

MOHAVE



electric cooperative
A Touchstone Energy® Cooperative 

Bylaws



Amended June 7, 2019

BYLAWS OF MOHAVE ELECTRIC COOPERATIVE, INC.

ARTICLE I. MEMBERSHIP

Section 1. Requirements for Membership.

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

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as herein after specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors;
- (d) Agreed to grant, at the time of filing said application, easements of right-of-way across his property for construction, use and operation of power lines necessary for the servicing of members in his area; and
- (e) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

Section 2. Membership Certificates.

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed by these Bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe.

Section 3. Joint Membership.

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

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

Section 4. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Directors. The outstanding membership certificate shall be surrendered and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such a manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. Membership Fees.

The membership fee shall be \$5.00, upon the payment of which a member shall be eligible for one service connection.

Section 6. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 7. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board of Directors but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board of Directors.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination, of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him; provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II. RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members.

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

Section 2. Non-liability for Debts of the Cooperative.

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

ARTICLE III. MEETING OF MEMBERS

Section 1. Voting Districts.

There shall be three districts and each district shall be represented by three directors.

Notice: In accordance with Section 2 of Article III, the Board of Directors has taken action to redelineate the districts. Maps of each district showing the current boundaries along with their descriptions are available at the Mohave Electric Cooperative Service Office, 928 Hancock Road, Bullhead City, AZ 86442.

Section 2. Director District Boundaries.

Not less than sixty (60) days before any meeting of the members, the Directors shall review the composition of the districts and if it shall be found that irregularities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstruct the districts so that each shall contain, as nearly as possible, the same number of members.

Section 3. Annual Meeting.

The annual meeting of the members shall be held on a date to be selected by the Board of Directors each year after the annual audit has been presented to said Board at such place in the County of Mohave, State of Arizona, as shall be designated in the notice of the meeting, for the purpose of passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. 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 Cooperative.

Section 4. 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 a ten per centum 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 meetings of the members may be held at any place within the County of Mohave, State of Arizona, specified in the notice of the special meeting.

Section 5. 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 an annual meeting at which business requiring special notice is to be transacted, the purpose for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in the duty of the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 6. Quorum.

As long as the total number of members does not exceed one thousand, 5 per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand members, fifty members shall constitute 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.

Section 7. Voting.

Each member shall be entitled to only one vote upon each matter submitted to a vote at the meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon, in person, except as otherwise provided by law, the Articles of Incorporation, or by these Bylaws.

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:

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors, and committees.
5. Unfinished business.
6. New business.
7. Adjournment.

ARTICLE IV. DIRECTORS

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by the board of nine directors which all exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

Section 2. Tenure, Nomination and Election of Directors.

The persons named as directors in the Articles of Conversion shall compose the Board of Directors until the first annual meeting or until their successors shall have been elected and shall have qualified. Nine directors shall be elected at the 1962 annual meeting, three of whom will serve a 1-year term, three for a 2-year term and three for a 3-year term. The nine directors thus elected shall select by such method as they may see fit to adopt which of them shall serve the 1, 2 and 3-year terms. In each succeeding year thereafter, only three directors shall be elected to fill the existing vacancies and to serve for a three-year term, and they shall be selected from the membership of the district in which the vacancy occurs.

Not more than sixty (60) days before the regular annual membership meeting, the Board of Directors shall call a separate meeting of the members of each district at a suitable place in such district for the purpose of nominating and electing directors to represent the members located within such district. The notice of such meeting shall be delivered to each member located in such district, as provided in Section 5 of Article III of these Bylaws, and shall indicate the district to which the member belongs. The notice shall state that the purpose of such meeting is to nominate and elect directors. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting and recommendations with respect thereto may be submitted to the Board of Directors or the entire membership.

The district meeting shall be called to order by any director representing the district or by another designated representative of the Board of Directors, or in his absence, by any member residing within the district. The members shall then proceed to elect a chairman, who shall be someone other than a director, and who shall appoint a secretary to act for the duration of the meeting. As long as the total number of members does not exceed one thousand, 5 percent of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand members, fifty members shall constitute 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. Members of other districts present at the meeting may be heard but shall have no vote. Nominations for candidates for directors shall be made from the floor at the meeting, and any member residing in the district shall have the right to nominate one candidate. The meeting shall remain open for nominations until no further nominations are forthcoming, but in no case less than five minutes. Candidates must be members residing in the district and must possess the qualifications for the directors specified in Section 3 of this Article. Voting shall be by ballot and neither mail nor proxy voting shall be permitted at any district meeting. The candidate receiving the highest number of votes shall be declared the director of the district and will be seated at the next regular annual meeting of the members. The minutes of such district meeting shall set forth, among other matters, the name of each person nominated at the meeting and the number of votes received by each, and shall specify the director elected. A certified copy of the minutes signed by the Secretary and the Chairman of the District Meeting, shall be delivered to the Secretary of the Cooperative within five (5) days after such district meeting.

All directors shall be elected by secret ballot by and from the members of each district and each shall serve a term of three years from and after his election or until his successor shall have been elected and shall have qualified.

If an election of directors shall not be held on the day designated herein for the district 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 is convenient. Directors may be elected by a plurality vote of the members.

Any director may be re-elected, if nominated, to succeed himself or to fill any existing vacancy in his district.

Section 3. Qualifications.

No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

- (a) is not a member and bona fide resident in the area served or to be served by the Cooperative; or
- (b) is in any way employed by, affiliated with, or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative, or a venture that is providing or has provided services or goods to the Cooperative, or is employed or has been employed within the prior seven years by the Cooperative, or is the significant other of or has a familial relationship with one who is or was an employee of the Cooperative within the prior seven years; or
- (c) is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid; or
- (d) has been convicted of a felony crime; or
- (e) is currently or within seven years prior to seeking to become a director has been directly or indirectly a party to or participant in federal or state or county actual or threatened matters of litigation adverse to the interests of the Cooperative in which litigation the Cooperative is or was or would be a defending party.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall 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 4. Removal of Directors by Members.

Any member may bring charges against a director, and by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten days prior to the meeting of the members 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 to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any such 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.

Section 5. Removal of Directors by Board of Directors.

Subject to the provisions of these Bylaws, a director may be removed by a majority vote of all the directors should such director fail to attend four (4) regular consecutive board meetings.

Section 6. Vacancies.

Subject to the provisions of these Bylaws with respect to the filing 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, and such director shall be selected from the membership of the area or district in which the vacancy occurs.

Section 7. Compensation.

Board members shall not receive any salary for their services as such, except that members of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board of Directors. If authorized by the Board of Directors, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board of Directors in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative.

ARTICLE V. MEETINGS OF BOARD.

Section 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board of Directors. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the President or any three directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

Section 3. Notice of Board Meetings.

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting. This notice may be waived by any board member in writing after notification.

Section 4. Quorum.

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the board members are present at said meeting, a majority of the board members present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these Bylaws.

ARTICLE VI. OFFICERS

Section 1. Number.

The officers of the Cooperative 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 Treasurer may be held by the same person.

Section 2. Election and Term of Office.

The officers shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held immediately 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 as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his 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.

Section 3. Removal of Officers and Agents by the Board.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against any officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members or 300, whichever is the lesser, may request the removal of such officer.

The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board of Directors does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

Section 4. President.

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors or the members, shall preside at all meeting of the members and the Board of Directors;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed 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 shall be responsible for:

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

Section 7. Treasurer.

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) the general performance of all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. Manager.

The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The 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. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors subject to the provisions of these Bylaws with respect to compensation for a board member and close relatives of a board member.

Section 11. Reports.

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

ARTICLE VII. NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited.

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

Section 2. Patronage Capital in Connection With Furnishing Electric Energy

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate in a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his or her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash pursuant of a legal obligation to do so and the patron has then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on accounts of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be at the direction of the Board of Directors as to timing, method, and type of retirement.

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

Notwithstanding any other provision of these Bylaws, the Board of Directors at its discretion, shall have the power at any time upon the death of any natural person patron, if the legal representatives of his or her estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron has individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Cooperative.

Notwithstanding any other provisions of these Bylaws, this Cooperative shall have a first lien on all share certificates, certificates of indebtedness, patronage dividends, and capital credited to the account of each patron to secure any and all claims and accounts said patron may owe to the Cooperative. Whenever the Board of Directors, in its judgment, determine that the indebtedness owed to the Cooperative by any such patron is not collectible, and that it is otherwise in the best interests of the Cooperative, the Cooperative shall have the right to set off against any such claim owed by the patron, any amount the Cooperative may owe to such patron.

Section 3. Assignment of Capital Credits.

The Cooperative shall deliver all retired patronage capital, capital credits, and related payments ("Capital Credits") with sufficient postage to the last known address of each eligible current or former member. If a current or former member fails to claim the Capital Credits within two years, that current or former member will be deemed to have irrevocably assigned the Capital Credits to the Cooperative.

The Cooperative is authorized to use all assigned Capital Credits for various matters, including to fund: (a) research and/or education initiatives; (b) programs for electricity service support of low-income members; (c) programs supporting veterans; and/or (d) other initiatives or programs that benefit the general membership as approved by the Board of Directors.

ARTICLE VIII. DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the member thereof by the affirmative vote of not less than a majority of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States or any agency or instrumentality 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; provided further that the Board of Directors may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in This State pursuant to the Act under which the Cooperative is incorporated.

ARTICLE IX. SEAL

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

ARTICLE X. FINANCIAL TRANSACTIONS

Section 1. Contracts.

Except as otherwise provided in these Bylaws, 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 Cooperative, 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 Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits.

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 4. Change in Rates.

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

Section 5. Fiscal Year.

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

ARTICLE XI. MISCELLANEOUS

Section 1. Membership in Other Organizations.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of REA, or any other corporation for the purpose of acquiring electric facilities.

Section 2. Waiver of Notice.

Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction on the grounds that the meeting has not been lawfully called or convened.

Section 3. Policies, Rules and Regulations.

The Board of Directors shall have power to make and adopt such policies, rules, and regulations not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and 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 Electrification Administration of the United States of America. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 5. Area Coverage.

The Board of Directors shall make diligent effort to see that electrical service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII. AMENDMENTS

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