

# 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 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 or Entity may not become a member of the Cooperative if the Person or Entity was previously a member and still owes the Cooperative money on their previous account until the account is paid or the Person or Entity has made arrangements satisfactory to the Cooperative to pay the overdue account. A Person or Entity may not become a member if they previously occupied a separately metered residence, office, building, premise, structure or other facility with another member as part of a family or other living unit, or as a business owner, or as the business partner of another member who still owes the Cooperative money on an overdue account until the account is paid or the Person or Entity has made arrangements satisfactory to the Cooperative to pay the overdue account.

**Section 2. Membership Procedures.** Any person, partnership, estate, trust, association, cooperative, tribe, corporation, limited liability company, Federal or State Agency or political subdivision thereof may become a member of the the Cooperative by submitting an application for electric service from the Cooperative. 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, 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 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 to be a member or willing and/or able to satisfy the terms and conditions of membership. PROVIDED, upon determination by the CEO not to approve an application for membership, the Board may by resolution approve or deny the application based upon its determination whether or not the applicant is or is not willing and/or able to satisfy and abide by the Cooperative's terms and conditions of membership, or whether such application should be approved or denied for other good cause; PROVIDED FURTHER, that any person whose application, has been submitted to but who has been denied membership and service based on the CEO's determination may, by filing written request with the Cooperative at least thirty

(30) days prior to the next meeting of the Board, have the application submitted to and approved or disapproved by the vote of the Board at such meeting, at which the applicant shall be entitled to be present and be heard.

Applicants whose membership application has been approved and/or have been 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 Governing Documents of the Cooperative, as they may be amended from time to time, which include 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.
- (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 and/or the Membership Agreement 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 Member 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) When electric service is requested at a residence, office, building, premise, structure, or other facility ("location") an account for electric service to the location on shall be established in the name of the owner of the location. In

addition, a membership may also be established in the name of the tenant or other occupant 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 by any person other than the owner, 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. If the account remains under the owner's membership, the Cooperative shall have no obligation or responsibility to bill the tenant or other occupant or to make any effort to collect or attempt to collect any amount due from the tenant or other occupant. Provided, if the owner consents to the tenant or other occupant establishing a membership and an account under the tenant or other occupant's name, 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 the location during the occupancy of the tenant or other occupant. In that case, the Cooperative shall look solely to the tenant/occupant for payment and shall have no right to bill the owner or to collect or attempt to collect any amount due from the owner.

- (i) If an otherwise qualified Person fails or is unable to complete the Membership Procedure, then the Board may refuse, suspend, or terminate the Person's membership in the Cooperative. For other good cause as determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.
- (j) 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.
- (k) Notwithstanding any other provision of these Bylaws, upon using, or requesting or agreeing to use, electric energy provided by the Cooperative and unless otherwise determined by the Board, a qualified Person automatically becomes a Member of the Cooperative, consents to being a Member and agrees to be bound by and to comply with the Governing Documents and the Membership Agreement, as they may be amended from time to time to meet all of the aforementioned obligations of membership, unless within 30 days of after such use, request, or agreement, that the Person notifies the Cooperative in writing that the Person does not consent to being a Member.

**Section 3. Evidence of Membership Interest.** 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 or Entity 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 natural persons 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 persons 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 a joint member shall be regarded as the presence of the membership and shall constitute a waiver by the membership of notice of the meeting;

(b) A joint membership may only cast one vote and the vote of either separately or both jointly shall constitute one joint vote;

(c) A waiver of notice signed by a joint member shall constitute a joint waiver on behalf of the membership;

(d) Notice to either joint member shall constitute notice to both joint members;

(e) Expulsion or termination of either joint member shall terminate the joint membership;

(f) Withdrawal of either joint member shall terminate the joint membership;

(g) Only one member of a joint membership may be elected or appointed to the Board. ;

(h) Each joint member shall be jointly and severally liable for any and all debts owed by the joint membership to the mutual corporation;

(i) Only one member may receive electrical service under a joint membership. If the parties are unable to agree which of them shall receive such service, the membership shall be terminated and any payment or refund shall be distributed to the joint members equally, unless otherwise directed by a court order.

**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 natural person with whom the Member is legally joined and principally residing at the same location as the Member. Each natural person comprising a joint membership has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements and liabilities, of being a Member.

(b) Upon the death of either person who is a party to the joint membership, solely the survivor shall hold such membership. The outstanding membership certificate shall be surrendered, and shall be re-issued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

(c) Upon the death of a member, if the membership is not a joint membership, the outstanding membership certificate shall be surrendered, and may be reissued in such manner as shall indicate the changed membership status, to an heir or devisee of the deceased member who otherwise qualifies to be a member, provided that the Personal Representative, Executor or Administrator of the Estate must approve the transfer and certify that he/she has obtained any judicial approvals for the transfer that may be necessary. Provided, further, that (i) the estate of the deceased shall not be released from any debts due the Cooperative, (ii) the person to whom the membership is reissued must agree to be responsible for any debts due the Cooperative; and (iii) the estate of the deceased member must waive the right to receive discounted capital credits from the Cooperative and to transfer to the person to whom the membership is being transferred, the right to receive capital credits due on the deceased member's account as they come due.

**Section 6. Membership Fees.** The membership fee shall be \$5.00 and shall be non-refundable.

**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 his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric services in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished as provided in these Bylaws. Provided that in the event a Member should acquire facilities for generation of his own power, or provide his own other services he may do so, provided that he has 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 warrant or guarantee that events beyond the reasonable control of the Cooperative will not cause interruption of service or the availability or expansion of service. Events beyond the reasonable control of the Cooperative include events which by the exercise of its best 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) 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,
- (d) The Cooperative shall not be liable for any loss, injury, or damage resulting from the interruption, restoration, or reduction of electric service from any cause, including but not limited to failure of generation and distribution systems, inadequacy of energy supply, 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 temporary, or permanent, 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.** 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.

**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 any Member who fails to comply with any of the provisions of the Governing Documents, the Membership Agreement, and/or any rules or regulations adopted by the Board, but only if such Members shall have been given written notice by the Cooperative that such failure makes him 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 annual or special meeting. The membership of a Member who for a period of six months after service is available to him, has not purchased service from the Cooperative, or of a Member who has ceased to purchase services from the Cooperative, may be cancelled 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, and the membership certificate of such Member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a Member or his estate from any debts due the Cooperative.

**ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS**

**Section 1. Property Interest of Members.** Upon dissolution, after:

(a) All debts and liabilities of the Cooperative shall have been paid, and

(b) All capital furnished through patronage have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the ten years next preceding the date of the filing of the certificate of dissolution.

**Section 2. Non-liability for Debts of the Cooperative.** The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and no Member shall be liable for or responsible for any debts or liabilities of the Cooperative.

**Section 3. Articles and Bylaws are Contractual.** The Articles and these Bylaws 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 III – MEETING OF MEMBERS**

**Section 1. Annual Meeting.** The Cooperative's annual meeting need not involve a physical assembly at a particular geographic location. The Cooperative's failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative. At the Annual Member 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.

**Section 2. Special Meetings.** Special meetings of the Members 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 ("Member Demand"). Special meetings of the Members may be held at any place within King or Pierce County, Washington, specified in the notice of the special meeting. The Board shall determine the date, time, and location of a Special Member 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 a Member Meeting or to vote at a Member Meeting. If a Member withdraws or is suspended after the Record

Date, then the Member is not entitled to receive a notice of a Member Meeting or to vote at the 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 Members' Meetings.** Written or printed notice stating the place, day and hour of the Annual 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 mail, 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 his address as it appears on the records of the Cooperative, with postage thereon prepaid. The good faith, inadvertent, and unintended failure of a Member 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 an Annual or Special 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 a Person 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) 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.

(b) In the case of a special meeting called pursuant to the provisions of Section 2 hereof, 10 percent of the Members of the Cooperative will constitute a quorum.

(c) 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 corporation, the practical effect of which would be that Tanner Electric Cooperative would not continue to operate under its Articles of Incorporation, participation by two-thirds of the voting membership, whether in person or voting by mail, shall constitute a quorum.

**Section 7. Voting.** 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 in person, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws.

**Section 8. Voting by Mail.** Voting for the election of directors and upon such other issues which are submitted in writing to the membership shall be only by mail. 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 Tanner at least ten (10) days before the Annual Meeting at which directors are to be elected or other matter is to be decided. Members may vote only by mailing such ballot to Tanner business office or returning the ballot at a place designated by the Board. Ballots that are post-marked later than the Monday before the Annual Meeting, or not delivered to a designated location by that date will be deemed late filed and will not be counted. Members who submit a ballot by mail shall be deemed to be present at the meeting. A Member's failure to receive a mail ballot does not affect a vote or action taken by the Cooperative.

**Section 9. Election Committee; Election Disputes.** The President shall appoint two or more persons, who need not be Members, to serve as an Election Committee. Members of the Election Committee may not be an existing Director or a Close Relative of a 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/or 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 of the Members and, so far as possible, at all other meetings of the Members, shall be essentially as follows, except as otherwise determined by the Members at such meeting:

- (a) 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 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 reserves the right to determine what is a proper purpose and a proper use of the Member Meeting List.

## **ARTICLE IV – BOARD OF DIRECTORS**

**Section I. General Powers.** The business affairs of the Cooperative shall be managed by a Board of Directors (sometimes hereafter referred to as the "Board") of not less than 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 related services shall be sold to the membership of the Cooperative, and shall have authority to raise or lower the price of electric service 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 electric service to different classes of members, the Directors may adopt rates that charge each class a different rate or price for providing electric service. 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 Tanner'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 required by 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 for: (1) Electric energy, capacity and other services

provided to the Member or provided to or for a Location occupied by the Member; (2) dues, assessments, fees, deposits, contributions, or other amounts required to be paid by the articles, these bylaws or any policies, rules or regulations adopted by the Board; (3) interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; (4) regardless of the Cooperative's accounting procedures, the Cooperative may elect to apply amounts paid by a Member to any of the Member's accounts as determined by the Cooperative; and (5) the Cooperative may require a Member to pay charges for electric services in advance of receiving or using the electric 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 oral or written 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. In a manner in which the Director discloses or causes to be disclosed to other Directors or Board Committee members relevant personal information regarding conflict of interest transactions, unless disclosure would violate a duty imposed under law.

(b) 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 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. Unless excused pursuant to subsection (e) below, no Member shall be eligible to become or remain a Director in the Cooperative who does not meet the General Qualifications of Directors and the Conflict of Interest Qualification of Directors set forth in subsections (c) and (d) below, and the attendance requirements in Section 10 below. When a membership is held jointly by two natural persons, 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. Nothing in this section contained shall be construed to affect in any way whatsoever the validity of any action taken at any meeting of the Board of Directors.

(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 natural persons, 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, a Person 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 Tanner Electric Cooperative permanently residing in the Tanner 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 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 Tanner, (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 adopted policies of Tanner or to the interests or reputation of Tanner;
- (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 his/her 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, 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 grossly negligent involving a transaction that violated RCW 23B.300 or .310,
- (8) During the five (5) years immediately before first becoming a Director candidate, the individual has not 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, except as otherwise provided by the Board for good cause, the Board may by two-thirds vote of the disinterested directors disqualify the Director candidate or Director, and the individual is no longer 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 disqualification and provide the Director candidate or Director an opportunity to comment regarding the proposed disqualification; and
- (2) Within ten (10) days after notification the Director candidate or Director neither complies with nor meets the Director Qualification.

(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 may in the future represent employees in any business engaged in by Tanner Electric Cooperative or any subsidiary of Tanner Electric Cooperative.

**Section 5. Nominations.** The following procedures shall be used for nominating the persons 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 elect to 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 known Director candidate. 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 applicable qualifications to be a Director, as determined by a majority of the disinterested Members of the Board, his or her 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 for not meeting the qualifications to be a director; 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 on the ground that he or she does not meet the qualifications, 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 is selected by a Nominating Committee who does not meet the applicable qualifications to be a Director, as determined by a majority of the disinterested Members of the Board, his or her 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. Not less than 75 days prior to the date of a meeting of the Members at which Directors are to be elected, any incumbent Director of the Cooperative who desires to run for re-election to the Board, shall advise the Board and his or her name shall be placed on the ballot as a candidate, whether or not a Nominating Committee has been appointed and nominated him or her.

(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 committee 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 of the Members 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 member of a joint membership 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 this Section and the Nominating Petition, a Member in good standing means an individual or entity named on a membership certificate who is not over 30 days delinquent on the payment of any amount due and owing Tanner Electric 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 regular 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 by the Members present at the annual meeting or voting by mail, 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 his/her/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 person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon only by the Members present at the meeting from the Director District which the Director represents and any vacancy created by such removal may be filled by vote of the Members residing within the Director District present at such meeting without compliance with the foregoing provisions with respect to nominations. A quorum of 10 percent of the Members residing within the 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) A person 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 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 his 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 the TEC 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.** No former Director shall be employed by the Cooperative during the five (5 ) year period immediately after his or her 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 of the Members. 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. Such regular monthly 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.** Regular meetings shall require no notice other than a resolution of the Board establishing a schedule for regular meetings. Special and annual meetings shall require written, electronic, or oral notice to all directors. Written notice may be delivered by regular mail or facsimile transmission at least three days before the date of the meeting. Electronic notices may be delivered by e-mail and oral notices may be given in person or by a telecommunications device at least three days before the time 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 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 persons participating in the meeting can hear each other. Except as provided in Article IV, Section 10 of these bylaws, 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.** Tanner's Confidential Information obtained by a Director, or any officer or employee shall be kept in strict confidence by such person. "Confidential Information" includes, without limitation, financial or other proprietary information about Tanner or any Member of Tanner, including information about Tanner's customers, 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 Tanner 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 meetings of the Board of Directors.

**Section 9. Standing Committees.** Standing committees shall consist of 2 or more Board members, who shall be appointed by the Board of Directors for a term of one year or until their replacement is named, beginning on the date of the next Board meeting following the annual TEC member meeting, but at all times at the pleasure of the Board. The chairperson of each committee shall be appointed by the President except for the Finance Audit committee, whose chairperson shall be the elected Treasurer. A vice-chairperson to the Finance/Audit committee may be appointed by the President. The Board President shall be an ex officio member of each Standing, Ad Hoc or Advisory Committee. The Board may appoint non-voting, non-Board members as advisory members of any Committee.

No powers of the Board shall be delegated to any Committee and the activities of all Committees shall at all times be subject to the ultimate direction of the Board of Directors. The scope of each Committee's functions and responsibilities shall be established in these Bylaws, or by Board resolution, provided no Committee shall have authority to take any action on behalf of the Board or exercise any authority reserved by law to the Board. The designation and appointment of any such Committee and the delegation 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.

There shall be the following Standing Committees:

- (a) Finance and Audit Committee. There shall be a standing committee called the Finance and Audit Committee. The Finance and Audit Committee shall be composed of the Treasurer of the Cooperative and two or more other members elected from within the Board of Directors. The Finance and Audit Committee shall recommend to the entire Board an annual budget, monitor the financial condition of the corporation, and oversee or act upon other financial matters as may be assigned or authorized by the Board. The Finance and Audit Committee shall recommend to the Board a firm of independent accountants to perform an annual audit; review, with the auditing firm, the results of the annual audit or financial review, management letter, and other requested audit reports; and oversee or act upon other audit functions as may be assigned or authorized by the Board.
- (b) Personnel Committee. The officers of the Board shall serve as the Personnel Committee; however, additional members may be elected from within the Board of Directors to serve on the Committee. The President of the Board shall chair the committee. The CEO of TEC shall advise the Committee. The Personnel Committee shall meet as may be appropriate or necessary to address personnel issues not resolved through normal personnel rules and procedures. The Committee shall report recommendations to the Board of Directors as necessary. The Personnel Committee shall annually review the CEO's performance, salary and benefits and report their recommendations to the Board. The Personnel Committee shall work with the CEO to develop and update long term corporate objectives of TEC to recommend to the full Board for adoption.
- (c) Youth Development Committee. The Youth Development Committee shall solicit candidates for the annual Tanner college scholarships, and the annual NRECA Youth Tour to Washington, D.C. The Committee shall review candidate's qualifications and recommend candidates to the Board for approval. The Committee shall coordinate all other youth activities that the Board may deem to be in the best interests of TEC. The CEO shall advise the Committee.
- (d) Operations and Facilities Committee. The Operations and Facilities committee shall review all proposed improvements, modifications, additions, acquisitions or divestments of any real property owned, leased or controlled by TEC and report status and recommendations to the Board of Directors. The President of the Board shall chair the committee. The CEO of TEC shall participate on

the committee as an advisor.

- (e) New Technology and Conservation Committee. The Committee shall monitor new technologies for generation, storage, distribution and use of electricity and conservation methods, within and without the electric industry not currently in use by TEC and any other technological innovations of importance to the future of Tanner and electric cooperatives and, when appropriate, make recommendations to the Board for further investigation or adoption. The CEO of TEC shall participate on the committee as an advisor to the committee.
  
- (f) Board Nominating Committee. The Board Nominating Committee shall be elected annually from within the Board and shall include one Director from each of the geographic districts served by TEC. At least two of the Committee members shall be directors not currently serving as an officer. The Committee shall: (i) annually evaluate candidates for all Board officer positions, (ii) verify candidates' willingness to serve, and (iii) nominate their selections for officers to the Board during the open nomination period at the Board meeting following the annual member meeting. The Committee shall also recommend candidates to the Board to fill unexpired officer terms and fill vacancies on the Board in accordance with Article IV, Section 9 of the Bylaws.

**Section 10. Other Committees.** The Board of Directors may from time to time establish other temporary, ad hoc or advisory committees by resolution. Ad hoc committees shall be appointed from within the members of the Board, however, advisory Committees may include non-Board members.

- a. Ad hoc Union Affairs Committee. The Board may appoint an ad hoc Union Affairs Committee to monitor issues arising from negotiations regarding any collective bargaining agreement (CBA) and to advise and provide updates to the Board on any issues arising from the CBA that will require Board approval. The CEO of TEC shall participate on the Committee and shall be the sole negotiator with the union on behalf of the Board.
- b. Allen Billett Lineman Scholarship Committee. The Board may appoint an ad hoc Allen Billett Lineman Scholarship Committee to solicit applicants, review their qualifications and recommend one candidate to the board for approval.
- c. The Board of Directors may from time to time establish other advisory committees and appoint Tanner members who are not Board members, or appoint non-Tanner members to serve on such committees as the Board of Directors, in its discretion, deems in the best interests of TEC.

**Section 11. Committee Member Compensation.** A stipend for committee attendance by an official committee member, shall be paid according to current TEC 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. Number.** The Required Officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer. Only directors who have successfully completed their training and received their certificate as a credentialed director may hold the office of President. The Required Officers shall be elected from within the Board. 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 person.

**Section 2. Election and Term of Office.** The Required Officers shall be elected bi-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 odd year annual meeting of the Members, or as soon after the odd-year annual meeting of the members as 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 and procedures for the conduct of the Required Officer elections. Subject to removal by the Board, Required Officers shall hold office until the first meeting of the Board following the next succeeding odd-year annual meeting of the Members or until his successor shall have been elected and shall have qualified. The Board shall fill a vacancy in any office for the unexpired portion of the term. The President shall not be eligible to serve more than a single two year term from the date of the Annual Meeting at which they were elected unless they have been out of the office for at least one year; provided, if a President is elected as a replacement for an incumbent who resigns or otherwise leaves office, he/she shall be eligible to fill out the unexpired term and be elected for a full additional two year term. There are no term limits for the offices of Vice President, Secretary or Treasurer.

**Section 3. Removal of Officers and Agents by the Board.** The Board may 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. In addition, any Member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing, together with a petition signed by ten percent of the Members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the Members.

**Section 4. President.** The President shall:

(a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the Members or the Board shall preside at all meetings of the Members and the Board;

(b) Sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Directors, and may 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) Signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the Members;

(g) 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

(h) 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 person 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 Official. 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 of the Members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII – NOT-FOR-PROFIT OPERATION**

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a Cooperative not-for-profit basis for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its Members.

**Section 2. Reserves.** Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws, however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits.

**Section 3. Patronage Capital in Connection with Furnishing Services.** In the furnishing of goods and services the Cooperative's operations shall be so conducted that all Members will through their patronage furnish capital for to the Cooperative, as follows: In order to induce patronage and to assure that the Cooperative will operate on a not-for-profit basis, the Cooperative is obligated to account on a patronage basis to all its Members for all amounts received and receivable from the furnishing of services in excess of operation costs and expenses properly chargeable against the furnishing of services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the Members as capital. The Cooperative is obligated to pay by credits to a capital account for each Member all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each Member is clearly reflected and credited in an appropriate record to the capital account

of each Member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Member of the amount of capital so credited to his account. All such amounts credited to the capital account of any Member shall have the same status as though they had been paid to the Member in cash in pursuance of a legal obligation to do so and the Member had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be;

(a) Used to offset any losses incurred during the current or any prior fiscal year; and

(b) To the extent not needed for that purpose, allocated to is Members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of Members, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of Members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

Capital credited to the account of each Member shall be assignable only on the books of the Cooperative pursuant to written instruction from assignor and only to successors in interest or successors in occupancy in all or a part of each Member's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any Member, who was a natural person, if the legal representatives of estate shall request in writing that the capital credited to any such Member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to such Member immediately upon such terms, conditions and policies of general application as the Board of Directors may adopt. Provided, however, that the immediate retirement of capital credits upon the death of a Member shall not impair the financial condition of the Cooperative; and provided, further, if the amount or percentage that is retired in the year requested without impairment is not sufficient to retire the capital credited to any such deceased Member, such Member shall have the capital credited to their account retired in the next succeeding year before any other retirements are made in such succeeding year.

(a) For each good or service provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall equitably allocate to each Member, in proportion to the quantity or value of the good or service purchased by the Member



during the fiscal year, the Cooperative's patronage earnings from providing the good or service during the fiscal year, which is the amount by which the Cooperative's patronage sourced revenues from providing the good or service exceed the Cooperative's patronage sourced expenses of providing the good or service, all as determined under federal cooperative tax law.

(b) If the Cooperative's patronage sourced expenses of providing the good or service during the fiscal year exceed the Cooperative's patronage sourced revenues from providing the good or service during the fiscal year, all as determined under federal cooperative tax law, then the Cooperative shall:

(1) allocate this patronage loss to each patron in proportion to the quantity or value of the good or service purchased by the patron during the fiscal year;

(2) offset this patronage loss with the Cooperative's patronage earnings from providing the good or service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); or

(3) offset this patronage loss first with the Cooperative's nonpatronage earnings during the current fiscal year, second with the Cooperative's unallocated nonpatronage earnings during any past fiscal year(s), and third with the Cooperative's nonpatronage earnings during any future fiscal year(s).

(c) As determined by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative's nonpatronage earnings, which is the amount by which the Cooperative's nonpatronage sourced revenues during a fiscal year exceed the Cooperative's nonpatronage sourced expenses during the fiscal year, less any amount needed to offset a patronage loss. If the Cooperative's nonpatronage sourced expenses during the fiscal year exceed the Cooperative's nonpatronage sourced revenues during the fiscal year, then the Cooperative shall allocate this nonpatronage loss to each Member in proportion to the quantity or value of goods or services purchased by the Member during the fiscal year or offset this nonpatronage loss with the Cooperative's nonpatronage earnings during any fiscal year.

(d) For each amount allocated to a Member, the Member shall contribute a corresponding amount to the Cooperative as capital. The Cooperative shall credit all capital contributions from a Member to a capital account for the Member. The Cooperative shall maintain books and records reflecting the capital contributed by each Member. At the time of receipt by the Cooperative, each capital contribution will be treated as though the Cooperative paid the allocated amount to the Member in cash pursuant to a pre-existing legal obligation and the Member contributed the corresponding amount to the Cooperative as capital.

(e) The term "capital credits" as used herein means the amounts allocated to a Member and contributed by the Member to the Cooperative as capital. Consistent with this bylaw, the allocation of capital credits is in the discretion of the Board and the Board shall determine the manner, method, and timing of allocating capital credits. As

reasonable and fair, the Cooperative may allocate capital credits to classes of similarly situated Members under different manners, methods, and timing, provided the Cooperative allocates capital credits to similarly situated Members under the same manner, method, and timing. The Cooperative may use or invest unretired capital credits as determined by the Board.

(f) 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 good or service and from which the Cooperative is allocated a 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 Members this capital credit, dividend or similar amount allocated by the entity.

(g) 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 marriage between spouses in a joint membership, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall assign and transfer to each spouse one-half (1/2) of the capital credits allocated to the joint membership.

(h) To secure a Member'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 Member, the Cooperative has a security interest in capital credits allocated to the Member. The Member authorizes the Cooperative to perfect this security interest by filing a financing statement.

(i) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of Members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Members' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

(j) Notwithstanding any other provisions of these Bylaws, any capital credit belonging to a Member of the Cooperative which would otherwise be deemed unclaimed or abandoned property under the Uniform Unclaimed Property Act, RCW 63.29.010 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 63.29, 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 4. Notification and Assignment of Capital Credits.** Within a reasonable time following the end of each fiscal year, the Cooperative shall notify each Member in writing of the stated dollar amount of capital credits allocated to the Member for the preceding fiscal year. Unless the Board determines otherwise, and unless these bylaws provide otherwise, the Cooperative may assign or transfer a Member's capital credits only if: (1) the Cooperative receives a written request signed by the Member to assign or transfer the capital credits, (2) the Member and the assignee or transferee comply with all reasonable requirements specified by the Cooperative, and (3) the Board approves the assignment or transfer.

**Section 5. Retirement of Capital Credits.** At any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all capital credits allocated to current Members and former Members. The following terms and conditions shall apply to the retirement of capital credits:

- (a) The Cooperative may retire and pay Capital Credits to current Members (i.e. a member currently receiving electric service from Tanner) only if such member has a signed membership agreement on file with Tanner. 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).
- (b) Upon the death of an individual Member or former Member, upon receiving a written request from the deceased individual's legal representative, and under terms and conditions agreed upon by the Cooperative and the deceased individual's legal representative, the Cooperative may specially retire some or all capital credits allocated to the individual.
- (c) Upon the dissolution, liquidation, or other cessation of existence of an entity Member or former Member, the Cooperative may not specially retire and pay capital credits allocated to the former entity. Upon the reorganization, merger, or consolidation of an entity Member or former Member, the Cooperative may not specially retire and pay capital credits allocated to the entity.
- (d) 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 shall retire and pay these capital credits after the entity retires and pays the capital credits or similar amounts to the Cooperative.

- (e) After retiring capital credits allocated to a Member or former Member, the Cooperative may recoup, offset, or setoff any amount owed to the Cooperative by the Member or former Member, including any compounded interest and late payment fee, by reducing the amount of retired capital credits paid to the Member or former Member by the amount owed.
- (f) The Cooperative may retire and pay capital credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition.
- (g) Consistent with this bylaw, the retirement and payment of capital credits are in the discretion of the Board and the Board shall determine the manner, method, and timing of retiring and paying capital credits.
- (h) As reasonable and fair, the Cooperative may retire and pay capital credits to classes of similarly situated Members under different manners, methods, and timing, provided the Cooperative retires and pays capital credits to similarly situated Members under the same manner, method, and timing.
- (i) As determined by the Board, before the time the Cooperative anticipates normally retiring and paying capital credits, the Cooperative may retire some or all capital credits and pay the net present value of the retired capital credits.
- (j) The Cooperative may regularly impose a reasonable dormancy or service charge for each year a Member or former Member fails to claim capital credits retired and paid to the patron or former patron.

**Section 5. Bylaws Posted on Tanner Webpage.** These Bylaws shall be called to the attention of each Member of the Cooperative by posting on the Cooperative's web page and a written copy shall be made available to any Member 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 the voting membership of the Cooperative, whether in person or voting by mail, 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 practical:

(1) the Cooperative shall first distribute gains from selling an appreciated Cooperative Asset 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;

(2) the Cooperative shall then distribute nonpatronage and nonoperating earnings used by the Cooperative as permanent, unallocated equity to Members who Used Cooperative Services during the period in which the Cooperative received the earnings in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative received the earnings; and

(3) the Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to the Members in proportion to the value or quantity of Cooperative Services Used during the seven years before the Cooperative's dissolution; and

(4) Any remaining Cooperative Assets, including the portion owed to Members or former Members who could not be located, 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 bank or banks 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 1. 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, 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 document 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 last known electronic address 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 corporation may alter, amend, rescind, or repeal any bylaw by petition and the affirmative vote of the membership of the corporation. 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 corporation attending the annual meeting of the corporation. A petition to amend the bylaws by vote of the membership shall be submitted to the corporation 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 of directors except by submission of the proposed amendment for approval of a majority of the members of the corporation attending the next annual or special meeting of the corporation.

## **ARTICLE XII NON-DISCRIMINATION**

Tanner Electric 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 may limit or eliminate the liability of Directors, officers and agents for acts or omissions as a Director, officer or agent. The Cooperative may also 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.** Notwithstanding the foregoing Section 1, no indemnification shall be provided for acts or omissions finally adjudged to be intentional misconduct or a knowing violation of law, for conduct finally adjudged to be in violation of Section 23B.08.310 of the Washington Business Corporation Act, for any transaction with respect to which it was finally adjudged that such Director, officer or agent personally received a benefit in money, property or services to which such Director, officer or agent was not legally entitled or if the corporation is otherwise prohibited by applicable law from paying such indemnification, except that if Section 23B.08.560 or any successor provision of the Washington Business Corporation Act is hereafter amended, the restrictions on indemnification set forth in this Section 2 shall be as set forth in such amended statutory provision.