

BY-LAWS

As Amended
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By-laws of UMATILLA ELECTRIC COOPERATIVE

ARTICLE I • MEMBERSHIP

SECTION 1

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Umatilla Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he, she or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- (d) Paid the membership fee hereinafter specified. 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 by-laws.

SECTION 2 MEMBERSHIP CERTIFICATES

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these by-laws or until such membership fee has been fully paid. If a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe.

SECTION 3 JOINT MEMBERSHIP

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either from membership shall terminate the joint membership;
- (f) Withdrawal of either from membership shall terminate the joint membership;
- (g) Either, but not both, may be elected or appointed as an officer or director if both meet the qualifications for such office.

SECTION 4 CONVERSION OF MEMBERSHIP

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws and rules and regulations adopted by the board. The outstanding membership certificate shall be surrendered, and shall be reissued to indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued to indicate the changed membership status. The estate of the deceased member shall not be released from any debts due to the Cooperative.

SECTION 5 MEMBERSHIP FEE

The membership fee shall be \$5.00, the payment of which shall make the member eligible for service.

SECTION 6 PURCHASE OF ELECTRIC ENERGY

Each member shall purchase from the Cooperative all electric energy purchased for use on the premises specified in his or her application for membership, and shall pay therefore at rates which shall be fixed from time to time by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with facilities of the Cooperative shall be subject to appropriate regulations fixed from time to time by the Cooperative. Amounts paid for electric energy 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 by-laws. Regardless of the amount of electric energy consumed, each member shall pay to the Cooperative a minimum amount as shall be fixed from time to time by the Board of Directors. Each member shall also pay all amounts owed to the Cooperative as and when the same become due and payable.

SECTION 7 TERMINATION OF MEMBERSHIP

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws, rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such noncompliance has continued for at least ten (10) days after such notice. Any expelled member may be reinstated by vote of the Board of Directors. The membership of a member who:
 - (1) has not purchased electric energy from the Cooperative within six (6) months after service is made available or,
 - (2) has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.
- (b) Upon the withdraw, 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 of his or her estate from any debts due to the Cooperative.

- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay the amount of the membership fee paid by such member. The Cooperative shall deduct the amount of any debts or obligations owed to the Cooperative by such member.

SECTION 8 PROPERTY INTEREST OF MEMBERS

Upon dissolution, after:

- (a) all debts and liabilities of the Cooperative have been paid, and
- (b) all capital furnished through patronage has been retired, 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.

SECTION 9 NON-LIABILITY FOR DEBTS OF THE COOPERATIVE

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

ARTICLE II • DISTRICTS

SECTION 1 DISTRICT BOUNDARIES

The territory served or to be served by the Cooperative shall be divided into seven (7) districts. Before December 1 of each year, the Board of Directors shall review the composition of the districts. If the Board of Directors finds inequities in representation which may be corrected by redelineation of district boundaries, the Board of Directors may modify the district boundaries.

SECTION 2 VOTING BY DISTRICTS

Each member may vote only in one district. If a member purchases electric energy from the Cooperative in only one district, he or she shall be eligible to vote only in that district. If a member purchases electric energy from the Cooperative in more than one district of his or her principal place of residence or, if his or her principal place of residence is not within any district, in any district where such member is served and as such member may designate in writing to the Cooperative. The designation of a district by a member may not be changed more frequently than once in any twelve (12) month period.

ARTICLE III • MEETING OF MEMBERS

SECTION 1 DISTRICT MEETINGS

Voting on the election of directors from specified territorial districts shall be limited to members from the respective districts without the obligation to hold district meetings.

SECTION 2 ANNUAL MEETING

The annual meeting of the members shall be held during the month of March, April or May of each year. Such meeting shall be for the purpose of passing upon reports covering the previous fiscal year and transacting such other business as may properly come before the meeting. Failure to hold the annual meeting at the designated time shall not work for a forfeiture or dissolution of the Cooperative.

SECTION 3 SPECIAL MEETINGS

Special meetings of the members may be called by the Board of Directors or upon a written request signed by at least ten percent (10%) of all the members and it shall thereupon be the duty of the secretary to cause notice of such meeting.

SECTION 4 NOTICE AND PURPOSE OF MEMBERS MEETINGS

The Board of Directors shall select the time and place (which shall be in Umatilla or Morrow County, Oregon) for all district, annual and special meetings of the members. Written or printed notice of such meeting shall be delivered either personally or by mail to each member not less than ten (10) days and not more than twenty-five (25) days before the meeting. The notice shall be delivered by or at the direction of the Secretary or, upon a default in duty by the Secretary,

by the persons calling the meeting. The notice shall state:

- (a) The place, day and hour of the meeting;
- (b) Whether the meeting is a district, annual or special meeting;
- (c) If a district meeting, the number of the district and the names of the nominees for director;
- (d) An exact copy of every resolution to come before the membership;
- (e) A ballot and voting envelope for use in voting by mail; and
- (f) Such other matter as may be deemed appropriate by the Board of Directors.

If mailed, such notice shall be deemed to be delivered when deposited with the United States Postal Service, addressed to the member at his address as it appears on the records of the Cooperative, with postage (which need not be first class postage) thereupon prepaid. The failure of any member to receive notice of any district, annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. The Board of Directors, or any twenty-five (25) members may propose an action by the membership by submitting to the Secretary in writing a proposed resolution not less than forty-five (45) days prior to the meeting at which such action is proposed.

SECTION 5 QUORUM

The lessor of:

- (a) fifty (50) or
- (b) ten percent (10%) of the members qualified to vote shall constitute a quorum for any district, annual or special meeting. Ballots received by mail may be included with the members present for determination of a quorum, provided however, that a quorum for purpose of Article VII and any amendment of Article VII as provided in Article VIII of the Cooperative's Articles of Incorporation shall be ten percent of all the members of the cooperative who must be present in person.

SECTION 6 ORDER OF BUSINESS

All actions of the members shall be taken at a duly called meeting of the members. The order of business of the annual meeting of the members, and as far as possible at all other meetings of the members, shall be essentially as follows:

- (a) Determination of quorum.
- (b) Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.
- (c) Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation, consideration of, and action on reports of officers, directors and committees.
- (e) Unfinished business.
- (f) New business.
 - (1) Consideration of and voting upon all resolutions timely filed with the Secretary for inclusion in the meeting notice.
 - (2) Any other matter proposed by a member during a meeting may be discussed and a request for desired action made, but no vote shall be taken upon any matter not timely filed with the Secretary for inclusion in the meeting notice.

SECTION 7 VOTING

Each member shall be entitled to one (1) vote and no more on each matter submitted to a vote at an annual or special meeting of the members. Each member qualified to vote shall be entitled to one (1) vote and no more on the election of a director submitted to a vote at a district meeting of members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote by ballot of a majority of the members voting thereon at such meeting in person or by mail, except as otherwise provided by law, the articles of association of the Cooperative, or these by-laws. The qualified candidate for director receiving the highest number of votes cast, shall be elected as director. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a district, annual or special meeting of the members.

SECTION 8 VOTING BY MAIL

A member qualified to vote in any district, annual or special meeting of the members may vote by mail upon any matter, including the election of directors, to be acted upon at any such meeting. Such member may express his or her vote thereon by indicating "Yes" or "No" on each resolution and, in the case of election of a director, indicating a candidate in the space provided therefor. The ballot shall be enclosed by such member in a sealed envelope bearing the member's name and addressed to the Secretary. The voting envelope shall be authenticated by the member's signature. Such a

mail ballot from any member shall be accepted and counted as a vote of such absent member if received before the meeting. No member voting by mail may vote in person at any district, annual, or special meeting.

ARTICLE IV •

SECTION 1 GENERAL POWERS

The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these by-laws conferred upon or reserved to the members.

SECTION 2 NOMINATING COMMITTEES

The Board of Directors shall appoint, from each district having a district meeting of members in the following year a nominating committee of three (3) persons to nominate at least two (2) candidates qualified for director from that committee's district. Appointments shall be made not later than December 1 preceding that year in which a director is to be elected and vacancies occurring in a nominating committee may be filled by the Board of Directors. Each person appointed to a district nominating committee shall be a member of the Cooperative domiciled and qualified to vote in the district.

Each nominating committee shall submit its nominations to the Secretary of the Cooperative not later than January 1 of the year in which the director from that district is to be elected. The function and authority of each committee shall terminate upon the completion of the district meetings of members.

SECTION 3 ADDITIONAL NOMINATIONS

Not later than January 5 of each year, the Secretary shall cause to be posted at the Cooperative's principal place of business a list of names of candidates selected by the nominating committee from each district in which a director is to be elected. Additional nominations from each voting district may be made by petition filed with the Secretary no later than February 1 of each year in which a director is to be elected from that district. Such petition shall contain the designation of the voting district, the name of the candidate for that district, signature of at least twenty-five (25) members qualified to vote in that district, and a request that the name of the candidate be placed on the ballot.

SECTION 4 QUALIFICATIONS AND TENURE OF DIRECTORS

Directors shall be elected by ballot to fill vacancies in office of those whose term of office has expired. Each Director at all times shall be domiciled in the district area from which he or she is elected. Each director's term of office shall be until the annual meeting of the members in the third year following the director's election and until the director's successor takes office.

No member shall be eligible to be a director or hold any position of trust in the Cooperative who is not a bona fide resident in the area served by the Cooperative or who is in any way employed by or financially interested in a business selling energy or supplies to the Cooperative, and no person shall take or hold office as director who is the incumbent of or candidate for an elective public office in connection with which a salary is paid. When a membership is held jointly by a husband and wife, either but not both may be elected a director but neither shall be eligible to become or remain a director or to hold any position of trust in the Cooperative unless both meet the qualifications for director. Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such member from the office. Nothing contained in this section shall be construed to affect the validity of any act taken at any meeting of the Board of Directors.

SECTION 5 VACANCIES

Subject to the provision of these by-laws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors. The term of the member thus appointed shall be the unexpired portion of the term of the member whose place he or she is elected to fill. The member elected as director to fill the vacancy must have the qualifications for election as a director.

SECTION 6 COMPENSATION

Directors as such shall not receive any salary for their services but, by resolution of the Board of Directors, compensation may be allowed for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences, and training programs or performing committee assignments. If authorized by the Board of Directors, Directors may be reimbursed for expenses actually and reasonably incurred on Cooperative business. Except in emergencies, no Director shall receive compensation for serving the Cooperative in any other capacity.

SECTION 7 RULES AND REGULATIONS

The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative, or these by-laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 8 REMOVAL OF BOARD MEMBERS BY MEMBERS

The members may request removal of a director by filing with the Secretary in writing the reasons for removal together with a petition signed by at least ten percent (10%) of the members for 300 members, whichever is lesser. Such director shall be informed in writing of the reasons and shall have an opportunity to respond in writing. The question of the removal of such director shall be determined at an annual or special meeting of all members of the Cooperative by majority vote of the members voting in person. The reasons for removal of the director and the director's response, if any, shall be included in the notice of the meeting. At the meeting of the members, the director shall have an opportunity to answer the reasons asserted for removal. Any vacancy created by such removal may be filled in the same manner as any other vacancy.

ARTICLE V • MEETING OF DIRECTORS

SECTION 1 REGULAR MEETINGS

A regular meeting of the Board of Directors shall be held without notice other than this by-law immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Umatilla or Morrow County, Oregon, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution.

SECTION 2 SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the President or any three (3) directors. The persons or person authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3 NOTICE

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given to each director at least three (3) days in advance by oral notice (which may be by telephone), or by written notice delivered personally or mailed to his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with first class postage prepaid. Attendance of a director at any meeting shall constitute waiver of notice of such meeting unless a director attends a meeting for the purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

SECTION 4 QUORUM

A majority of the Board of Directors shall constitute a quorum. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these by-laws.

ARTICLE VI • OFFICERS

SECTION 1 NUMBER

The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, General Manager/Chief Executive Officer and such additional officers as may be determined from time to time by the Board of Directors. The offices of the Secretary and Treasurer may be held by the same person.

SECTION 2 ELECTION AND TERM OF OFFICE

The officers shall be elected by ballot annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, then such election shall be held within ten (10) days after the annual election of directors. The President, Vice-President, Secretary and Treasurer shall be elected from the Board of Directors. One or more Assistant Secretaries or Assistant Treasurers, who need not be directors, may be elected. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his or her successor is duly elected and qualified, subject to the provisions of these by-laws with respect to the renewal of directors.

SECTION 3 REMOVAL

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever

in its judgment the best interests of the Cooperative will be served thereby.

SECTION 4 VACANCIES

Except as otherwise provided in the by-laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5 PRESIDENT

The President shall:

- (a) be the principal officer of the Board of Directors, and unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the Board of Directors.
- (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 of Directors or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of president and such other duties as may be prescribed from time to time by the Board of Directors.

SECTION 6 VICE-PRESIDENT

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all the powers of an subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7 SECRETARY

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board of Directors in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these by-laws and as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents requiring seal, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance of these by-laws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board of Directors;
- (f) keeping on file at all times a complete copy of the articles of incorporation and by-laws 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 by-laws and of all amendments thereto to any member upon request; and
- (g) in general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8 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 by-laws; and
- (c) the general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 9 GENERAL MANAGER/CHIEF EXECUTIVE OFFICER

The Board of Directors may appoint a General Manager/Chief Executive Officer who may be, but shall not be required to be, a member of the Cooperative. The General Manager/Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require and shall have such authority as the Board of Directors may from time to time invest in him or her.

SECTION 10 BONDS OF OFFICERS

The Board of Directors shall require the Treasurer and any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employees of the Cooperative to give bond in such amount and with such surety as it shall determine. The expense of such bond may be born by the Cooperative.

SECTION 11 COMPENSATION

The compensation, if any, of any agent or employee who is also a director shall be determined by the members and the powers, duties, and compensation of any officers, agents and employees shall be fixed by the Board of Directors.

SECTION 12 REPORTS

The officers of the Cooperative at each annual meeting of the members shall submit reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII • FINANCIAL TRANSACTIONS

SECTION 1 CONTRACTS

(a) Except to the extent as may be required by law, the Board of Directors shall not authorize, execute or deliver any contract for:

- (1) construction or acquisition of electric generating facilities; or
- (2) purchase of all or any portion of the output of any electric generation project which is not at the time used for providing utility service unless the Cooperative's obligation to pay for such output is conditional upon the actual delivery of electric energy;

without first submitting such contract for the review of, and obtaining the approving vote of, the members.

(b) Except as otherwise provided in these by-laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contracts or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2 CHECKS, DRAFTS, AND DOCUMENTS

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 by such officer or officers, agent or agents, or employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3 DEPOSITS

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks or with the National Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in rates charged by the Cooperative for electric energy becomes effective.

SECTION 4 CHANGE IN RATES

Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in rates charged by the Cooperative for electric energy becomes effective.

SECTION 5 ACCOUNTING SYSTEM AND REPORTS

The Board of Directors shall establish and maintain a complete accounting system which, subject to applicable laws and rules and regulations of any regulatory body having jurisdiction over the Cooperative, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. After the close of each fiscal year, the Board of Directors shall also cause a full and complete audit to be made by a certified public accountant of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

ARTICLE VIII • NONPROFIT OPERATION

SECTION 1 INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2 PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will furnish capital for the Cooperative through their patronage. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis to all its patrons for all amounts in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. 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 patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron 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 patron is clearly reflected and credited, in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as if paid to the patron in cash pursuant to a legal obligation and the patron had then furnished the Cooperative corresponding amounts of capital.

SECTION 3 DISSOLUTION

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has 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 liquidation, the Board of Directors determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. After March 21, 1987, the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

SECTION 4 NO ASSIGNMENT

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

SECTION 5 RETIREMENT OF CAPITAL AT DEATH

Notwithstanding any other provisions of these by-laws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, including any one of two joint owners of a membership, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting upon policies of general application shall determine; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

SECTION 6 BY-LAWS A CONTRACT

The patrons of the Cooperative, by dealing with the Cooperative, acknowledged that the terms and provisions of the articles of incorporation and by-laws dealing with patronage capital shall constitute and be a contract between the Cooperative and each patron and both the Cooperative and the patrons are bound by such contract as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 7 PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICE

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by laws, be prorated annually on a patronage basis and returned to those from whom such amounts were obtained.

ARTICLE IX • SPECIAL PROCEDURES

SECTION 1 WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these by-laws.

SECTION 2 ACTION WITHOUT MEETING

Any action required or permitted to be taken at a meeting of the members or directors of the Cooperative may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote at a meeting.

SECTION 3 MEETINGS BY TELEPHONE

The Board of Directors and any committee designated by the Board of Directors may hold meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting.

ARTICLE X • DISPOSITION OF PROPERTY

SECTION 1 DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting. The Board of Directors may nevertheless, without authorization by the members, 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 of Directors shall determine, to secure any indebtedness of the Cooperative. The Board of Directors may, upon the authorization of a majority of the members voting, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative of foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

SECTION 2 MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the directors at a duly held meeting.

ARTICLE XI • FISCAL YEAR

The fiscal year of this Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of that year.

ARTICLE XII • SEAL

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

ARTICLE XIII • AMENDMENTS

These by-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.