-patronage Loss over Patronage Earnings may be utilized in a manner consistent with accepted accounting practices, loan covenants and federal cooperative tax law.

3. Capital Credits. For each amount allocated to a Patron, the Patron is deemed to have contributed a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the allocated amount to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital.

4. Method of Allocation. Notwithstanding other provisions of this Bylaw, the Board, acting through policy, has the authority to determine the kind, timing, method and type of allocation; provided however, that such methods are fair and equitable on the basis of Patronage. This applies separately to each Cooperative Service and includes, but is not limited to, the authority to determine the items of revenue included in the definition of Patronage; provided, however:

- (a) As reasonable and fair for recognizing any difference in the contribution to the patronage earnings of rate and revenue classes of a Cooperative

Service, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method, and timing. The Cooperative may use or invest unretired Capital Credits as determined by the Board.

- (b) If the Cooperative is a member, patron, or owner of an entity from which the Cooperative purchases a good or service used by the Cooperative in providing a Cooperative Service and from which the Cooperative is allocated capital credits, dividends or a similar amount, then, as determined by the Board and consistent with this bylaw, the Cooperative may separately identify and allocate to the Cooperative's Patrons this capital credit, dividend or similar amount allocated by the entity.
- (c) The Board, acting through policy, shall also determine the process for annually calculating Patronage Earnings and Patronage Losses; provided, however, such annual determination is consistent with federal cooperative tax law.
- (d) Insofar as permitted by law, the Board may consider the netting of Patronage Earnings of one Cooperative Service with the Patronage Losses of another Cooperative Service for a combined allocation of Capital Credits; provided however, the Patrons are notified of the impact of such netting.

5. Notification of Allocation. Within a reasonable time after the end of each fiscal year, the Cooperative shall publish or deliver to the Patron, in writing or electronically, the stated dollar amount of Capital Credits or the formula for calculating the dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year. Such notice shall not impair allocation of losses, as provided herein.

Section 5. Assignment of Capital Credits.

Subject to the right of offset for any amounts owed the Cooperative, Capital Credits of a Patron or former Patron are assignable only the books and records of the Cooperative.

- 1. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits:
 - (a) the Cooperative must receive a written request signed by the Patron to assign or transfer the Capital Credits;
 - (b) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and
 - (c) the Board must approve the assignment or transfer. Such approval by the Board may be pursuant to Board approved policies of general application.
- 2. Current and former Patrons may at any time irrevocably assign and contribute their unretired Capital Credits balance to the Cooperative as a contribution to capital and net savings. Such irrevocable assignment and contribution of capital shall not be allocated to the Patrons and is distributable only upon dissolution of the Cooperative

pursuant to property rights of members. The Board of Directors is authorized, but not required, to negotiate capital credit settlement arrangements with estates of deceased Individuals, and/or inactive patrons.

3. Upon the Cooperative receiving written notice and sufficient proof of the death of a spouse in a joint membership, the Cooperative shall assign and transfer to the surviving spouse the Capital Credits allocated, or to be allocated, to the joint membership. Upon the Cooperative receiving written notice and sufficient proof of the dissolution of the legal relationship underlying a joint membership, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall assign and transfer to each Individual one-half (1/2) of the Capital Credits allocated to the joint membership.
4. To secure a Patron's obligation to pay all amounts owed to the Cooperative, including any compounded interest and late payment fee, and in return for the Cooperative providing a good or service to the Patron, the Cooperative has a security interest in Capital Credits allocated to the Patron. The Patron authorizes the Cooperative to perfect this security interest by filing a financing statement.

Section 6. Retiring Capital Credits. The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this Bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status. If the Cooperative mails a payment for retired Capital Credits, then the Cooperative shall mail the payment to the Patron or former Patron's address as shown in the Cooperative's records.

1. General Capital Credit Retirement. At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay in cash, or such other property as the Board of Directors may determine, some or all Capital Credits allocated to current Patrons and former Patrons. Subject to financial conditions of the Cooperative and business judgment, the Board shall determine the timing, amount, method, basis, priority and order of Retirement, if any. The following terms and conditions shall apply to the retirement of Capital Credits:
2. Special Retirement and Discounted Capital Credit Payments. The Board of Directors, acting under policies of general application to situations of like kind or as may be negotiated from time to time, may specially retire and pay Capital Credits prior to when such Capital Credits would generally be retired; provided, however:
 - (a) that the financial condition of the Cooperative will not be impaired thereby;
 - (b) the payment portion of such early retirement shall be on a discounted and net present value basis in order to reflect the time value of money due to the early retirement of said Capital Credits;

- (c) such policies shall establish the criteria used in determining the discounted and net present value of early retirements and shall take into considerations market based discount rates; and
 - (d) the difference between the total amount of Capital Credits retired and the cash payment of such early retirement shall be considered a contribution of capital to and part of the net savings of the Cooperative or subject to Board action that legally binds the Cooperative to maintain records of this difference by Patron or former Patron, shall be a form of retained but allocated capital for purposes of distributing the cumulative amount of all such differences to the respective Patron or former Patron upon dissolution and liquidation of the Cooperative.
3. Special Capital Credit Retirements - Estates. The Cooperative may specially retire and pay on a discounted basis some or all Capital Credits allocated to the estate of a deceased former Patron:
- (a) after the death of the Individual;
 - (b) after receiving a written request from the deceased Individual's representative; and
 - (c) according to the terms and conditions agreed upon by the Cooperative and the deceased Individual's representative.
4. Minimum Balance. The Board of Directors, acting under policies of general application, may establish a fixed sum at or below which the Capital Credits of any former Patron may be retired in full as de minimis; provided, however, such retirements of de minimis Capital Credits balances shall be made only in conjunction with a general retirement to the Patrons and former Patrons and if the financial condition of the Cooperative will not be impaired thereby.
5. Method of Paying Amounts Retired.
- (a) When retirements of Capital Credits are made to the Patrons, the Cooperative shall be obligated to pay to each Patron or former Patron his share of Capital Credits so retired in accordance with this Bylaw in whatsoever manner (e.g. cash, check or bill credit) that the Board of Directors determines most efficient and convenient. The Board of Directors may also establish a nominal fixed amount below which a check shall not be issued and the amount of such retired but unpaid Capital Credits will be paid in the first following year when the total amount of Capital Credits qualifying for Retirement exceeds that nominal amount set by the Board, including the amount carried over.
 - (b) Additionally, the Cooperative may decline to retire and pay Capital Credits to current Members (i.e. a Patron currently receiving electric service from the Cooperative) if such Member does not have a signed membership

agreement on file with the Cooperative. Any Capital Credits that remain unpaid due to the failure of a current Member to have a signed membership agreement on file, shall be paid to such Member in full once a signed membership agreement is received by the Cooperative. This condition shall not apply to former Members (i.e. Persons no longer receiving electric service from Tanner).

6. Capital Credit Retirement Discretion. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments.

7. Different and Separate Capital Credit Retirements. The timing, amount, method, basis, priority and order of Capital Credit Retirements shall be determined for each Cooperative Service and/or separate allocation of Capital Credits based on the operational and financial needs of each. For each Cooperative Service and/or separate allocation:
 - (a) As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method, and timing.

 - (b) If the Cooperative separately identified and allocated Capital Credits representing Capital Credits or similar amounts allocated to the Cooperative by an entity in which the Cooperative is or was a Member, patron, or owner, then the Cooperative may retire and pay these Capital Credits only after the entity retires and pays the capital credits or similar amounts to the Cooperative. The Board of Directors may, however, also determine whether or not such Capital Credits are eligible for Special Retirements.

9. Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff any amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the amount of retired and approved for Payment. If such retirement is on a discounted and net present value basis, the right of recoupment and offset applies to the discounted amount approved for payment.

10. Unclaimed Capital Credits.

- (a) The Cooperative may regularly impose a reasonable dormancy or service charge for each year a Patron or former Patron fails to claim Capital Credits retired and paid to the Patron or former Patron.
- (b) Notwithstanding any other provisions of these Bylaws, any Capital Credit belonging to a Patron of the Cooperative which would otherwise be deemed unclaimed or abandoned property under the Uniform Unclaimed Property Act, RCW 63.30.010 et seq., as now or hereafter amended, or which would otherwise escheat to the State of Washington under any applicable provision of law, shall be deemed to be or have been donated by the Member to a charitable fund established or selected by the Cooperative effective immediately prior to the date upon which the Cooperative was obligated or would otherwise become obligated under RCW 63.30, or any successor law, to report to the Washington Department of Revenue that the property is unclaimed and presumed to be abandoned and/or the date on which it would escheat to the State of Washington by operation of law.

Section 7. Net Savings.

Unless otherwise determined by the Board of Directors, unallocated reserves and retained capital are not currently distributable to the Patrons as Capital Credits, However, all such amounts are subject to property rights of Members and are subject to use by the Cooperative consistent with its obligations of prudent financial management and business judgment. Notwithstanding other provisions of these Bylaws and insofar as permitted by law, such amounts are available to offset any current or future loss of the Cooperative and may be comprised of, but not limited to:

1. Capital arising from assignments or other contributions of capital made by a Patron or former Patron;
2. The difference between the amount of Capital Credits retired early on a discounted and net present value basis and the cash payment portion of such discounted Retirements;
3. The net earnings from non-patronage business; and
4. Other amounts as may be determined from time to time by the Board of Directors.

Section 8. Bylaws Posted on Cooperative Website. These Bylaws shall be called to the attention of each Patron of the Cooperative by posting on the Cooperative website and a written copy shall be made available to any Patron upon request.

ARTICLE VIII - DISPOSITION OF PROPERTY

Section 1. Transfers of Cooperative Property. The Cooperative may not sell, lease or otherwise dispose of or transfer all or substantially all of its property ("Transfer") unless such sale, lease or other disposition is authorized at a meeting of the Members thereof by

the affirmative vote of not less than two-thirds of Members voting, whether in person or as otherwise provided, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative. For purposes of this Article, a Transfer does not include a sale or disposition consisting of the Cooperative's ownership interest in generating resources owned by the Cooperative or a subsidiary entity.

Section 2. Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative's dissolution:

(a) The Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities;

(b) The Cooperative shall retire and pay all Capital Credits allocated to Members and former Members; and

(c) After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, and after retiring and paying all Capital Credits, and to the extent practicable:

(1) The Cooperative shall first distribute gains from selling any appreciated tangible or intangible assets owned by the Cooperative ("Cooperative Assets") to Members who used Cooperative services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative services used by the Member during the period the Cooperative owned the Cooperative Asset; the Board may establish the appropriate period;

(2) All other assets or proceeds from liquidation will be distributed in proportion to patronage in a manner, and over historical period of patronage, as determined by the Board.; and

(3) Any remaining Cooperative Assets, including the portion owed to Members or former Members who could not be located, shall be donated to a nonprofit charitable or educational entity or organization exempt from federal income taxation.

ARTICLE IX - FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any Officer or Officers, agent or agents, to enter into any contract or execute

and deliver any instrument in the name and on behalf of the Cooperative, and such authorization may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned 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.

Section 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such financial institutions as the Board may select.

Section 4. Fiscal Year. The Board may determine and modify the Cooperative's fiscal year. Except as otherwise provided by the Board, the Cooperative's fiscal year is the calendar year.

ARTICLE X - MISCELLANEOUS

Section I. Membership or Ownership Interests in Other Organizations.

The Cooperative may upon the authorization of the Board:

(a) Establish a subsidiary or affiliated corporation, LLC or other entity or organization, or purchase stock in or become a member of any corporation, LLC, or other entity or organization, whether for profit or not for profit, organized for the purpose of planning for and/or acquiring electric resources, transmission services, or other property or goods and services for sale to or use by this Cooperative in providing Cooperative services to its Members, or become a member of any corporation, LLC, or other entity or organization that is engaged in promoting and advancing the common business interests of consumer-owned or publicly owned, electric distribution utilities which serve end-use electric consumers.

(b) Purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or Individuals, or direct or indirect obligations of the United States, or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof, provided that the same is not inconsistent with the Cooperative's Articles of Incorporation and is otherwise in accordance with law.

(c) Nothing in section (a) or (b) above is intended to limit any powers or authorities available to this Cooperative under applicable law to engage in any lawful business or other activities, all of which are hereby expressly reserved.

Section 2. Conservation Policy. The Board as a matter of policy shall promote, encourage, and endeavor to facilitate, and render assistance to Members for the conservation of energy and/or of natural resources.

Section 3. Electronic Documents. If a Member or Director owns, controls, or has reasonable access to the applicable or necessary hardware and software, and to the extent the Cooperative has established processes and procedures to facilitate electronic communication and voting, then, notwithstanding any other contrary Bylaw, as determined by the Board, and as allowed by Law:

(a) The Member or Director consents and agrees to: (A) use, accept, send, and receive an electronic signature, contract, record, notice, vote, communication, and other documents regarding a transaction, business, or activity with, for, or involving the Cooperative (“Electronic Document”); (B) electronically conduct an action, transaction, business, or activity with, for, or involving the Cooperative; and (C) electronically give or confirm this consent and agreement; and

(b) An Electronic Document sent to or received from the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be in writing;

(c) Electronically sending an Electronic Document to, or receiving an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be sent or received personally or by mail; and

(d) The Member or Director electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

An Electronic Document electronically sent to a Member or Director or former Member at the Member’s or Director’s electronic transmission address as it appears on the records of the Cooperative is considered sent and received on the date sent by the Cooperative. An Electronic Document electronically received from a Member or Director or former Member is considered sent and received on the date received by the Cooperative.

Section 4. Rules of Order. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert’s Rules of Order governs all: (1) Member Meetings; (2) Board Meetings; (3) Member Committee meetings; and (4) Board Committee meetings.

Section 5. Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the State of Washington.

Section 6. Partial Invalidity. When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of

a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

Section 7. Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or a Member asserting a right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 8. Entire Agreement. Between the Cooperative and a Member, the Governing Documents: (1) constitute the entire agreement; and (2) supersede and replace a prior or contemporaneous oral or written communication or representation.

Section 9. Successors and Assigns. Except as otherwise provided in these Bylaws: (1) the duties, obligations, and liabilities imposed upon, and the rights granted to, the Cooperative by these Bylaws are binding upon, and inure to the benefit of, the Cooperative's successors and assigns; and (2) the duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member's successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or a Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws.

Section 10. Waiver. The failure of the Cooperative or a Member to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

ARTICLE XI – AMENDMENTS

The power to alter, amend, rescind or repeal the Bylaws or adopt new Bylaws and to adopt Board or corporate policies as needed shall be vested in the Board of Directors by affirmative vote of a majority of all the members of the Board. On an ongoing basis, but not less frequently than once every three years, the Board shall review the Cooperative's current Bylaws, taking into account any changes in applicable Washington State laws and regulations and other applicable legal and non-legal and policy considerations, and shall consider amendments to the Cooperative's current Bylaws and policies as it deems necessary. In conducting the review, the Board shall consult with and consider any recommendations by management and seek outside advice and counsel as needed. To assist the Board in performing a review of Bylaws and/or policies, the Board may by resolution appoint a temporary, ad hoc or advisory committee pursuant to Article V, Section 10 to make recommendations on needed Bylaw and/or policy revisions.

In addition, the full membership of the Cooperative may alter, amend, rescind, or repeal any Bylaw by petition and the affirmative vote of the membership of the Cooperative. A Bylaw amendment by petition shall be initiated by a petition signed by at least 5% of the

Members in good standing and must be approved by an affirmative vote of a majority of the Members of the Cooperative attending the Annual Meeting of the Cooperative. A petition to amend the Bylaws by vote of the membership shall be submitted to the Cooperative by the Member sponsors of the proposed Bylaw change at least 90 days before the Annual Meeting. A copy of the proposed Bylaw change accompanied by an accurate explanation of the proposed changes by proponents and opponents of the change, if any, shall be set forth in the call and notice of such Annual Meeting. A Bylaw change initiated by petition and approved by vote of the membership at an Annual Meeting shall not be altered, amended, rescinded or repealed by the Board except by submission of the proposed amendment for approval of a majority of the Members of the Cooperative attending the next Member Meeting.

ARTICLE XII NON-DISCRIMINATION

The Cooperative will comply fully with all applicable federal statutes and regulations forbidding recipients of federal financial assistance from discriminating on the ground of race, color, gender, national origin, age, handicap, or sexual orientation. Furthermore, the Cooperative shall provide equal employment opportunities without regard to race, color, gender, national origin, age, handicap, or sexual orientation.

ARTICLE XIII – INDEMNIFICATION

Section 1. Indemnification. To the fullest extent permitted under Chapter 24.06, RCW and/or Chapter 23B.08.320, RCW and Chapter 23B.08.500, RCW through 23B.08.600, RCW or any other applicable law, as such laws now exist or may hereafter be amended, the Cooperative limits the liability of Directors, Officers and agents for acts or omissions as a Director, Officer or agent and shall indemnify and defend Directors, Officers or agents against claims for acts or omissions as a Director, Officer or agent, including by the advancement of costs of defense and/or the purchase of insurance that indemnifies and holds such Directors, Officers and agents harmless against such claims. Any amendment to or repeal of this Article shall not adversely affect any right or protection of a Director of the Cooperative for or with respect to any acts or omissions of such Director, Officer or agent occurring prior to such amendment or repeal.

Section 2. Limitations on Indemnification. Indemnification shall be without regard to the limitations in RCW 23B.08.510 through 23B.08.550 (to the extent permitted by RCW 23B.08.560), but shall be limited as provided in RCW 23B.08.560 as such laws now exist or may hereafter be amended.