



A Non-Profit, Consumer-Owned Cooperative Enterprise
Serving South Central Arizona With Electric Energy

By-Laws

(As Amended October 1, 2017)

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ARTICLE I MEMBERSHIP

Section 1. Requirements for Membership. Any member of the public, including but not limited to individuals, firms, associations, corporations, other entities and governmental bodies or agencies, departments or commissions or other representatives thereof, in the area in which this corporation operates its electric distribution system, shall be entitled to become and shall be deemed a Member in this corporation. A Member shall be entitled to electric service upon applying for and receiving electric service, and by paying a Membership fee, if required. A Member shall comply with the rates, charges, extensions and service policies and other tariffs of this corporation, as approved by the Arizona Corporation Commission. However, a Member of the public may refuse to become a Member by filing a written refusal with the corporation within thirty days after first receiving electric service in which event such Member shall be deemed to be a non-member.

Section 2. Sole Membership. No member of the public, including, but not limited to individuals, firms, associations, corporations or other entities or governmental bodies or agencies, departments or commissions or other representatives thereof, may hold more than one Membership in the corporation.

Section 3. Non-Members. Any member of the public refusing to become a Member of this corporation shall nonetheless be entitled to service from this corporation under all of the conditions herein stated. Such member of the public so refusing to become a Member of this corporation shall have no vote or right to participate in the affairs and in the conduct of the affairs of the corporation.

Section 4. Joint Membership. A legally married couple may hold a joint Membership. The term "Member" as used in these By-Laws shall be deemed to include a legally married couple holding a joint Membership, and all provisions of these By-Laws shall apply equally with the holders of a joint Membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one Member.
- (b) The vote of either separately or 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) Withdrawal of either shall lapse the joint membership.
- (f) Either, but not both, may be elected or appointed as an officer or Director, provided that the qualifications for such office are met.

Section 5. Conversion of Membership.

- (a) A Membership may be converted to a joint Membership upon the written request of the holder thereof.
- (b) Upon the death of either spouse who is a party to a joint Membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the corporation.

Section 6. Membership and Service Connection Fees. The Board of Directors shall establish from time to time the amount of the Membership fee, if any, and non-membership service connection fee and additional service connection fees that shall be charged for each service connection, subject to applicable taxes and to the rates, charges, extension and service policies and contracts of the corporation approved by the Arizona Corporation Commission.

Section 7. Purchase of Electrical Energy. Each consumer shall pay for service and facilities furnished pursuant to rates, charges, extensions and service policies and contracts approved by the Arizona Corporation Commission. Each consumer shall pay all amounts owed to the corporation as and when the same shall become due and payable.

Section 8. Lapse of Membership. If for any reason, except death, a consumer requests electric service from the corporation to be disconnected and subsequently requests reconnection of such service, the consumer shall pay such charges approved by the Arizona Corporation Commission. Otherwise, if for any reason, except death, a Member ceases to receive electric service from the corporation and ceases to pay for services or facilities provided by the corporation, the Membership shall lapse; provided, however, that any Membership lapsed for any such reason, shall be reinstated without additional Membership fee at such time as such individual, firm association or corporation, or other representatives thereof, commences again to receive service or facilities and pay for the same as provided in the corporation's tariffs, charges, rules, regulations and line extension policies approved by the Arizona Corporation Commission. Upon the death of a Member, in cases other than joint Membership, the Membership shall lapse; provided, however, in the event that the deceased Member's survivor orders continuity of the same service furnished the deceased Member prior to death and pays the charges in accordance with Section 1 of Article I of these By-Laws for said facilities and service furnished by the corporation, said Membership shall be reinstated in the name of the survivor without additional Membership fee. In the event of the death of a Member with more than one survivor, the decision of the Board of Directors as to which survivor shall be entitled to the reinstatement as herein set forth shall be binding and conclusive. Lapse of Membership in any manner or for any reason shall not release a Member or the Member's estates from any debts due the corporation.

ARTICLE II ALTERNATIVE GOVERNMENT SYSTEM

Section 1. Number of Directors. At the first annual election of this corporation, a Board of Directors shall be elected from among the membership by the Members thereof.

Section 2. Nominating and Election Systems of Directors. The Board of Directors shall have the authority to adopt and prescribe the method of nominating and electing Directors of the corporation in accordance with these By-Laws. Such methods of nominating persons for the office of Directors may include the following:

- (a) Nominations by nominating committee, by written petitions or verbally Members having the right to nominate at the meeting in which the Director or Directors nominated are elected, or by any or all of such methods of nominating;
- (b) Nominations at large;
- (c) Nominations by Director Districts;
- (d) Nominations of certain Directors by Director Districts and the remainder of the Directors at large;

Such methods of electing Directors may include the following:

- (a) Election of Directors at large, whether nominations are made at large or by Director Districts;
- (b) Election of Directors by Director Districts;
- (c) Election of certain Directors by Director Districts and the remainder of the Directors at large;
- (d) Election of Directors by separate elections at large of each of the Directors to be elected where nominations for such separate elections have been made by Director Districts, and which separate elections may be made by the use of one ballot or by separate ballots;
- (e) Election of Directors by delegates elected at large or by Director Districts, or both.

Section 3. Adoption of Government System. The affairs of the corporation shall be governed by a Board of seven Directors; with the term of office for each Director being three (3) years. A 2-2-3 Director election pattern shall be followed. Directors for Districts (4) and (7) shall be elected one year, Directors for Districts (3) and (6) elected the following year and Directors for Districts (1), (2) and (5) elected the 3rd year. This pattern is then repeated for each successive three (3) years.

Section 4. Director Districts and Method of Nominating and Electing Directors.

Until such procedure is changed by resolution of the Board of Directors after appropriate amendment of this Section 4 and other applicable provisions of these By-Laws, Directors shall be nominated by Director Districts and shall be elected at large by separate elections of each Director. Such separate elections may be by the use of one ballot or separate ballots.

- (a) The corporation shall be divided into seven (7) Director Districts each of which shall contain an equitable number of Members considering all relevant factors. Once a year, the Board shall review a report detailing the number of Members per Director District and decide if rebalancing is necessary. The boundaries of each of such Director Districts shall be delineated on a map which shall be filed in the office of the corporation. The service area of the corporation shall be deemed to mean the area described in the certificates of convenience and necessity issued to the corporation by the Arizona Corporation Commission and any adjacent areas served by the corporation. Each Director District shall be numbered separately and be represented by a different Director.
- (b) The boundaries of each of such Districts may be reduced, altered or enlarged from time to time by two-thirds (2/3) vote of all of the Members of the Board of Directors. Any such change in the boundaries of the Director Districts shall be made at least six (6) months prior to the next annual meeting of the Members and shall be set forth on the original map initially establishing Director Districts or another map which shall be attached to the resolution of the Board in which such change is made.

- (c) When there has been any change in the boundaries of the Director Districts, each Member will be notified by mail or in an official publication of the corporation of the following: (i) the date of the next annual meeting of the Members, (ii) the fact that Director Districts have been established for the purpose of nominating Directors by Director Districts, and (iii) each Member receiving electric service from the corporation in more than one Director District shall select the Director District in which such Member shall be deemed a Member. Such selection shall be as follows: The Member shall notify the corporation in writing not more than thirty (30) days after such notice has been given by the corporation designating by number, one of the Director Districts in which the Member receives electric service from the corporation as the Director District in which such Member shall be deemed a Member. Such notice shall contain a copy of the map which designates each Director District by number as provided in subsection (a) of this Section 4.
- (d) Each Member receiving electric service from the corporation in only one Director District shall be deemed a Member of such Director District. In the event any Member receives electric service from the corporation in more than one Director District and any such Member fails to give such written notice to the corporation within thirty (30) days after the notice given by the corporation, the corporation shall determine which of such Director Districts such Member shall be deemed to be a member.
- (e) No person shall be nominated for the office of Director from a Director District unless such person or the Member such person represents, as provided in Article V, Section 2 of these By-Laws, receives electric service from the corporation in that District. The manner in which nominations shall be made from the Director District shall be in accordance with the provisions of Article V, Section 3 of these By-Laws.

ARTICLE III
Members' AND NON-Members'
PROPERTY INTEREST AND NON-LIABILITY

Section 1. Property Interest of Members and Non-Members. Members and non-Members shall have no individual or separate interest in the property or assets of the corporation except upon the dissolution of the corporation, the property and assets of the corporation remaining after (a) all debts and liabilities of the corporation are paid and thereafter (b) all capital furnished through patronage shall have been retired without priority on a pro rata basis pursuant to Article VIII, Section 1 of these By-Laws (such remaining property and assets are referred to in this Section 1 as "net assets"), shall be distributed among the then existing Members and non-Members and former Members and non-Members (collectively referred to in these By-Laws as "patrons") in the proportion in which the aggregate patronage of each patron bears to the total patronage of all patrons in the net assets to the extent practicable.

Section 2. Non-Liability for Debts of the Corporation. The private property of the Members and non-members shall be exempt from execution or other liability for the debts of the corporation and no-Member or non-Member shall be individually liable or responsible for any debts or liabilities of the corporation.

ARTICLE IV MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members of the corporation shall be held on the fourth Monday of March of each year, at such place or places within Pima County, State of Arizona, as shall be designated in the notice of the meeting. The purpose of the meeting shall be electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. The date for holding the annual meeting may be changed by amendment of this section of the By-Laws as herein, provided, or by resolution of the Members at any special or annual meeting; provided, however, that the Board of Directors shall have the right, by order, to change the date established in the By-Laws or by such resolution to a day certain within two months prior to or subsequent to said date. If the day fixed for the annual meeting shall fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the corporation. Any annual meeting may be continued to another date. However, such continuance shall not be for a period of more than three (3) months after the date fixed pursuant to this section for holding said annual meeting.

Section 2. Special Meetings. Special meetings of the Members may be called by resolution of the Board of Directors, or upon a written request signed by any three Directors, by the President, or by ten percentum or more of all the Members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meeting of the Members may be held at any place within Pima County, State of Arizona, specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or when required by law, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting. The notice shall be given either personally, by facsimile, by mail, or by electronic mail, by or at the direction of the Secretary. If mailed, such notice shall be deemed to be given when deposited in the United States Mail, addressed to the Member at the Member's address as it appears on the records of the corporation, with postage thereon prepaid. Upon a default in the duty by the Secretary, persons calling the meeting shall be responsible for giving notice to the members as provided in this section. The failure of any Member to receive notice of an annual or special meeting shall not invalidate any action which may be taken by the Members at such meeting.

Section 4. Quorum. One-quarter of one percent (1/4%) of the total number of Members, present in person, shall constitute a quorum. However, on any issue, question or election for which electronic voting ballots or absentee ballots have been distributed and submitted, the total number of ballots submitted by Members may be counted toward a quorum.

If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, that the Secretary shall notify any absent member of the time and place of such adjourned meeting.

Section 5. Voting. Each Member shall be entitled to only one vote in the affairs of this corporation and all Members shall have the right to participate in the affairs and conduct of the affairs of this corporation. Any Member so voting in the affairs of this corporation or otherwise participating in the affairs of this corporation and conduct of the affairs of this corporation shall comply with and be bound by its rules and regulations. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation or these By-Laws.

Section 6. Electronic Voting. For any and all issues that may come before the Members at an Annual or Special Meeting, the Corporation shall be entitled to solicit ballots from the Members by distributing electronic ballots to the Members. If such ballots are solicited they shall be counted in determining the outcome of the vote. The Board of Directors of the Corporation shall create rules and policies to permit for the secure and timely distribution, submission, and counting of electronic ballots.

Section 7. Absentee Ballots. A Member shall be entitled to vote by absentee ballot as provided in this Section 6 for Directors at any Membership meeting at which Directors are to be elected. After nominations for Directors by petition as provided in Section 3 of Article V of the By-Laws has been made and not less than thirty (30) days prior to such meeting, any Member entitled to vote at such meeting may obtain the form of absentee ballot upon request to the Corporation setting forth the name, address and account number of the Member. The absentee ballot must be received by the corporation at its principal office not less than 24 hours before the meeting is scheduled to commence.

Section 8. 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:

- (a) Report as to which Members are present in person or by proxy in order to determine the existence of a quorum. Report as to the number of Members who have submitted votes via absentee ballots or electronic ballots.
- (b) 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.
- (c) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of Officers, Directors and Committees.
- (e) Election of Directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Section 9. Rules of Order/Parliamentary Procedure. The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Annual Meeting of Members in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order the Board of Directors may adopt.

Upon request of any Director, any motions or resolutions offered at any Annual Meeting of Members shall be furnished to the Secretary, writing, before the question is put. The President of the Board of Directors shall preside at the Annual Meeting of Members, and shall be entitled to vote and participate in debate on all questions and motions.

ARTICLE V DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by a Board of not less than three, no more than nine, Directors who shall exercise all the powers of the corporation except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the Members. Provisions of these By-Laws respecting the apportionment, election and government of Directors and related subjects insofar as practical shall be applicable to such systems of apportionment, election and government as may be established from time to time by the Board of Directors in accordance with the Article of Incorporation hereof.

Section 2. Tenure and Qualifications.

- (1) **Tenure.** The Directors shall be elected at annual meetings of the Members as provided in Article II, Section 3 which provides for Directors serving three (3) year staggered terms. If the election of the requisite number of Directors is not held on the date designated for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as may be convenient. Directors shall be nominated and elected in accordance with the provisions of Article II, Section 4, by written ballot and shall serve until their successors have been elected and shall have qualified. The person receiving the greater number of votes in an election of a Director from a Director District shall be deemed elected. In the event that there is a tie vote among the persons receiving the greater number of votes, the election shall be determined by the vote from such Director district, and should there continue to be a tie, the Director elected shall be determined by a drawing by lot.
- (2) **Qualifications.** A person shall be eligible to become or remain a Director who is qualified pursuant to Article II, Section 4, and
 - (a) is one of the following:
 - (i) a Member of the corporation;
 - (ii) a bonafide general partner of a general or limited liability partnership which is a Member of the corporation;
 - (iii) a manager or managing member of a limited liability company which is a member of the corporation;
 - (iv) a Member of a church which is a Member of the corporation and who has been designated by the governing body of such church to be its representative;

(v) an officer of a corporation which is a Member of the corporation and who has been designated by the Member corporation to be the representative;

(vi) an officer or employee of a governmental agency which is a Member of the corporation and who has been designated in writing by such governmental agency to be its representative; or

(vii) a superintendent or principal of a school which is a Member of the corporation.

Providing the person or entity or governmental agency which such person represents

(b) is not one of the following:

(i) in any manner employed by or financial interested in an enterprise or business competing with the corporation or selling electric energy or supplies to the corporation or is primarily engaged in selling electrical appliances, fixtures or supplies to the Members of the corporation.

(ii) an incumbent of an elected public office of any government of the United States, state, county, municipality or special taxing district pursuant to Title 48, Arizona Revised Statutes;

(iii) is an employee of the corporation;

(iv) within the past 5 years immediately preceding the election has been an employee of the corporation;

(v) is related to a Director or employee of the corporation by blood or marriage to the third degree or less of consanguinity or affinity.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such Director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action at any meeting of the Board of Directors.

Section 3. Nominations.

- (a) Nominations shall be made by Director Districts by Member petition. Not less than one hundred twenty (120) days before the annual Membership meeting at which Directors are to be elected, the Secretary of the corporation shall cause to be published in the official publication of the corporation a Notice of Nominations by Petition, such heading being in not less than 18 point type which shall state:
- (1) The numbers of the Director Districts from which Directors are to be elected at the next annual Membership meeting and the time, date and place of such meeting,
 - (2) The incumbent Director from each of such Districts whose term of office will expire at the next annual Membership meeting.

- (3) Nomination for the election of Directors from such Districts shall be by Member petition only.
 - (4) No person shall be nominated unless such person is duly qualified to serve as a Director if elected.
 - (5) Any thirty (30) or more memberships of a District from which a Director is to be elected at such meeting, acting together may make a nomination by petition, which petition must be filed with the Secretary of the corporation at least seventy-five (75) days prior to such meeting.
 - (6) No Member may sign the petition of more than one person seeking to be nominated.
 - (7) A form of petition shall be set forth in such notice and such forms shall be available at all times at the principal office of the corporation no later than one hundred twenty (120) days prior to such meeting.
- (b) The Secretary shall mail at least twenty (20) days before the date of such meeting, the names and addresses of the candidates by district.
 - (c) Notwithstanding anything, contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Directors.
 - (d) For the purposes of this Section 3, in the event a husband and wife not holding a joint Membership receive service from the corporation, but the Membership is in the name of one spouse only, the other spouse may sign a nomination petition with the same effect as if the spouse in whose name the membership is held had signed the petition. If both spouses sign a nomination petition for the same candidate, their two signatures shall be counted as one signature. If one spouse signs a petition of one candidate from one Director District, and the other spouse shall sign a petition for a different candidate from the same Director District, only the signature of the spouse in whose name the membership is held shall be counted.

Section 4. Removal of Directors by Members. Any Member may bring charges against a Director by filing such charges in writing with the Secretary, together with a petition signed by at least ten percentum of the Membership and request the removal of such Director by reason thereof. The Director against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the 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. The questions of the removal of such Director shall be considered and voted upon at the next annual or special meeting of the Members and any vacancy created by such removal may be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations, provided that the Director elected to fill the vacancy must be a member of the same District as the Director who has been removed.

Section 5. Vacancies. Subject to the provision of these By-Laws with respect to the filling of vacancies caused by the removal of Directors by the Members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term of the Director in respect of whom the vacancy occurs. The person elected as a Director to fill the vacancy must be a Member of the same Director District as the Director whose office he fills.

Section 6. Increase in Board Membership. If the number of Directors serving on the Board is increased in advance of an annual meeting of the Members, such Directorship may be filled by the majority vote of the Board of Directors at any regular or special meeting of the Board at which a quorum is present. Any Director so elected shall serve until the next annual meeting, or other meeting held for the election of Directors by the Members. The Board of Directors shall provide for the manner of election for filling such new Directorship at the next annual or other meeting for electing Directors which shall be as consistent with Article II, Section 4 and Article V, Section 3 of these By-Laws as is practicable.

Section 7. Compensation. Directors as such shall not receive any salary for their services and shall not receive compensation for serving the corporation in any other capacity. Payment of per diem and reimbursement for expenses incurred which are authorized by the Board of Directors shall not be deemed to be compensation. Close relatives of Directors shall not receive compensation for serving the corporation, unless specifically authorized by the Board of Directors.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without notice at such time and place within six (6) weeks after the regular annual meeting of the Members, as the Board of Directors shall determine. Regular monthly meetings of the Board of Directors shall be held without notice at such time and in such place in Pima County, State of Arizona, as the Board of Directors may determine.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any five Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting, shall fix the time and place which shall be in Pima County, State of Arizona, for the holding of the meeting.

Section 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered not less than five (5) days previous thereto, either personally, by mail, by facsimile transmission or by email, by or at the direction of the Secretary, by the president or the Directors calling meeting, to each Director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the corporation, with postage thereon prepaid.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE VII OFFICERS AND RELATED MATTERS

Section 1. Number. The officers of the corporation shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The President, Vice President, Secretary, Treasurer and Assistant Secretary-Assistant Treasurer shall be elected, by ballot, annually and by and from the Board of Directors at the meeting of the Board of Directors held directly after the annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter at a convenient time. 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 such officer's successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term. Other officers may be appointed by the Board of Directors and need not be members of the board of Directors.

Section 3. Removal of Officers and Agents by Directors. 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 interest of the corporation will be served thereby. In addition, any Member of the corporation may bring charges against an officer by filing such charges in writing with the secretary. Together with a petition signed by ten percentum of the Members, and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the 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. The question of the removal of such officer shall be considered and voted upon at the next regular or special meeting of the Members.

Section 4. President. The President shall:

- (a) be the principal executive officer of the corporation and, unless otherwise determined by the Members of the Board of Directors, shall preside at all meetings of the Members and the Board of Directors;
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in the 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 corporation, 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 by the Board of Directors from time to time.

Section 5. Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6. Secretary. The Secretary or a designee shall:

- (a) keep the minutes of the meetings of the Members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) be custodian of the corporate record and of the seal of the corporation and affix the seal of the corporation to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of the By-Laws;
- (d) keep a register of the names and post office addresses of all Members and non-Members;
- (e) have general charge of the books of the corporation in which a record of the Members and non-Members is kept;
- (f) keep on file at all times a complete copy of the Articles of Incorporation and By-Laws of the corporation containing all amendments thereto, which copy shall always be open to the inspection of any Member, and at the expense of the corporation, forward a copy of the By-Laws and of all amendments thereto to any Member requesting same; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 7. Treasurer. The Treasurer or designee shall:

- (a) have charge and custody of and be responsible for all funds and securities of the corporation;
- (b) be responsible for the receipt of and the issuance of receipts for moneys due and payable to the corporation from any source whatsoever, and for the deposit of all such moneys in the name of the corporation in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 8. CEO/General Manager. The Board of Directors may appoint a CEO/General Manager who may be, but who shall not be required to be, a Member of the corporation. The CEO/General Manager shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

Section 9. Bond of Officers. The Treasurer and any other officer or agent of the corporation charged with responsibility for the custody of any of its funds or property shall 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 employee of the corporation to give bond in such amount and with such surety as it shall determine.

Section 10. Compensation. The powers and duties of all officers, agents and employees of the corporation shall be determined by the Board of Directors. The compensation of officers, agents and the CEO/General Manager shall be fixed by the Board of Directors subject to the provisions of these By-Laws with respect to compensation of Directors and close relatives of Directors. The compensation of all employees with the exception of the CEO/General Manager may be determined by the manager provided that the compensation of all of such employees shall be subject to the approval of the Board of Directors.

Section 11. Reports. The officers of the corporation shall submit at each annual meeting of the Members reports covering the business of the corporation for the previous fiscal year. Such reports shall set forth the condition of the corporation at the close of such fiscal year.

ARTICLE VIII PATRONAGE CAPITAL

Section 1. Capital Credits. The corporation shall operate for the benefit of its Members and non-members on a cooperative non-profit basis. Moneys received and receivable in excess of debt service requirements and expenses from furnishing electric energy shall be allocated and paid to the Members and non-members at such times in such amounts, and in such manner as the Board of Directors may, from time to time, determine and prescribe. Allocations and payments shall be subject to the security provisions of outstanding loan documents of the corporation and to the rules, regulations and restrictions promulgated by the Rural Utilities Services. Payment shall be without interest.

Section 2. Right to Voluntarily Assign.

- (a) Subject to the provisions of Subsection 2(c) any Member may assign all or any portion of such Member's or non-members capital credits earned or credited in the future to The Trico Foundation, an Arizona charitable tax-exempt corporation, for the benefit of the Cooperative's Members, non-members and their families. Such assignment shall be executed in the manner and on written forms acceptable to the Cooperative.
- (b) Subject to the provisions of subsection 2(c), any Member or non-members may assign all or any portion of such Member's or non-members capital credits earned or credited, or expected to be earned or credited in the future, which assignment shall be executed in the manner and on written forms acceptable to the Cooperative. The Board of Directors may limit any such assignments made (i) to one capital credit account of a Member or non-member of the Cooperative, (ii) or one individual or legal entity, or (iii) to one married couple.
- (c) No assignment of any such capital credits shall be made when the assignor is indebted to the Cooperative and any attempted assignment when the assignor is indebted to the Cooperative shall be void. In the event an assignment of any such capital credits is made by a Member or non-member who either ceases or continues to be a Member or non-member of the cooperative and is indebted to

the Cooperative at the time or times capital credits would be otherwise payable to the assignee, the cooperative shall have the right to offset such indebtedness against the amount which would otherwise be distributed to the assignee.

Section 3. Assignment of Capital Credits by Failure to Provide Address.

Notwithstanding any other By-Law provisions, or provisions in the Membership agreement, capital credits and capital credit payments, notice of delivery of which cannot be made for failure of a current or former Member or non-member or former Member or non-member or the personal representative or distribute of the estate of a former Member or non-member to claim the same in person, or to furnish an effective mailing address, for a period of two (2) years after the Cooperative has mailed the same with sufficient postage to the last known address or after the Cooperative has in good faith attempted to deliver such notice or payment, shall be and constitutes an irrevocable gift. The gift contributed by the Member or non-member or former Member or non-member or the personal representative or check distributee of the estate of a former Member or non-member to the Trico Foundation, an Arizona charitable tax-exempt corporation, or such credit or payment remaining after the Cooperative's prior claim for charges due has been satisfied. Failure to claim any such capital credit or capital credit payment within the meaning of this section shall include the failure by such member or non-member or former Member or non-member or the personal representative or check distributee of the estate of a former Member or non-member to cash any check mailed to him by the Cooperative as payment at the last address furnished by him to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of two (2) years from the date when such payment was made available to such Member or non-member or former Member or non-member or the personal representative or distribute of the estate of a former Member or non-member without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication in a newspaper of general circulation in Pima County, Arizona, that unless such payment is claimed within said sixty (60) day period, such assignment and gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed by the Cooperative to such Member or non-member or former member or non-member at the last known address as set forth in the records of the Cooperative and the notice by publication shall be two (2) consecutive insertions in such newspaper. The sixty (60) days following the last day of publication thereof, or sixty days after the mailing of such notice whichever is later.

Section 4. Charitable Foundation. It shall be the duty of the Cooperative to maintain the Trico Foundation, an Arizona tax-exempt charitable corporation, with approval of the Internal Revenue Service of the United States and other appropriate authorities.

ARTICLE IX

DISPOSITION OF PROPERTY

Upon authorization, at any regular or special meeting or meetings of the Members of the corporation, by the affirmative vote of not less than two-thirds (2/3) of all the Members of the corporation, to or in any manner exchange or dispose of the whole or any substantial part of the business or property of the corporation upon any terms or condition whatsoever.

Notwithstanding anything herein contained, the Board of Directors of the corporation, without authorization by the Member thereof, shall have the 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 corporation, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom. This authorization is subject to such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the corporation to the United States of America or any institution or agency thereof, or to any person, association, or corporation licensed, chartered or regulated by the United States, a state or any department or agency of either.

ARTICLE X SEAL

The corporate seal of the corporation shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Incorporated 1945, Arizona."

ARTICLE XI FINANCIAL TRANSACTIONS

Section 1. Contracts. 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 contract or execute and deliver any instrument in the name and on behalf of the corporation, and such authority 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 corporation shall be signed by such officer or officers, agent or agents, employee or employees of the corporation 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 corporation shall be deposited from time to time to the credit of the corporation in such bank or banks as the Board of Directors may select.

Section 4. Fiscal year. The fiscal year of the corporation shall begin on the first day of January of each year and end on the thirty-first (31) day of December of each year.

ARTICLE XII MISCELLANEOUS

Section 1. Membership or Investment in Other Organizations. The Board of Directors shall have full power and authority on behalf of the corporation to purchase stock or other equity in or become a member of any corporation organized on a nonprofit or profit basis for the purpose of furthering the objectives and purpose of this corporation.

Section 2. Waiver of Notice. Any Member or Director may waive in writing, any notice of a meeting required to be given by these By-Laws. The attendance of a Member or Director at any meeting shall constitute a waiver of notice of such meeting by such Member or Director, except in case a Member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 3. Adoption, Amendments and Rescission of Rules, Regulations and By-Laws. The Board of Directors shall have the power to adopt, amend and rescind By-Laws and rules and regulations, which are consistent with the Articles of Incorporation, for the governance of the corporation. By-Laws may be supplemented, altered, repealed or amended by three-fourths (3/4) vote of all the Directors at any regular or special meeting after ten (10) days previous notice thereof. Within seventy-five (75) days after the Board of Directors has duly supplemented, altered, repealed or amended any provisions of the By-Laws, it shall cause each Member to be noticed of a summary thereof setting forth the essential provisions thereof by mail, electronic mail, or in an official publication of the corporation. A complete copy of such supplements, alterations, repeals and amendments shall be on file at the principal office of the corporation and a copy of the current By-Laws shall be posted on the corporation website after they have been adopted by the Board of Directors. Any Member may inspect the By-Laws at any time during regular business hours of the corporation. Anything in this Section 3 to the contrary notwithstanding, these By-Laws may be altered, amended or repealed or new By-Laws adopted by a vote of three-fourths (3/4) of all of the Members at a duly organized Members meeting.

Section 4. Accounting Systems and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Services of the United States of America. All accounts of the corporation shall be examined by the Board of Directors or a committee of the Board of Directors at such times as the Board of Directors shall determine. The Board of Directors shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the corporation. A summary of the audit reports, including a balance sheet and income statement, shall be submitted to the Members at the following meeting.

Section 5. Official Publication. The Board of Directors shall establish the official publication of the corporation, which shall be disseminated to all Members of the corporation not less frequently than bimonthly.

Section 6. Republishing By-Laws. The Board of Directors shall determine when the By-Laws should be republished. Republishing is defined as a reprinting of the By-Laws and an updating of the By-Laws on the Trico Website. Each republishing of the By-Laws shall incorporate all amendments of the By-Laws since the last republishing. The Board of Directors shall review the By-Laws to be republished and shall not alter the sense, meaning or effect of any Article or Section of the By-Laws, as amended, but may:

- (a) Correct manifest clerical and typographical errors.
- (b) Change the capitalization of any word or letter for the purpose of uniformity or clarification.
- (c) Rearrange Articles, Sections and portions of Sections for uniformity or clarification or to remove possible ambiguities.
- (d) Change the corporation's mailing or street address whenever the address is changed by the United States Postal Service.
- (e) Change the name of governmental departments, administrations, commissions or other agencies whenever such names have been officially changed by the respective government.
- (f) Make other minor changes that do not alter the sense, meaning or effect of any Article or Section.

STATEMENT OF NON-DISCRIMINATION

Trico Electric Cooperative, Inc. is a federal contractor and abides by the requirements of 41 CFR §§60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability. Trico is an equals opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at the U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.