

Bylaws



**BYLAWS OF
LANE ELECTRIC COOPERATIVE, INC.**

The aim of Lane Electric Cooperative, Inc. (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of LANE ELECTRIC COOPERATIVE, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided the applicant has first:

- (a) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (b) 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, and
- (c) Paid the membership fee hereinafter specified. No member may hold more than one membership in the Cooperative, and no membership by 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 roll which shall be in such form and shall contain such provisions as shall be determined by the board. No membership shall be enrolled for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for.

SECTION 3. Joint Membership: A husband and wife, or domestic partners 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 or domestic partners holding a joint membership and any provision 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 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 an 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 or domestic partner to comply with the Articles of Incorporation, Bylaws, and rules and regulations adopted by the Board. The outstanding membership shall be surrendered, and shall be re-enrolled by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon death of either party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership shall be surrendered, and shall be re-enrolled in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fees. The membership fee shall be One and no/100 Dollars (\$1.00), upon the payment of which a member shall be eligible for one service connection.

SECTION 6. Purchase of Electric Energy. All electric energy used on the premises specified in the membership application shall be purchased from the Cooperative, generated by a facility meeting statutory net metering requirements, or generated by a member-owned or leased facility for use only on the premises. Members may not sell electric energy at retail.

SECTION 7. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board 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, 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 (10) days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (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 canceled by resolution of the board.
- (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, if any, shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. **Property Interest of Members.** Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and 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 historic patronage of each bears to the total patronage of all members.

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 THE MEMBERS

SECTION 1. **Annual Meeting.** The annual meeting of the members shall be held during the months of April, May or June of each year at such place in Lane County, State of Oregon, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, 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 to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. **Special Meetings.** Special meetings of the members may be called by resolution of the board, or upon a written request signed by any three board members, or by ten per centum (10%) 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 such place in or near the City of Eugene, Lane County, Oregon as designated by the board and shall be specified in the notice of the special meeting.

SECTION 3. **Notice of Members' Meetings.** Written or electronic 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 or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally, by email, or by mail, by or at the direction of the Secretary, or upon a default in duty by 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. Members providing the Cooperative their email address consent to the Cooperative's use of that email address for Cooperative business, including notice as provided for in this section. 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 4. **Quorum.** A quorum shall consist of one hundred (100) members or one and one-half percent (1.5%) of the membership, whichever shall be the larger of the members qualified to vote at an annual or special meeting. Ballots received by mail may be included with the members

present for determination of a quorum.

SECTION 5. Voting. Each member shall be entitled to one (1) vote and no more on each matter submitted to a vote at an annual or special meeting of the members. Each member qualified to vote shall be entitled to one (1) vote and no more, on the election of a director. All questions shall be decided by a vote of a majority of the members voting in person and by mail, except for election of board members by plurality vote of the members as specified in ARTICLE IV, Section 2 of these bylaws, or where a greater member percentage is required by law, the articles of incorporation or these bylaws. Members shall not vote by proxy.

Any member not a natural person may designate in writing a representative to cast its votes and to act for it at membership meetings. Such written designation shall be filed with the Secretary before such representative votes at any such meeting. In the absence of such designation, the member may be represented by any of its principal officers, or a legal guardian or legal representative may vote on behalf of such member provided satisfactory written proof of office, legal guardianship or other legal authority is provided to the Secretary.

In any director election where the margin between candidates is within ten (10) votes, or where the initial count of the votes on a proposed amendment or other contested issue properly brought before the members for approval is within ten (10) votes, the ballots will be recounted. The recount will be supervised by the Election and Credentials Committee. Should a recount in a contested director election conclude in a tie vote, then the election shall be decided by a coin-flip conducted by the Election and Credentials Committee referee (i.e., chairperson) in the presence of the tied director candidates. Should any ballot measure requiring a majority of the votes cast for approval result in a tie after recount, the measure fails.

SECTION 6. Voting by Mail. A member qualified to vote in any annual or special meeting of the members may vote by mail upon any matter, including the election of directors, to be acted upon at any such meeting. The ballot shall be enclosed by such member in a sealed envelope bearing the member's name and addressed to the Secretary, and posted so as to be received by the Secretary 48 hours prior to the special or annual meeting. The voting envelope shall be authenticated by the member's signature. Such mail ballot from any member shall be accepted and counted as a vote of such absent member. No member voting by mail may vote in person at any annual or special meeting.

SECTION 7. Election and Credentials Committee. The Board of Directors shall, at least ninety (90) days before any meeting of the members where voting is to take place, appoint an Election and Credentials Committee consisting of at least three (3) and not more than seven (7) members. Election and Credentials Committee members appointed in 2007 shall determine by lot which of them shall serve initial terms of one (1), two (2) and three (3) years, with at least one committee member to serve each time period. After 2007, the board of directors shall, at least ninety (90) days before any meeting of the members where voting is to take place, appoint Election and Credential Committee member(s) to fill any vacancies created by expired terms. Such members shall serve three (3) year terms. Committee vacancies occurring mid-term shall be filled by the board of directors. Such member(s) shall serve the remainder of the subject term. Committee members must not be closely related to, or employed by, current directors or candidates. In appointing the Committee, the Board shall have regard for equitable representation from the several districts served by the Cooperative.

Two-thirds of the Committee's members constitute a quorum. In the event a quorum of the Committee is not present, other members may be appointed by the Board to fill vacancies.

The Committee shall establish or approve the manner of conducting member registration and voting, count ballots, announce winners and pass on all questions which may arise with respect to member eligibility to vote or run for the board, the effect of any ballots irregularly or indecisively marked and election conduct by candidates or advocates. The Committee shall determine any objection or protest filed with respect to any election. The Committee shall have the authority to order that improper election conduct cease and desist, overturn the election results and/or order a new election and declare the subject director seat vacant.

An election protest or objection must be filed between the time ballots are mailed to the membership and 3 days after adjournment of the member meeting. The Committee shall thereupon be reconvened upon notice from its chairman not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s). The protest or objection shall be decided by majority vote of the Committee present. The Committee shall render its decision no later than thirty (30) days after such hearing. The Committee's decision on all such matters shall be final.

SECTION 8. Prohibited Election Conduct or Practice. Without limiting the general authority of the Election and Credentials Committee to prohibit and/or sanction improper election conduct, director candidates may not claim or imply the Cooperative's endorsement. Further, no person shall cause to be written, printed, published, posted, communicated, circulated or disseminated by electronic means or otherwise, any written or photographic communication or advertisement of any sort, or singly or with others pay for any such communication or advertisement (all such communications or advertisements to be referred collectively as "communication") with knowledge or with reckless disregard that the communication contains a false statement of material fact relating to any candidate or measure.

SECTION 9. Procedure and Order of Business. All annual and special meetings of members shall be run according to "Robert's Rules of Order". Except as otherwise determined by the members at such meeting, the order of business shall be as follows:

- (a) Report on the number of members present in order to determine the existence of a quorum.
- (b) Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Other items of business, such as presentation and consideration of reports of officers, trustees and committees, election of board members, unfinished business, new business, and adjournment, shall be considered in an order consistent with the efficient and prudent conduct of the meeting's business.

ARTICLE IV BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven (7) members which shall exercise all 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. Election and Tenure of Office. The persons named as board members in the articles of incorporation shall compose the board until the first annual meeting or until their successors shall have been elected and shall have qualified. Members of the board shall be elected for a term of three (3) years by secret ballot at each annual meeting of the members beginning with the year 1947 by and from the members to serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. If an election of board members shall not be held on the date designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members. The directors elected to office at the annual meeting in 1947 shall determine by lot which of them shall serve initial terms of one (1), two (2), and three (3) years. Subsequent successor directors shall be elected from specified territorial districts, such districts to be designated by the directors, both in terms of area and number of directors for each district, in an equitable manner.

SECTION 3. Qualifications: No person shall be eligible to become, or remain a board member of the Cooperative who:

- (a) Is not a member in good standing. Without limiting the foregoing, Board candidates and members shall be and remain in compliance with all Cooperative policies, rules and regulations.
- (b) Is not currently a bona fide resident, and has not so resided for the previous twelve (12) months, in the cooperative district he or she seeks to, or does, represent;
- (c) Within the previous ten years has been convicted of a crime that is, or would otherwise constitute, a felony under Oregon law;
- (d) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or who has a continuing conflict of interest with the Cooperative enterprise. Where an occasional or transitory potential conflict arises the board member should announce the conflict and not vote on the matter involved. The provisions of Oregon Revised Statutes 244.020 (4) (1985) concerning a "potential conflict of interest" or a "public official" shall be used as a guide for determining board member conflicts.
- (e) Has been employed by the cooperative on a full-time basis within the previous five (5) years, or is a close relative of such employee.
- (f) Does not possess and maintain the legal ability to contract.

Each director candidate shall certify in writing that the candidate meets the required qualifications and will provide notice to the Cooperative should that status change. Upon

establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any meeting of the board.

SECTION 4. Nominations. Not less than one hundred twenty (120) nor more than one hundred fifty (150) days prior to each annual meeting of the members of the Cooperative, the board of directors shall appoint a nominating committee consisting of not fewer than five (5) nor more than eleven (11) members of the Cooperative. The nominating committee members appointed in 2007 shall determine by lot which of them shall serve initial terms of one (1), two (2) and three (3) years, with at least one committee member to serve each time period. After 2007, the board of directors shall, not less than 120 days nor more than 150 days prior to each annual meeting of the members, appoint nominating committee member(s) to fill any vacancies created by expired terms. Such member(s) shall serve three (3) year terms. Committee vacancies occurring mid-term shall be filled by the board of directors. Such member(s) shall serve the remainder of the subject term. In appointing the committee, the board shall have regard for equitable representation of all districts. No officer or member of the board of directors shall be appointed a member of such committee. No director up for election that year may participate in nominating committee appointments. The Committee must nominate one or more qualified members for election as a director for each vacancy that is to be filled by election at the annual meeting. The Committee shall provide candidates with information on general director duties, continuing qualification and education requirements and time commitment. The Committee is encouraged to use Cooperative staff as the Committee sees fit. There is no pre-determined process for the Committee to follow when deciding on a slate of candidates, which may or may not include any incumbent. The Committee shall deliver a strong, qualified slate of candidates, taking into consideration the candidates' demonstrated interest in the Cooperative and/or comparable board or community experience. The Committee is encouraged to conduct interviews with the candidates, in addition to consideration of the candidates' applications. Such nominations shall be posted at the principal office of the Cooperative at least seventy (70) days prior to the annual meeting. Nominations for director may also be made by written petition signed by not fewer than thirty (30) members of the Cooperative. The petition shall be submitted to the secretary of the Cooperative by delivery to the Cooperative's headquarters no later than 5 p.m. on the 60th day prior to the date of the annual meeting. If the 60th day falls on a weekend or legal holiday, then the deadline is extended to 5 p.m. on the next business day. Nominations by petition shall be posted along with the other nominations. No nominations may be made from the floor at the meeting.

SECTION 5. Removal of Board Member by Members. Any member may bring for cause charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least three hundred (300) members, may request the removal of such board member by reason thereof. The top portion of each petition signature page shall identify the director whose recall is sought and explain the basis for requesting the director's removal. For each signatory, the petition shall contain that member's printed name, printed address and original signature. The threshold signature level must be obtained within sixty (60) days of presentation of the initial recall petition to the Cooperative's Secretary c/o the Cooperative's headquarters. Such board member shall be informed in writing of the charges and have a reasonable time to prepare a defense of at least ten (10) 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 and by counsel and to present evidence in respect of the charges; and the

person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. The vote on recall and filling a vacancy shall be by those present and may be by ballot but no vote on the question of recall shall be taken unless ten percent (10%) of the members are present in person.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of board members by the members a vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term.

SECTION 7. Absence. If any director shall be absent from three (3) successive regular monthly meetings of the board of directors his position shall be vacated automatically and the remaining directors shall fill the vacancy as above provided; in the event that the remaining directors are of the opinion that the director absent for three (3) successive regular meetings of the board of directors had an adequate excuse for being absent they may, in their discretion, reappoint such person to fill the vacancy.

SECTION 8. Compensation. Board members shall not receive any salary for their services but by resolution of the Board of Directors a fixed sum and expenses of attendance, or reasonable per diem allowance in lieu of detailed accounting for some of these expenses, may be allowed for each day or a portion thereof spent on Cooperative business, including attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the board. 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, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the board as an emergency measure.

SECTION 9. Director Certification. Within three years of becoming a director, each board member shall, unless excused by the board for good cause, receive a director's certificate, or similar certification, from the National Rural Electric Cooperative Association.

ARTICLE V MEETINGS OF BOARD

SECTION 1. Regular Meetings. A regular meeting of the board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. The meeting shall be open to Cooperative members except where the presiding officer calls the entire or part of the meeting into executive session.

SECTION 2. Special Meeting. Special meetings of the board may be called by the President or by any three board members, 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. The meeting shall be open to Cooperative members except where the presiding officer calls the entire or part of the meeting into executive session.

SECTION 3. Notice of Board Meetings. Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each board member either personally, by mail, fax or e-mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, and addressed to the board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting. Notice by fax or e-mail shall be provided at least 24 hours prior to the meeting.

SECTION 4. Quorum. A majority of the board shall constitute a quorum, provided, that if less than such majority of the board is present at said meeting, a majority of the board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board 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, 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 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 at the meeting of the board 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 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 for the unexpired portion of the term.

All questions which shall be presented to the members of the Corporation shall be decided by a majority of all votes cast whether by person or by mail, except as otherwise provided by law, the Articles of Incorporation or Bylaws, and the manner and method of all voting shall be provided in the Bylaws.

SECTION 3. Removal of Officers and Agents by the Board (“For Cause”). Any officer or agent elected or appointed by the board may be removed for cause by the board whenever in its best judgment the best interests of the Cooperative would be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent (10%) of the members or three hundred (300), whichever is the lesser, may request the removal of such officer. The charges shall relate to and specify the “for cause” reasons for removal. The officer against whom

such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does remove such officer, the question of his removal shall be considered and voted 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, shall preside at all meetings of the members and the board;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board or by these bylaws to some other officer or agent of the Cooperative, 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 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 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.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, 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) Keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any member upon request; and
- (f) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board. Consistent with prudent utility practice and without changing the ultimate responsibility therefor, the Secretary may

delegate the administrative performance of certain duties.

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 the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board. Consistent with prudent utility practice and without changing the ultimate responsibility therefor, the Treasurer may delegate the administrative performance of certain duties.

SECTION 8. Manager. The board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall serve in the capacity of the Cooperative's chief executive officer and shall perform such duties and shall exercise such authority as the board may from time to time vest in him or her and, in general, is responsible for those external and internal affairs and activities of the Cooperative incident to and appropriate with the ordinary and regular course of the Cooperative's business.

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 or insured in such sum and with such surety as the board shall determine. The board at its discretion may also require any other officer, agent or employee of the Cooperative to be bonded or insured 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 subject to the provisions of these bylaws.

SECTION 11. Reports. At each annual meeting, the officers of the Cooperative shall cause to be submitted 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 NONPROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will, through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, 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, members and non-members alike, 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 their 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 in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from the furnishing of electric energy 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 computing the credit for a patron, the type of patronage involved and its contribution to the margin of financial return for the period concerned shall be considered.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights to members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patron's accounts may be retired in full or in part.

The Board of Directors shall determine the method, basis priority and order of retirement, if any, for all amounts previously or hereafter furnished as capital and credited presently or hereafter to the account of patron, provided that all patrons similarly situated shall be treated equally and in proportion to their patronage as related to the specific retirement which the board determines to make. Until declared payable, paid and received by a patron, any credited capital remains the property of the Cooperative as such. Without limiting the foregoing, such capital may be retired on a discounted basis. The discount rate and period shall be reasonably determined by the board of directors. Should the board determine that it is in the best interest of the membership as a whole, the discounted payment may be made by way of credit against the patron's billing or billings for electrical services following the retirement determination. The retirement may also be used to offset any amounts otherwise owed the Cooperative by a current or former patron. As to former patrons, the discounted retirement, minus offsets, shall be paid directly as provided herein and under the Cooperative's applicable policies.

Capital credit to the account of each patron shall be assigned only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board, acting under the policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative

toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these bylaws, the board at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representatives of the estate shall request in writing that the capital credited to any 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, 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.

ARTICLE VIII DISPOSITION OF PROPERTY

SECTION 1. Supersedes Inconsistent Bylaws. The provisions in this ARTICLE VIII shall supersede all other inconsistent provisions of the bylaws and shall govern the interpretation and application of all matters within the scope of this ARTICLE VIII.

SECTION 2. Scope. The provisions of this ARTICLE VIII shall apply whenever any of the actions or transactions set forth in sub-paragraphs (a), (b), (c), (d), or (e) is or are proposed or considered by the Cooperative.

- (a) A sale, lease exchange, or other disposition of all, or substantially all, the property and assets of the Cooperative to or with a domestic or foreign business corporation subject to Oregon Revised Statutes, Chapter 57;
- (b) A voluntary dissolution of the Cooperative;
- (c) A merger of the Cooperative with or consolidation into a domestic or foreign business corporation subject to Oregon Revised Statutes, Chapter 57;
- (d) An amendment to the Cooperative's Articles of Incorporation which would convert the Cooperative into a domestic business corporation subject to Oregon Revised Statutes, Chapter 57;
- (e) The amendment or repeal of any of the terms, provisions, or conditions of this ARTICLE VIII.

SECTION 3. Requirements.

- (a) An affirmative two-thirds vote of the directors is required for the Board of Directors to take or approve any action within the scope of Section 2 of this ARTICLE VIII.
- (b) If the Cooperative or its directors submit to the members for a vote at any annual or special meeting any resolution or proposal within the scope of this ARTICLE VIII each member shall be given a prior written notice containing the date and full text of the resolution or proposal and an objective explanation of the proposed action. No such vote shall occur prior to one hundred eighty (180) days from the date the notice is delivered.

(c) Ten percent (10%) of the members present in-person shall constitute a quorum at any annual or special meeting at which the members will vote on any matter within the scope of Section 2 of this ARTICLE VIII.

(d) An affirmative vote of two-thirds of all members is required to approve an action within the scope of Section 2 of this ARTICLE VIII.

SECTION 4. **Severability.** In the event any provision, condition, or part thereof of this ARTICLE VIII shall be finally determined by a court of competent jurisdiction to be invalid, void, or voidable, the remaining provisions or conditions shall be and remain in full force and effect.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Oregon".

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. **Contracts.** Except as otherwise provided in these bylaws, the board may authorize any office 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.

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 banks or other prudent investments as the board may select.

SECTION 4. **Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the 31st 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, purchase stock in or become a member of any corporation or organization for the purpose of acquiring electric facilities, or where the Board had determined that participation in such corporation or organization is or shall be of benefit to the Cooperative.

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 of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The board shall have the 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 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 shall conform with generally accepted accounting principles. The board 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 6. Member Cooperative Contract. The members 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 member, and both the Cooperative and the members are bound by such Contract as fully as though each member had individually signed a separate instrument containing such terms and provisions.

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.

Whenever any provision of these bylaws references specific statutes, regulations, or other legislation or rule, and such statute, regulation or rule has been replaced with successor legislation substantially consistent with the referenced statute, regulation or rule, these bylaws shall be deemed amended to incorporate the successor authority.

LANE ELECTRIC COOPERATIVE
787 BAILEY HILL ROAD
P.O. BOX 21410
EUGENE, OREGON 97402

| 541 484 1151

| 541 484 7316

www.laneelectric.com