

**ARTICLE I – MEMBERS.**

1. **Qualifications.** Any person or organization (collectively "person") shall, upon application satisfactory to the Gunnison County Electric Association (the "Association") become a member of the Association by:
  - A. Using, receiving, or purchasing from or through the Association any service, product, commodity, equipment, or facility, that is reasonably related to the Association furnishing, or the person receiving, any electric power or any other utility service; and
  - B. Agreeing to comply with and be bound by the Articles of Incorporation of the Association and these Bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors (the "Board"); and
  - C. Being accepted for membership by the Board.
  
2. **Application.** Within a reasonable time of using, receiving, or purchasing any Association services, the person shall complete a written membership application provided by the Association in which the applicant agrees, in writing, to:
  - A. Comply with and be bound by the Articles of Incorporation and Bylaws of the Association; and
  - B. Comply with such rules and regulations as shall from time to time be adopted by the Board; and
  - C. Comply with all applicable law and any legally binding agreements regarding the Association and its operations, assets, members, and services; and
  - D. Not hold more than one membership in the Association.
  
3. **Acceptance.** Upon acceptance, the new member shall pay rates, or amounts determined by the Board, and in a manner specified by the Association, for all services used, received, or purchased, by the member, or for any dwelling or structure owned, controlled or directly occupied by the member, and for any other amounts required by these Bylaws or the Board.
  
4. **Refusal of Membership.** The Board may refuse an Applicant membership if the Board determines that the Applicant is unable or unwilling to comply with the provisions as set forth above, or for other good cause as determined by the Board, and, upon refusal:
  - A. Return any amounts paid to the Association by the Applicant as part of the membership process except:
    1. Amounts paid for using, receiving, or purchasing any service provided by the Association; and
    2. Outstanding amounts previously owed by the Applicant to the Association.
  
5. **Joint Membership.** Two or more persons may apply for joint membership and, subject to their compliance with the requirements of this Article, may be accepted for joint membership.
  - A. One of the parties shall be designated as a voting delegate at any Association membership meeting and the presence of such a delegate shall constitute representation of the joint membership.
  - B. Notice to any party shall constitute notice to the joint membership. Waiver of notice of any meeting signed by any joint member constitutes waiver of notice for all joint members.

- C. Termination, suspension or withdrawal of either party shall be deemed expulsion or withdrawal of such joint membership.
  - D. Any party, but not more than one, may be elected or appointed as an officer or Board member, provided that that party meets the qualifications for such office.
  - E. Upon the death of any party, such membership shall be deemed to be held solely by the surviving party(ies) with the same effect as though such membership had been originally issued solely to such party(ies). The estate of the deceased party shall not be released from duties, obligations, and liabilities imposed by these Bylaws.
  - F. Any party in a joint membership shall not also hold an individual membership in the Association.
- 6. Organization Membership.** An “organization” may apply for membership and, subject to its compliance with the requirements of this Article, may be accepted for organization membership.
- A. The organization shall designate one of its parties as a voting delegate at any membership meeting and the presence of such a delegate shall constitute representation of the organization membership.
  - B. Notice to the organizational address shall constitute notice to the membership.
  - C. An organization may delegate one of its members to represent it and such delegate may be elected or appointed as an officer or Board member, provided that both the delegate and the organization meet the qualifications for such office.
  - D. The organization's delegate shall be identified on the election ballot as the designated representative of the organization.
  - E. Once elected or appointed, said organization delegate shall be deemed an individual natural person to the extent that if the organization or the delegate resigns or is expelled, the Board and not the organization, shall appoint a replacement from the Association membership, as provided for herein.
  - F. An organization shall not hold more than one (1) membership in the Association.
- 7. Membership Fee.** There shall be no fee charged or collected to become a member of this Association.
- 8. Membership List.** The Association shall maintain a record of current members.
- 9. Member Liability.** A member is generally not liable to third parties for the Association’s acts, debts, liabilities, or obligations. The private property of a member is exempt from execution for the debts of the Association. A member shall pay any dues, assessments, or fees, and may become liable to the Association as:
- A. Provided in these Bylaws;
  - B. Determined by the Board; or
  - C. Otherwise agreed to by the Association and member.
- 10. Transfer of Membership.** Membership shall be transferable to any “person,” “joint membership,” or “organization,” who or which is eligible for the membership in the Association and becomes a member of the Association under the conditions set forth in these Bylaws.
- 11. Withdrawal of Membership.** Any member may withdraw from membership upon completing to the Board’s satisfaction any and all duties, obligations, and liabilities as imposed by these Bylaws or the Board.

- 12. Suspension and Notice of Suspension of Membership.** Membership may be suspended, and notice provided, under the following conditions, or as allowed by law.
- A. Suspension may result if the member:
1. Fails to timely pay any amounts due the Association; or
  2. Fails to timely comply with the Bylaws; or
  3. Ceases to use, receive, or purchase any service provided by the Association for six (6) consecutive months; or
  4. Voluntarily requests suspension; or
  5. As otherwise provided in these Bylaws; or
  6. For other good cause as determined by the Board.
- B. Notice shall be provided, unless a member voluntarily requests suspension, or unless otherwise provided for in these Bylaws:
1. At least ten (10) days prior written notice of the member's possible suspension and the underlying reasons for the possible suspension; and
  2. The suspension notice shall be mailed by first class or certified mail to the member's current address as shown in the member's consumer records; and
  3. The suspension notice shall state, and the member shall have, at least five (5) days after the effective date of the notice to comment upon the cause of suspension, either orally or in writing.
- C. Upon suspension, unless otherwise provided for in these Bylaws, the Association's duties, obligations, and liabilities imposed by these Bylaw shall end.
- D. The suspended member may not sign any member-initiated petition, nominate or vote for directors, qualify as a candidate for director, count toward a quorum, or vote on any matter submitted to members.
- E. Unless otherwise determined by the Board in good faith, a member's suspension is automatically lifted upon the member rectifying, within twenty (20) days, to the Association's reasonable satisfaction, the underlying reason for suspension. The Board may also lift any member suspension for good cause as determined by the Board.
- 13. Termination of Membership.** A membership shall terminate upon the death, cessation of existence, or withdrawal of a member, or by the approval by the Board in good faith, and as allowed by law, of a suspended member. A terminated member is not released from any debts, liabilities, or obligations owed to the Association. A terminated member is entitled to receive any amounts authorized by the Board and generally returned to terminated members.
- 14. Limitation of Liability.** The Association shall provide reasonably continuous and adequate service. The Association, however, neither insures, guarantees, nor warrants that it will provide adequate, continuous, or non-fluctuating electric power or energy or other Association service. The Association is not liable for any damages, costs, or expenses, including attorney's fees or legal expenses, caused by the Association providing any inadequate, noncontinuous, or fluctuating electric power or energy or other Association service unless the damages, costs, or expenses are caused by the Association's gross negligence or willful misconduct.

15. **Cooperative Equipment and Member Equipment.** No member shall tamper with, alter, interfere with, damage, or impair any Association equipment. No member shall take, or commit any act involving, any member equipment connected to any Association's equipment that adversely impacts the Association's ability to safely, reliably, and efficiently operate the Association. Each member shall protect all Association equipment, and shall implement and follow any protective procedure required by the Association.
16. **Maintaining Member Location.** Each member shall maintain any real or personal property in which the member possesses any legal right or interest, which surrounds or is adjacent to Association equipment for the purpose of ensuring the Association's ability to operate safely, reliably, and efficiently.
17. **Member Grant of Property Rights.** Each member shall provide the Association with safe access to and use of any real or personal property in which the Member possesses any legal right or interest, and which, as determined by the Association, is reasonably necessary for the Association to provide services and to operate safely, reliably and efficiently.

## ARTICLE II – MEETING OF MEMBERS.

### 1. **Annual Member Meetings.**

- A. The Annual Member Meeting shall be held in June of each year. The Board shall determine the date, time and location of the Annual Member Meeting.
- B. The purpose of such a meeting shall be designated in the notice of the meeting, and may include the:
  1. Election of directors;
  2. Passing upon reports covering the previous fiscal year; and
  3. Transacting of such other business as may come before the meeting.
- C. The failure to hold the Annual Member Meeting does not affect any action taken by the Association, and shall not work a forfeiture or dissolution of the Association.

### 2. **Special Member Meetings.**

- A. Special Member Meetings shall be called upon:
  1. A written request signed by at least three (3) directors; or
  2. By a written request signed and dated, within sixty (60) days following the first signature, by at least ten percent (10%) of the Association's total current non-suspended members.
- B. The Secretary shall thereafter give notice of such meeting within thirty (30) days of receiving a written request or, upon a default in the duty by the Secretary, the persons calling such meeting shall reasonably set the time, date and location of the Special Member Meeting and properly notify the Members.
- C. Notice of a Special Member Meeting shall include:
  1. The time and location; and
  2. The purpose.

- D. The Board shall determine the date, time, and the location of any such meeting.
- E. The failure to hold a meeting does not affect any action taken by the Association, and shall not cause forfeiture or dissolution of the Association.

**3. Notice of Annual and Special Member Meetings.**

- A. Public notice of such meetings, indicating date, time, and location shall be published and posted on the Association's website at least once not less than ten (10) days, nor more than thirty (30) days, prior to such meeting, in the newspapers of general circulation in the area served by the Association.
- B. The Date of the Annual Meeting and Director Election shall be fixed and posted on the Association's website, and otherwise publicized no less than six (6) months before the election.
- C. Written or printed notice of such meeting, indicating date, time, and location shall be delivered not less than ten (10) days, nor more than thirty (30) days, before the date of the meeting to each member of the Association as of two (2) business days prior to the mailing of the notice. Delivery shall be:
  - 1. Personally; or
  - 2. By mail, as follows:
    - a. Notice shall be deemed delivered once:
      - (1) deposited in the United States mail;
      - (2) addressed to the member at an address as it appears on the records of the Association; and
      - (3) with postage thereon prepaid; or
    - 3. By electronic communications as approved by the Board.
- D. The inadvertent and unintended failure of any member to receive notice of an Annual or Special Member Meeting shall not invalidate any action which may be taken by the members at any such meetings.

**4. Waiver of Notice.** Any member may waive notice of an Annual or Special Member Meeting, or waive notice of any matter to be considered, or voted or acted upon, at an Annual or Special Member Meeting, by:

- A. Signing and delivering to the Association a written waiver of notice either:
  - 1. Prior to the meeting; or
  - 2. Within thirty (30) days following the meeting.
- B. Attending the meeting, unless attending for the express purpose of objecting to transacting business at the meeting because the meeting was not lawfully called or convened.

**5. Notice of Adjourned Meetings.** Unless otherwise provided in these Bylaws, the Association shall notify members of any Annual or Special Member Meeting adjourned to another date, time or location, unless:

- A. The meeting is adjourned to another date occurring within sixty (60) days following the original date of the meeting; and

- B. The new date, time, or location, is announced at the meeting prior to the adjournment.
- 6. Quorum.** A quorum for the election of directors, amending of the Articles of Incorporation, and conducting normal business at all meetings of the members, shall be five percent (5%) of the members, or fifty (50) members present in person, whichever is less, unless Colorado law shall provide otherwise.
- A. If less than a quorum is present at any meeting, then a majority of the members present attending the meeting in person may adjourn the meeting, to a date no more than ninety (90) days following the original meeting.
- B. If less than a quorum is present at any meeting, the only business item that can be voted on is the election of the directors. The election shall be decided by a vote of the plurality of those members who vote, either by mail or in person.
- 7. Mail Ballot.** In conjunction with an Annual or Special Member Meeting, any member may vote by mail on any matter, in a manner determined by the Board consistent with these Bylaws. Mail voting shall be in writing on ballots provided by the Association.
- A. The mail ballot shall be:
1. Voted by the member;
  2. Placed in a special envelope provided for the purpose so as to conceal the marking on the ballot;
  3. Deposited in a return envelope which must be signed by the voting member; and
  4. Received, counted and certified by an independent CPA designated by the Chief Executive Officer. The CPA's election results shall be final.
  5. All candidates shall be given the opportunity to be present during the ballot tabulation.
- B. The ballot mailing deadline shall be posted on the Association's website at least (3) months before the deadline.
- C. Any member that has voted by mail shall not be entitled to vote at the member meeting.
- 8. Member Voting.** Upon proof of Association membership and in order to make a determination of Members entitled to vote, the board shall fix a Date of Record forty-five (45) days prior to the date of the Annual Meeting, and regardless of the value or quantity of Association services used, received or purchased, each member shall be entitled to one (1) vote, and no more unless otherwise provided in these Bylaws, upon each matter submitted to a vote at an Annual or Special Member Meeting.
- 9. Member Voting with Quorum Present.** At all meetings at which a quorum is present, all matters shall be decided by a vote of a majority of the members voting, whether in person or by Mail Ballot, or as otherwise provided by law, the Articles of Incorporation of the Association, or these Bylaws.
- 10. Member Voting by Member Proxy.** A member shall not appoint another member or individual to vote or otherwise act on any matter as provided in these Bylaws for that member. The Association shall not accept votes on any matter as provided in these Bylaws that are taken by a member proxy on a member's behalf. Voting for directors on the board of directors by proxy or cumulative voting is prohibited.
- 11. Order of Business.** The order of business at the Annual Member Meeting and, so far as possible, at all other meetings, including any Special Member Meetings, shall be determined by the Board. The order of business should be as follows:

- A. Reporting on the number of members present to determine the existence, or non-existence, of a quorum;
  - 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;
  - C. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action;
  - D. Presentation and consideration of reports of officers, trustees, and committees;
  - E. Consideration, voting, or acting upon a matter for which the Board and members are authorized and were properly notified;
  - F. Election of Board members;
  - G. Any unfinished business;
  - H. Any new business; and
  - I. Adjournment.
- 12. Conduct at Member Meetings.** The President of the Board of Directors may exercise any power reasonably necessary for efficiently and effectively conducting any Member Meeting, including the removal of any person from any Member Meeting for unruly or disruptive behavior.

### **ARTICLE III – BOARD OF DIRECTORS.**

- 1. General Powers.** The business and affairs of the Association shall be managed by a board of seven (7) Directors (“Board”). The Board shall exercise all of the powers of the Association except those powers conferred upon the members by law, the Articles of Incorporation of the Association, or these Bylaws. The Board’s powers include, but are not limited to, making and adopting such policies, rules and regulations, consistent with the law, the Articles of Incorporation of the Association, or these Bylaws, as the Board may deem advisable for the management, administration and regulation of the business and affairs of the Association.
- 2. Director Districts.** The Association shall equitably divide the general area in which members are located or reside into seven (7) districts (“Director Districts”). If necessary, the Board shall revise the Director Districts to ensure that members are equitably represented. One (1) natural person residing within each Director District shall be elected by the entire membership. The Districts are described as follows:
- A. District No. 1. The northwest corner of the certificated service area of the Association, including the Town of Crested Butte and the Slate River area along Colorado State Highway 135 to approximately one-half (1/2) mile north of Jack’s Cabin cut-off.
  - B. District No. 2. The northeast corner of the certificated service area of the Association, including Mt. Crested Butte and Gothic to the Continental Divide.
  - C. District No. 3. The Ohio Creek and Taylor River drainage areas beginning approximately one-half (1/2) mile north of the Jack’s Cabin cut-off to the City of Gunnison’s service area on the south and extending to the western and eastern boundaries of the certificated service area of the Association.
  - D. District No. 4. The Gunnison River area west of the City of Gunnison, Curecanti recreation area, to the West Elk Wilderness area on the north and the Continental Divide on the south within the certificated service area of the Association.

- E. District No. 5. The Lake Fork of the Gunnison drainage from Gateview to the Continental Divide, including Lake City and Lake San Cristobal within the certificated service area of the Association.
- F. District No. 6. The Tomichi Creek area east of the City of Gunnison to the Continental Divide within the certificated service area of the Association.
- G. District No. 7. This District shall be considered an “at-large” district encompassing the entire certificated area of the Association. A member from any of the Association’s districts may seek nomination for this position, subject to the nomination and election procedures applicable to all other districts.
- H. A more detailed description and map of the district boundaries shall be available at the offices of the Association for public inspection during normal business hours.

**3. Qualifications of a Director.** Any Director or Director candidate shall possess the following qualifications:

- A. Is a natural person; and
- B. Has the capacity to enter into legally binding contracts; and
- C. Is a bona fide resident in the area served by the Association and the Director Districts represented; and
- D. Does use, receive, or purchase an Association service at the Director’s primary residence.
- E. Is not materially, directly, regularly or substantially, in any way, employed by, affiliated with, or financially interested in a competing enterprise; and
- F. While a Director and during the five (5) years immediately prior to becoming a Director, not be convicted of, or plead guilty to, a felony; and
- G. Complies with any other reasonable qualifications as determined by the Board.

Nothing contained in this section shall, or shall be construed to, affect the validity of any action taken at any meeting of the Board.

**4. Tenure of a Director.** All Directors shall serve for a term of three (3) years, or until a successor Director is elected and qualified, subject to the provisions of the Bylaws with respect to the removal of Directors. The Association shall stagger Director terms by dividing the total number of Directors into three (3) groups of approximately even number, and holding elections for one group each year.

**5. Nomination of Directors.**

- A. A nomination to fill a vacancy on the Board shall be made by:
  - 1. A written petition signed by at least fifteen (15) members of the Association; and
  - 2. Such written petition shall be filed with the Board no later than forty-five (45) days prior to the date of the election.
  - 3. Each such written petition shall contain
    - a. The name of the nominee;

- b. The term for which nominated; and
  - c. The District from which nominated.
- 4. The Secretary shall determine whether each written petition conforms with this Bylaw.
- B. In the event that no more than one (1) qualified candidate for each available position submits a valid written petition, the Board may by resolution cancel the election and instruct the Secretary to declare the non-contested candidate elected, effective the date of the forthcoming Annual Member Meeting.
- 6. Notice of Director Nominations.** At least ten (10) days prior, to any Annual Member Meeting at which members are scheduled to elect Directors, the Association shall notify members of the positions for which members are scheduled to vote, and the names and corresponding positions of all candidates. Notice of the time and place of a meeting and a copy of the agenda for the meeting shall be posted in every service office maintained by the Association.
- 7. Candidates for Positions on the Board of Directors.** Candidates shall be entitled to receive membership lists, in a usable format, on the same basis and at the same time as such lists are made available to incumbent directors running for reelection and in accordance with the Association's policy regarding Director Election and Campaigning rules. Candidates shall use such lists only for purposes of the election and shall return or destroy them immediately after the election.
- 8. Voting on Election of Directors.** Each member of the Association shall be entitled to vote in the election either:
  - A. In person at the upcoming Annual Member Meeting; or
  - B. By Mail Ballot.
    - 1. The Mail Ballot shall be:
      - a. Voted by the member;
      - b. Placed in a secrecy envelope provided for the purpose so as to conceal the marking on the ballot; which must be signed by the voting member; and
      - c. Received, counted and certified by an independent CPA designated by the Chief Executive Officer. The CPA's election results shall be final.
  - C. A plurality of votes is necessary to elect a Director. In case of a tie Director Vote, a random selection will be made by flipping a coin by an independent third party.
  - D. Each member of the Association shall be entitled to vote in the election of directors on the board either at a meeting held for such purpose or by mail, but not both. A member who has voted by mail shall not be entitled to vote at the meeting.
  - E. Voting for Directors on the Board of Directors by proxy or cumulative voting is prohibited.
  - F. Neither the Association nor the Board of Directors shall endorse or oppose the candidacy of an incumbent Board Member or other Candidate for a position on the Board. During the two (2) months immediately preceding the election, Board Members shall not send individual newsletters using the Association's resources.
  - G. The order of names on the ballot shall be determined randomly in a manner that does not automatically assign the top line to the incumbent.

**9. Director Standard of Conduct.** A Director shall discharge the Director's duties, including duties as a Board member as follows:

- A. In good faith;
- B. With the care an ordinary, reasonable and prudent person in a like position would exercise under similar circumstances;
- C. In a manner the Director reasonably believes to be in the best interests of the Association; and
- D. Attend at least two-thirds (2/3) of all Board meetings during any twelve (12) month period, unless excused for good cause by the Board.
- E. All Board Members shall make available to Association Members some means for direct contact, whether by telephone, electronic mail, or regular mail. Information on how to contact each Board Member by one or more of these methods shall be available on the Association web site.

**10. Removal of Director.** Any member may bring charges against a Director. The member shall file with the Secretary such charges in writing, together with a petition signed by at least ten percent (10%) of the members. The member may request the removal of the Director, for good cause. Additionally, a majority of the Board of Directors, acting individually, may initiate the removal of a Director, for good cause.

- A. In either case, the Board shall within thirty (30) days consider the petition, and if found sufficient, shall inform the Director in writing of the charges. If the Board determines that good cause does not exist, the charges shall be dropped.
- B. Good cause shall mean any reason determined by the Board to seriously and materially impair the ability of the Director to function as a Director. This may include committing any grossly, negligent, fraudulent, or criminal, act or omission, which significantly and adversely affects the Association.
- C. If the Board determines that the petition complies with this Bylaw, then it shall notice and hold a member meeting within sixty (60) days following the Board's determination. At this meeting, the Director shall have the opportunity to be heard and present evidence.
- D. If the members vote to remove the Director, then the Director is removed effective the time and date of the member vote. Any vacancy created by such removal may be filled by the process as set forth in these Bylaws.

**11. Resignation of Director.** A Director may resign at any time by delivering written notice to the Board, President, or Secretary. Unless the resignation specifies a later effective date, a Director's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation.

**12. Director Vacancy.** The filling of vacancies caused by the removal of a Director, by resignation, or otherwise, shall occur by either of the following:

- A. Publication. Within fifteen (15) days following the date of the removal or resignation of any Director, the Association shall publish in all local newspapers within its certificated area:
  1. Notice of the vacancy;
  2. Description of the District represented by the vacancy; and
  3. Request for members residing within that District to submit, in writing, their request for consideration to be appointed to the vacant Director position.

If, after thirty (30) days from the date of the publication, no qualifying member submits a statement of interest to the Association, then the remaining Directors may solicit or consider statements of interest from members residing in any of the seven (7) Districts of the Association.

B. Voting. A vacancy may be filled by the affirmative vote of a majority of the remaining Directors until the next Annual Member Meeting, at which time the new Director, if qualified, shall be required to stand for election to fill the unexpired term.

**13. Compensation.** The Association may provide reasonable compensation for the time actually spent by its Directors in its service. Such service may include, but is not limited to: (i) board meetings; (ii) functions involving the cooperative; or (iii) functions reasonably enhancing the Director's ability to serve as a Director. The Board shall determine or approve the manner, method and amount of any Director compensation.

**14. Accounting System and Reports.** The Board shall establish and maintain a complete accounting system, which, among other things, and subject to applicable laws, rules, and regulations of any regulatory body, shall conform to the accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall, within a reasonable time after the close of each fiscal year, produce a full and complete audit of the accounts, books, and financial condition of the Association. A report of the audit shall be submitted to the members at the following Annual Member Meeting.

**15. Director Liability.** If a Director complies with these Bylaws and governing Colorado statutory law, then the Director is not liable to the Association, any member, other individual, or entity, for action taken, or not taken, as a Director.

**16. Indemnification of Director.** The Association shall indemnify a person who is or was a Director, against liability, including judgment, settlement, penalty or fine, and associated legal costs and fees, and reasonable expenses, in any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative if:

A. The person conducted himself or herself in good faith; and

B. The person reasonably believed:

1. in the case of conduct in an official capacity with the Association, that his or her conduct was in the Association's best interests; and

2. in all other cases, that his or her conduct was at least not opposed to the Association's best interests; and

C. In the case of any criminal proceeding, the person had no reasonable cause to believe his or her conduct was unlawful.

There is no indemnification for the following:

A. Any breach of the Director's duty of loyalty to the Association or its members;

B. Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and

C. Any transaction from which the Director derived an improper personal benefit.

The Association shall indemnify persons who are or were Directors to the full extent allowed by law.

**17. Director Insurance.** The Association shall purchase and

maintain insurance on behalf of an individual who was or is a Director, against any liability and reasonable expenses, including attorney's fees, asserted against or incurred by the Director in any capacity, or arising out of the Director's status.

**18. Committees/Representatives.** The Board may create committees of the Board ("Board Committees") and appoint Directors to serve on the Board Committees pursuant to the procedures set forth in the Rules and Regulations of the Association.

#### **ARTICLE IV – MEETING OF DIRECTORS.**

- 1. Annual Board Reorganizational Meeting.** The Annual Board Reorganizational Meeting shall be held concurrent with the next regular board meeting following the Annual Member Meeting.
- 2. Monthly Board Meeting.** The Board shall regularly meet monthly at such time and place as the Board may provide for by resolution. Notice of the time and place of a meeting of the Board of Directors and a copy of the agenda for such meeting shall be posted in every service office maintained by the Association and posted on the Association's website, at least ten (10) days before the meeting. The agenda shall specifically designate the issues or questions to be discussed, or the actions to be taken, at the meeting. Copies of said agenda shall be available at each service office for members and consumers. For good cause, the President may change the date, time, or location of any Monthly Board Meeting subject to the notice requirements as set forth above. All Directors must be personally notified of a President's change in a Monthly Board Meeting date, time, or location, at least ten (10) days before the changed Monthly Board Meeting.
- 3. Special Board Meeting.** The Board, the President, or at least three (3) Directors may call a Special Board Meeting. Special meetings of the Board shall require at least two (2) days' notice of the date, time and place. Notice of the time and place of a special meeting of the Board of Directors shall be posted in every service office maintained by the Association and posted on the Association's website as soon as the meeting is scheduled. Unless otherwise provided by the Articles or Bylaws, purposes of a special meeting do not have to be stated in the notice of any special meeting.
- 4. Meeting Cancellations.** If any meeting is postponed or cancelled, notice of the postponement or cancellation shall immediately be posted on the Association's website.
- 5. Board Action by Written Consent.** Actions of the Board may be taken without a meeting if the action is agreed to by all members of the Board and is evidenced by one or more written consents together signed by all Directors, describing the action taken, and filed with the corporate records.
- 6. Quorum.** A majority of the Board acting as Directors immediately before any Board meeting shall constitute a quorum. However, if less than a majority of the Directors is present at the meeting, a majority of the Directors that are present may adjourn the meeting from time to time without further notice. Any absent Director shall be notified by the Secretary of the time and place of the adjourned meeting. If a quorum is present, at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of the Directors present and voting is the act of the Board. The following may preside at the meeting, in descending priority:
  - A. President;
  - B. Vice-President;
  - C. Secretary;
  - D. Treasurer; and

E. Director.

7. **Presence.** Directors shall be deemed present for purposes of any meeting if such Director attends the meeting in person, or through any means of communication by which all Directors participating in the meeting may reasonably and verifiably identify themselves, and simultaneously and approximately instantaneously communicate with each other during such meeting. (i.e. audio or video-conferencing, or other means of electronic communication)
8. **Public Meetings.**
  - A. All meetings of the Association are declared to be open meetings and open to the members, consumers, and news media at all times; Members of the Association shall be given an opportunity to address the Board in accordance with the policies of the Association; but the Association, by a two-thirds (2/3) affirmative vote of the Board members present, may go into executive session for consideration of documents or testimony given in confidence, but the Association shall not make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money at any session which is closed to the members, consumers, and news media.
  - B. Prior to the time the Board of Directors convenes in executive session, the Board shall announce the general topic of the executive session.
  - C. Any action taken contrary to the provisions of this section shall be null and void and without force or effect.
9. **Minutes of Meetings.** Written minutes shall be made of all meetings of the Board of Directors and shall be placed on the Association's website after the minutes have been approved and shall remain posted until at least six (6) months after the date of the meeting. A Board member may request to have his or her vote on any issue noted in the Minutes.

#### **ARTICLE V – OFFICERS.**

1. **Required Officers.** The Association shall have a President, Vice-President, Secretary, and Treasurer. Only Directors shall be elected and serve as Required Officers. The positions of Secretary and Treasurer may be held by the same individual, however, such individual shall not execute, acknowledge, or verify any document in more than one (1) capacity.
2. **Other Officers.** The Board may elect or appoint Directors, Association employees, or other individuals as Other Officers. Election or appointment must be by the affirmative vote of a majority of the current Directors. All Other Officers shall perform all other duties, have all other responsibilities, and exercise all other authority, that are incident to the office or that may be prescribed by the Board from time to time.
3. **Election of Officers.** The Board shall elect the Required Officers at the Annual Board Reorganizational Meeting, by majority vote of Directors in office and secret ballot without prior nomination. If the election is not held at such meeting, such election shall be held as soon as possible.
4. **Term of Office.** Each Required Officer shall hold office until the next Annual Board Reorganizational Meeting, or until a successor shall have been duly elected and qualified, subject to the provisions of these Bylaws with respect to the removal of Officers. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.
5. **Contracts of Officers.** Except as otherwise provided in these Bylaws, the Board may authorize any Officer to enter into a contract, or execute and deliver any instrument, in the name and on the behalf of the Association.
6. **Officer Standard of Conduct.** An Officer shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Officer reasonably believes to be in the best interests of the Association.

- 7. Removal of Officers.** Any Officer elected or appointed by the Board may be removed by a majority vote of the Board, if the Board determines such removal will serve the best interests of the Association. Additionally, any member of the Association may bring charges against an Officer by filing with the Secretary such charges in writing, completing a written petition signed by at least ten percent (10%) of the members, and formally requesting such removal.

The Officer against whom the charges are brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting in which the charges will be considered. The Officer and those bringing the charges shall have an opportunity to be heard and present evidence at the meeting.

- 8. President.** Unless otherwise determined by the Board, required by law, the Articles, or these Bylaws, the President shall:
- A. Act as the principal executive officer of the Association;
  - B. Preside, or designate another individual pro-tem to preside at all Board and member meetings;
  - C. Sign, with the Secretary, any document properly authorized or approved by the Board or members; and
  - D. Perform all other duties, have all other responsibilities, and exercise all other authority, that are incident to the office or that may be prescribed by the Board from time to time, and not inconsistent with the Bylaws.
- 9. Vice-President.** Unless otherwise determined by the Board, required by law, the Articles, or these Bylaws, the Vice-President shall be responsible for:
- A. Performing the duties and having the powers of the President upon the President's death, removal, absence, disability, inability, or refusal to act; and
  - B. Performing all other duties, having all other responsibilities, and exercise all other authority, that are incident to the office or that may be prescribed by the Board from time to time, and not inconsistent with the Bylaws.
- 10. Secretary.** Unless otherwise determined by the Board, required by law, the Articles, or these Bylaws, the Secretary shall be responsible for:
- A. Preparing minutes of Board and member meetings;
  - B. Authenticating the Association's records;
  - C. Ensuring that all notices are duly given in accordance with these Bylaws or as required by law; and
  - D. Performing all other duties, having all other responsibilities, and exercising all other authority, that are incident to the office or that may be prescribed by the Board from time to time, and not inconsistent with the Bylaws.
- 11. Treasurer.** Unless otherwise determined by the Board, required by law, the Articles, or these Bylaws, the Treasurer shall be responsible for:
- A. Having charge and custody of all funds and securities of the Association;
  - B. Receiving, depositing, investing, and paying all Association monies from or to any sources; and
  - C. Performing all other duties, having all other responsibilities, and exercising all other authority, that are incident to the office or that may be prescribed by the Board from time to time, and not inconsistent with the Bylaws.

- 12. Bond of Officers.** Any Officer charged with the responsibility for the custody of any of the Association's funds or property may be bonded, at the Association's expense, in such sum and with such surety as the Board shall determine.
- 13. Resignation of Officer.** An Officer may resign at any time by delivering written notice to the Board, President, or Secretary. Unless the resignation specifies a later effective date, an Officer's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation.
- 14. Officer Vacancy.** The filling of vacancies caused by the removal, resignation, or otherwise, of an Officer, shall occur according to these Bylaws. The Board shall fill any vacancy for an unexpired portion of the term.
- 15. Compensation.** The reasonable compensation of Officers shall be fixed by the Board, subject to the provisions of these Bylaws.
- 16. Reports.** At the Annual Member Meeting, the Officers shall submit reports covering the business and condition of the Association for the previous year.
- 17. Officer Liability.** If an Officer complies with these Bylaws and governing Colorado statutory law, then the Officer is not liable to the Association, any member, other individual, or entity, for action taken, or not taken, as an Officer.
- 18. Indemnification of an Officer.** The Association shall indemnify a person who is or was an Officer against liability including judgment, settlement, penalty or fine, and associated legal costs and fees, and reasonable expenses, in any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative if:
- A. The person conducted himself or herself in good faith; and
  - B. The person reasonably believed:
    - 1. in the case of conduct in an official capacity with the Association, that his or her conduct was in the Association's best interests; and
    - 2. in all other cases, that his or her conduct was at least not opposed to the Association's best interests; and
  - C. In the case of any criminal proceeding, the person had no reasonable cause to believe his or her conduct was unlawful.
- There is no indemnification for the following:
- A. Any breach of the officer's duty of loyalty to the Association or its members;
  - B. Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and
  - C. Any transaction from which the officer derived an improper personal benefit.
- The Association shall indemnify persons who are or were Officers to the full extent allowed by law.
- 19. Officer Insurance.** The Association shall purchase and maintain insurance on behalf of an individual who was, or is, an Officer, against any liability and reasonable expenses, including attorney's fees asserted against or incurred by the Officer in any such capacity, or arising out of the Officer's status.

## **ARTICLE VI – NON-PROFIT OPERATION.**

- 1. Non-Profit Operation.** The Association shall at all times operate on a non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Association on any capital furnished by its members.

- 2. Capital Credit.** The Association's operations shall be conducted so that all members, will, through their membership, furnish capital for the Association. All funds and amounts received by the Association from members for the furnishing of electric energy that are in excess of operating costs and expenses, shall be furnished by the members as capital. The Association shall allocate to a capital account, for each member, all such amounts. 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 to a legal obligation to do so and the member had then furnished the Association corresponding amounts for capital.

All other amounts received by the Association shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year; (b) allocated to members on a patronage basis; or (c) used by the Association as permanent, non-allocated capital.

If the costs and expenses exceed the amounts received and receivable from the furnishing of electric energy, hereinafter referred to as "loss", then the Board shall have the authority to prescribe a fair and equitable manner in which such loss shall be handled, including but not limited to, the carrying forward of the loss to offset future allocations of patronage capital to the members resulting from the furnishing of electric energy. Losses subject to this paragraph shall be determined in the same manner and method that patronage capital is calculated and allocated to members as provided above with respect to the pre-existing obligation to allocate patronage capital.

Notwithstanding Article VI, the amount to be credited to the capital of members on account of their patronage shall be no less than the greater of alternative minimum taxable income or regular taxable income resulting from their patronage as determined under Federal income tax law.

- A. **Books and Records.** At the end of each fiscal year, the amount of capital, if any, shall be allocated in an appropriate record to the capital account of each member. The Association shall within a reasonable amount of time after the close of each fiscal year, notify each member via individual written notice of the amount of capital allocated to the member's account.
- B. **Distribution.** All capital shall be:
1. Used to offset any losses incurred during the current or any prior fiscal year; or
  2. Held in reserve for future capital expenditures; or
  3. Retired by payment to the members, if the Board determines that the financial condition of the Association will not be impaired. The Board shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. The Board may prioritize the payment of patronage credits among deceased natural persons, legally dissolved corporations, and bankrupt corporate members.

- 3. Reasonable Reserves.** Based upon the Association's reasonable needs, the Association may accumulate and retain reasonable reserves. However, the Association shall allocate reasonable reserves as capital credits.

- 4. Termination of Membership.** If a member terminates their membership, and owes the Association any unpaid charges or fees, the Association shall have a lien and the right of offset, upon the capital credits of the member to the extent of the obligations.

- 5. Distribution on Liquidation or Dissolution.** Upon dissolution or liquidation of the Association, assets shall be distributed, pursuant to law, as follows:

- A. All outstanding indebtedness of the Association shall be paid;
- B. All allocated capital credits shall be retired without priority, to all members and former members on a pro rata basis;

C. All gains from the sale of assets shall be paid to members and former members in proportion to their allocated capital credits; and

D. All remaining assets to the members and former members in proportion to their allocated capital credits.

**6. Capital Credits to a Deceased Natural Person's Estate.** The legal representative of a deceased member's estate, and the Board, shall have the power to reach an agreement regarding the early retirement of the deceased member's capital credit, under such terms and conditions if:

A. The legal representative makes such a request in writing; and

B. The financial condition of the Association will not be impaired.

The amount of such early retirement may be discounted subject to the Rules and Regulations of the Association.

**7. Unclaimed Deposits.** If any member fails to claim any deposits, capital credits, membership refunds, contributed capital, book equities, or any other property or funds held for the member by the Association, the Association may recover and use the property for educational, charitable, or other proper non-profit purposes provided.

**8. Unpaid Member Accounts.** Before retiring any capital credits, the Association may deduct any amounts owed to the Association by the member or former member including the Colorado legal rate of interest accruing on judgments, compounded interest, and late payment fee, determined by the Board.

All members grant a first lien on all memberships, deposits, stocks, dividends, capital credits, patronage refunds, and all other property or funds of the member that is held by the Association to secure the payment of all indebtedness of the member to the Association. The lien is perfected by possession of the collateral, and the Association's Articles, Bylaws, Tariffs, and Rules and Regulations constitute a security agreement under the Uniform Commercial Code.

#### **ARTICLE VII – DISPOSITION OF ASSOCIATION ASSETS.**

**1. Transfer of Assets.** The Association shall not sell, lease, merge, consolidate, or otherwise dispose of the Association itself, or more than twenty-five percent (25%) of the Association's assets, in any one calendar year, unless:

A. The Board of Directors, by a two-thirds (2/3) majority of all its members, shall recommend the transaction; and

B. Such sale, lease, merger, consolidation, or other disposition, is authorized at a Member Meeting by an affirmative vote of two-thirds (2/3) of all members present and voting, in person or by mail; and

C. Notice of such proposed sale, lease, merger, consolidation, or other disposition is contained in the notice of the meeting.

The Board, without authorization by the members, shall have the power and authority to execute and deliver a mortgage(s), a deed(s) of trust, or pledge or encumber any or all of the property assets, rights, privileges, licenses, franchises, and permits of the Association, to secure any indebtedness of the Association.

#### **ARTICLE VIII – AMENDMENT OF BYLAWS.**

**1. Procedure for Altering, Amending or Repealing These Bylaws.**

A. By the Board of Directors.

1. The Board may move for such action by a two-thirds (2/3) majority vote of all of its members.

2. Following an affirmative vote, written notice of such action shall be mailed to each member.
3. Thirty (30) days after the date of mailing, the action shall take effect unless twenty-five percent (25%) or more of the members respond negatively, in which case the action shall be defeated.
4. If defeated, such action shall only be adopted at a later date if at a regular or special meeting of the members. The notice of the meeting shall contain a copy of such proposed action.

B. By the Members.

1. Any Bylaw amendment proposed by the members must be:
  - a. Sponsored by, and accompanied by, a dated petition containing the printed names, addresses, and original dated signatures of at least five percent (5%) of the total membership, obtained within sixty (60) days of the petition date;
  - b. Delivered to, and received by, the Association at least sixty (60) days prior to the Member Meeting at which the members will consider the proposed Bylaw amendment;
  - c. After review by the Board, determined lawful by the Board; and
  - d. Not altered or modified after delivery to the Association.
2. Notice of any Member Meeting or Board meeting at which members or the Board will consider a proposed Bylaw amendment must:
  - a. State that the purpose, or one (1) of the purposes, of the Member Meeting or Board meeting is to consider the proposed Bylaw amendment; and
  - b. Contain, or be accompanied by, a copy or summary of the proposed Bylaw amendment mailed to the members at least thirty (30) days prior to the Member Meeting.
3. The total number of votes cast must be not less than ten percent (10%) of the total membership.
4. An affirmative vote of two-thirds (2/3) of all members present and voting, in person or by mail, must approve any proposed Bylaw amendment.

**ARTICLE IX – MISCELLANEOUS.**

1. **Governing Law.** These Bylaws must be governed by, and interpreted under, the laws of the State of Colorado where the Association is incorporated.
2. **Partial Invalidity.** When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties and relationship between the Association and Members, does not invalidate the remaining Bylaw Provisions.
3. **Cumulative Remedies.** The rights and remedies provided in these Bylaws are cumulative. The Association or any Member asserting any right or remedy provided in these Bylaws does not preclude the Association or Member from asserting other rights or remedies provided in these Bylaws.

**ARTICLE X – SEAL.**

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words “Corporate Seal, Colorado”.

The Secretary of Gunnison County Electric Association, Inc., has certified that the above is a true and correct copy of the Bylaws of the Gunnison County Electric Association, Inc., as amended to date.