



**Bylaws &
Articles of
Incorporation
(as Amended)**

**Garkane Energy
Cooperative, Inc.**

Approved by the Membership:
July 27, 2015

AMENDED AND RESTATED
 BYLAWS
 OF
 GARKANE ENERGY COOPERATIVE, INC.
 updated as of July 27, 2015

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**ARTICLE I
 DEFINITIONS**

Section 1.01—General Provisions; Effective Date

Within these Bylaws of Garkane Energy Cooperative, Inc. (the “Cooperative”), as currently existing or as later amended (“Bylaws”):

1. Unless otherwise provided, words and phrases used in these Bylaws have their customary and ordinary meaning;
2. The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
3. The masculine use of any word includes the feminine and neutral uses, the feminine use of any word includes the masculine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
4. The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
5. The words “shall” or “must,” indicate a mandatory action or requirement, and the word “may” indicates a permissive action or requirement.

Section 1.02—Defined Terms

Certain words and phrases are defined in various sections of these Bylaws (“Defined Terms”). Defined Terms are:

1. Capitalized and enclosed within parenthesis and quotation marks following the Defined Term’s definition; and
2. Capitalized when otherwise used in these Bylaws.

Unless the context requires otherwise, Defined Terms have the meaning specified in the appropriate Bylaw Section. The following Defined Terms are defined in the following Bylaw Sections:

- Affiliated Capital Credits – Bylaw Section 7.02
- Ancillary Services – Bylaw Section 2.01
- Amended – Bylaw Section 9.01
- Annual Member Meeting – Bylaw Section 3.01
- Applicant – Bylaw Section 2.02
- Articles – Bylaw Section 2.02
- Asset – Bylaw Section 8.01
- Ballot – Bylaw Section 3.09
- Board – Bylaw Section 2.02
- Board Committees – Bylaw Section 5.07
- Board Executive Committee – Bylaw Section 5.08
- Board Meeting – Bylaw Section 5.03
- Business Offices – Bylaw Section 9.06
- Bylaws – Bylaw Section 1.01

Bylaw Provision – Bylaw Section 9.09
C&E Committee – Bylaw Section 3.15
Capital – Bylaw Section 7.02
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Close Relative – Bylaw Section 4.12
Conflict of Interest Director Qualifications – Bylaw Section 4.03
Conflict of Interest Transaction – Bylaw Section 5.09
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Cooperative Officer – Bylaw Section 6.07
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Member Officer Removal Request – Bylaw Section 6.07
Member Petition – Bylaw Section 4.04
Member Quorum – Bylaw Section 3.10
Member Service Area – Bylaw Section 4.01
Member Voting Document – Bylaw Section 3.14
Member Written Ballot – Bylaw Section 3.09
Member Written Consent – Bylaw Section 3.03
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Membership List – Bylaw Section 2.13
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ARTICLE II COOPERATIVE MEMBERSHIP

Section 2.01 – Core Cooperative Services; Ancillary Services; Membership Eligibility

Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, (7) limited liability company, (8) state, state agency, or state political subdivision, (9) the United States of America, or any federal agency or federal political subdivision, or (10) other body politic (collectively, “Person”):

As required or allowed by Law, using, receiving, or purchasing from or through the Cooperative electric power (the “Core Cooperative Service”) is eligible to become a Member.

The Cooperative may, from time to time, provide other products or services reasonably related to the provision of any utility service to its Members and the general public. Any and all such other services, products, commodities, equipment, or facilities provided by or through the Cooperative reasonably related to the Cooperative furnishing, or a Person receiving any utility service (other than the Core Cooperative Service) shall be known as “Ancillary Services.” Persons receiving any Ancillary Services but not the Core Cooperative Service shall be either Non-Member Patrons or Non-Member Non-Patrons, as described below in Section 7.04 of these Bylaws.

No Person may hold more than one Cooperative membership (“Membership”). Unless required by Law or otherwise provided in these Bylaws, no Membership, and no right or privilege associated with a Membership, may be sold, purchased, assigned, or otherwise transferred.

Section 2.02 – Membership Procedure

Any Person seeking to become a Member (“Applicant”) must complete the following procedures (“Membership Procedures”):

1. Within a reasonable time of using, receiving, or purchasing the Core Cooperative Service, complete a written Membership application provided by the Cooperative in which the Applicant agrees, in writing, to:

a. Comply with:

(i) All applicable law and legally binding agreements regarding the:

- (1) Cooperative;
 - (2) Cooperative's operation;
 - (3) Cooperative's Assets;
 - (4) Cooperative's Members and Patrons;
- and
- (5) Provision, use, receipt, and purchase of the Core Cooperative Service, and any Ancillary Services,

including, but not limited to, all applicable:

- (1) Legislative, executive, administrative, and judicial statutes, case law, regulations, ordinances, rulings, or orders;
- (2) Local, state, and federal statutes, case law, regulations, ordinances, rulings, or orders;
- (3) Contractual provisions legally enforceable by, or against, the Cooperative; and
- (4) Legally binding contracts between the Cooperative and the Applicant or Member

(collectively, "Law");

- (ii) The Cooperative's Articles of Incorporation ("Articles");
- (iii) These Bylaws;
- (iv) The Cooperative's service rules and regulations;
- (v) National Electrical Code;
- (vi) National Electrical Safety Code;
- (vii) The Cooperative's rate or price schedules; and
- (viii) Any policy, resolution, action, or amendment adopted by the Cooperative's board of directors ("Board") or Members;

As any of these materials currently exist, or as later amended, (collectively, the "Governing Documents"); and

- a. Be a Member; and
- b. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, pay the Cooperative for the:
 - (i) Core Cooperative Service and any Ancillary Services used, received, or purchased:
 - (1) By the Member; or
 - (2) At, or for, any dwelling or structure owned (unless another Person has expressly assumed such responsibility, as in the case of a rental property owned by a Member but

Occupied by another Person, and such other Person has so agreed to pay), controlled, or directly occupied by the Member; and

- (ii) Dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board; and
- (iii) Dues, assessments, fees, deposits, contributions, or other amounts required by Law;

1. Complete any additional or supplemental document or contract required by the Board for the Core Cooperative Service and any Ancillary Service which the Applicant is seeking to use, receive, or purchase;
2. Pay the Cooperative any dues, assessment, fee, deposit, contribution, or other amount required by these Bylaws or the Board;
3. Pay the Cooperative any dues, assessment, fee, deposit, contribution, or other amount required by Law; and
4. Unless waived in writing by the Board, or waived pursuant to Board policy generally applicable to all Applicants, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

Section 2.03 – Automatic Membership

Unless the Board determines otherwise as provided in these Bylaws, upon:

1. Completing the Membership Procedure to the Cooperative's satisfaction; and
2. Using, receiving, or purchasing the Core Cooperative Service,

An Applicant automatically becomes a member of the Cooperative ("Member") effective the date the Applicant began using, receiving, or purchasing the Core Cooperative Service.

Membership in the cooperative shall be evidenced by a notation in the books of the cooperative. No individual membership certificates will be issued. A current roster of members with additions and deletions will be made by staff on the books of the cooperative as they occur.

If the Board determines that any Applicant is unable to comply with any of the Governing Documents, then the Board may deny Membership to such Applicant. For any other good cause determined by the Board, the Board may deny Membership to any applicant.

If the Board denies Membership to any Applicant, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the Membership Procedure other than:

1. Amounts paid for using, receiving, or purchasing the Core Cooperative Service and any Ancillary Services; and

2. Outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges.

Section 2.04 – Membership Agreement

Every Member shall follow, abide by, and be legally bound to, the Governing Documents. As provided in these Bylaws, the Cooperative may terminate any Membership or Core Cooperative Service and Ancillary Service for the Member's failure to follow, abide by, or be legally bound to, the Governing Documents.

Section 2.05 - Joint Membership

As provided in this Bylaw, two or more persons sharing in the same service and principally residing at the same location may apply for joint Membership in the Cooperative ("Joint Membership").

A. Creating Joint Memberships. By jointly signing and executing a Membership application, and by jointly completing the Membership Procedures, two or more persons principally residing at the same location may apply for Joint Membership. By written request, and by jointly executing a new Membership application, any Member may apply to convert the Member's individual Membership to a Joint Membership.

B. Joint Member Rights and Obligations. Unless denied Membership as provided by these Bylaws, and unless otherwise specified by these Bylaws, each natural person comprising a Joint Membership ("Joint Member") has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, and unless otherwise provided in these Bylaws, Membership includes any Joint Membership, and Member includes any Joint Member.

C. Effect of Joint Member Actions. For each Joint Membership:

1. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or waiver of notice for both Joint Members comprising the Joint Membership;
2. The presence of either, or both, Joint Members at any meeting:
 - a. Constitutes the presence of one (1) Member at the meeting;

b. Waives notice of the meeting for both Joint Members comprising the Joint Membership;

c. May invalidate any Member Mail Ballot previously mailed by the attending Joint Member;

3. If one (1) Joint Member votes on any matter, then the vote binds the Joint Membership and constitutes one (1) vote.

4. Except upon the death or withdrawal of one person who is a party to the joint membership, or failure to principally reside in the same location between Joint Members, the suspension or termination of either Joint Member constitutes suspension or termination of both Joint Members; and

5. A Joint Member otherwise qualified is eligible to serve as a member of the Board ("Director"). If both Joint Members are otherwise qualified to serve as a Director, then either Joint Member, but not both Joint Members simultaneously, is eligible to serve as a Director.

D. Joint Membership Conversion and Termination. Upon a death, divorce, or failure to principally reside in the same location between Joint Members:

1. If one (1) Joint Member continues to legally use, receive, or purchase the Core Cooperative Service at the same location, then the Joint Membership converts to a Membership in the name of the Joint Member continuing to legally use, receive, or purchase the Core Cooperative Service at the same location;

2. If both Joint Members continue to legally use, receive, or purchase the Core Cooperative Service at the same location, then the Joint Membership converts to a Membership or Joint Membership in the names of the Joint Members determined by the Cooperative; or

3. If neither Joint Member continues to legally use, receive, or purchase the Core Cooperative Service at the same location, then the Joint Membership terminates.

Section 2.06 – Provision of Core Cooperative Service and Ancillary Services

The Cooperative shall provide the Core Cooperative Service and Ancillary Services in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of the Core Cooperative Service and Ancillary Services. The Cooperative's

responsibility and liability for providing the Core Cooperative Service and any Ancillary Services terminates upon delivery of any such services.

After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of the Core Cooperative Service and any Ancillary Services to any Member.

Upon:

1. Determining that a Member has tampered or interfered with, damaged, or impaired any product, equipment, structure, or facility furnished or used by the Cooperative to provide, monitor, measure, or maintain the Core Cooperative Service and any Ancillary Services (“Cooperative Equipment”);
2. Discovering the unsafe condition of any Cooperative Equipment; or
3. Discovering any imminent hazard or danger posed by any Cooperative Equipment; then,

without providing the Member notice or an opportunity to comment, the Cooperative may suspend the Member, and may suspend or terminate provision of the Core Cooperative Service and any Ancillary Services to the Member.

Section 2.07 – Purchase of Core Cooperative Service

As required or allowed by Law, and unless otherwise specified in writing by the Board, in order to maintain standing as a Member, each Member shall use, receive, or purchase the Core Cooperative Service from the Cooperative. Each Member shall comply with, and abide by, any policy, program, rule, procedure, or other determination promulgated by the Board regarding the provision of the Core Cooperative Service to the Member.

A. Payments to Cooperative. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, each Member shall pay the Cooperative for all:

1. Core Cooperative Service and any Ancillary Services used, received, or purchased:
 - a. By the Member; or
 - b. At, or for, any dwelling or structure owned (unless another Person has expressly assumed such responsibility, as in the case of a rental property owned by a Member but occupied by another Person, and such other Person has so agreed to pay), controlled, or directly occupied by the Member; and

2. Dues, assessments, fees, deposits, contributions, or other amounts required by Law, these Bylaws, or the Board.

B. Interest and Late Payment Fees. As determined by the Board, Members shall pay interest, compounded periodically, and late payment fees for all amounts owed, but not timely paid, to the Cooperative. Notwithstanding the Cooperative’s accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member’s accounts on a pro rata basis, or as otherwise determined by the Board.

C. Reduction in Core Cooperative Service. As required or allowed by Law, and as may be determined by the Board:

1. If a Member substantially reduces or ceases the Member’s use, receipt, or purchase of the Core Cooperative Services; then
2. The Cooperative may charge the Member, and the Member shall pay the Cooperative, the costs and expenses incurred by the Cooperative in relying in good faith upon the Member’s pre-reduction or pre-ceasing use, receipt, or purchase of the Core Cooperative Service.

Section 2.08 – Maintaining Member Location

Each Member shall maintain every dwelling or structure owned, controlled, or directly occupied by the Member, and at which the Cooperative provides the Core Cooperative Service and any Ancillary Services, as required by the Governing Documents.

Section 2.09 – Member Grant of Property Rights

As determined or required by the Cooperative, each Member shall:

1. Provide the Cooperative temporary or permanent, safe and reliable access to, and use of, any portion of; and
2. Upon request from, and without charge to, and under reasonable terms and conditions determined by the Cooperative, grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property interest in

any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:

1. Place, construct, install, operate, repair, maintain, upgrade, relocate, inspect, monitor and replace thereon and under the surface thereof and in or upon all streets, roads or highways abutting such Member’s property an electric transmission

and/or distribution line or system, and to install overhead or underground lines and/or transfer overhead lines to underground lines, including without limitation all appropriate cable, wire, transformers, manholes, concrete pads, switching enclosure, ground or overhead connection, attachments, equipment, accessories, and appurtenances necessary and appropriate for the transmission and distribution of electric energy as may be required to provide any Core Cooperative Service and any Ancillary Services to such Member or any other Member;

2. Provide, monitor, measure, or maintain the Core Cooperative Service and any Ancillary Services for such Member;

3. Satisfy or facilitate any obligation incurred, or right granted, by the Cooperative regarding the use of Cooperative Equipment related to such Member's use or any other Member's use of the Core Cooperative Service and any Ancillary Services;

4. Safely, reliably, and efficiently provide the Core Cooperative Service and any Ancillary Services to such Member or any other Member; or

5. Perform other such activities as the Cooperative reasonably deems to be in the interest of the Cooperative and its Members.

No Member shall tamper or interfere with, damage, or impair any Cooperative Equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment, and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.

Each Member shall comply with any procedures required by the Cooperative regarding the provision of the Core Cooperative Service and any Ancillary Services to any Member or other Person. The Cooperative will use commercially reasonable efforts to minimize the impact to the Member's real or personal property resulting from the Cooperative's activities and the provision of the Core Cooperative Service and any Ancillary Services.

Section 2.10 – Indemnification

Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's

negligence or failure to comply with the Governing Documents.

Section 2.11 - Member Suspension

The Cooperative may suspend Members as provided in this Bylaw Section and allowed by Law.

A. Suspension Reasons. The Cooperative may suspend a Member if the Member:

1. Fails to timely pay any amounts due the Cooperative;

2. Fails to timely comply with the Governing Documents;

3. For six (6) consecutive months, ceases using, receiving, or purchasing the Core Cooperative Service;

4. Dies, legally dissolves, or legally ceases to exist; or

5. Voluntarily requests suspension; or as otherwise provided in these Bylaws, or for other good cause determined by the Board (collectively, "Suspension Reason").

B. Notice and Comment. Upon a Member's voluntary request for suspension, or, unless otherwise provided in these Bylaws, if the Cooperative, following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension:

1. Provides the Member at least fifteen (15) days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and

2. Notifies the Member in such written notice that the Member has, and allows the Member, at least five (5) days after the effective date of the notice to comment upon the Suspension Reason, either orally or in writing, then

unless otherwise determined by the Board in good faith, the Member is suspended without further notice or action by the Cooperative.

Any written suspension notice provided by mail must be mailed first-class or certified mail to the Member's most current address shown on the Membership List. Unless otherwise determined by the Board, a partnership-Member continuing to use, receive, or purchase the Core Cooperative Service is not automatically suspended upon the death of any partner, or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

C. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's:

1. Obligation to retire and refund Capital Credits and Affiliated Capital Credits; and
2. Obligations regarding the Cooperative's dissolution,

the:

1. Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease; and
2. Cooperative may cease providing the Core Cooperative Service and any Ancillary Services to the Member.

D. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits, and other than rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

E. Lifting of Suspension. Unless otherwise determined by the Board in good faith, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) days of the suspension. The Board may otherwise lift any Member suspension at any time for good cause as determined by the Board.

Section 2.12 – Member Termination

Upon approval by the Board in good faith, and as allowed by Law, a suspended Member is terminated. Termination of a Member does not release the former Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any amounts authorized by the Board and generally returned to terminated Members.

Section 2.13 – Membership List

The Cooperative, or the Cooperative's agent, shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members ("Membership List").

Upon five (5) business days' prior written notice or request and:

1. At a reasonable time and location specified by the Cooperative, a Member may inspect and copy the names and addresses included in the Membership List; or
2. If reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge determined by the Cooperative covering the Cooperative's labor and material cost of preparing and copying the Membership List, the Cooperative shall provide to the Member a copy of the names and addresses included in the Membership List

if, and to the extent that:

1. The Member's demand is made in good faith and for a proper purpose;
2. The Member describes with reasonable particularity the Member's purpose for inspecting or copying the Membership List; and
3. The Membership List is directly connected with the Member's purpose.

Without the Board's consent, however, a Member may not inspect, copy, or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the Member's interest as a Member. Likewise, without the Board's consent, the names and addresses included in the Membership List may not be:

1. Used to solicit money or property unless the money or property is used solely to solicit Member votes;
2. Used for any commercial purpose;
3. Or sold to, or purchased by, any Person.

Section 2.14 – Member Liability

A Member is generally not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations. A Member, however, may become liable to the Cooperative as:

1. Provided in these Bylaws; or
2. Otherwise agreed to by the Cooperative and Member.

ARTICLE III – MEMBER MEETINGS AND MEMBER VOTING

Section 3.01 – Annual and Regular Member Meetings

The Cooperative:

1. Shall annually hold a meeting of Members ("Annual Member Meeting"); and

2. May regularly hold meetings of Members (“Regular Member Meeting”).

The Board shall determine the date, time, and location of any Annual Member Meeting or Regular Member Meeting, which shall be held within the Member Service Area. Given the size of the Member Service Area and in an effort to encourage Member participation, the Board, in its discretion, may choose to hold any Annual Member Meeting or Regular Member Meeting in consecutive sessions located in one or more of the Director Districts.

At the Annual Member Meeting, the President or any other Officer or Officers designated by the Board shall provide a written report, or oral presentation, regarding the Cooperative’s activities and financial condition. The Cooperative’s failure to hold an Annual Member Meeting or Regular Member Meeting does not affect any action taken by the Cooperative.

Section 3.02 – Special Member Meetings

The Cooperative shall hold a special meeting of Members at a date, time, and location determined by the Board (“Special Member Meeting”) upon the Cooperative receiving:

1. A written or oral request from the Board or President;
2. A written request signed by at least one-third (1/3) of the Directors currently in office; or
3. One or more written demands signed and dated by at least ten percent (10%) of the Cooperative’s total current non-suspended Members (“Total Membership”) or three hundred (300) Members, whichever is less, requesting and describing the purpose of a special meeting of Members (“Member Demand”).

If the Cooperative fails to notify properly the Members of a Special Member Meeting within thirty (30) days of receiving any Member Demand, then a Member signing the Member Demand may:

1. Reasonably set the time, place, and location of the Special Member Meeting; and
2. Properly notify the Members of the Special Member Meeting.

Section 3.03 – Permitted Member Action at Member Meetings

At any Annual Member Meeting, Regular Member Meeting, or Special Member Meeting (collectively, “Member Meeting”), Members may consider, vote, or act only upon a matter for which:

1. Unless otherwise provided in these Bylaws, the Board and Members were notified properly in

the notice of the Annual Member Meeting or Regular Member Meeting;

2. The Members are authorized to consider, vote, or act; and

3. For a Special Member Meeting, the notice of the Special Member Meeting has properly described.

Section 3.04 – No Member Action by Written Consent

No action required or permitted to be taken or approved by Members may be approved or taken by use of Member written consents in lieu of a Member Meeting.

Section 3.05 – Notice of Member Meetings

As directed by the President, Secretary, or any Officer or Member properly calling a Member Meeting, the Cooperative shall deliver written notice of the Member Meeting:

1. Personally or by mail;
2. To all Members entitled to vote at the Member Meeting;
3. Indicating the date, time, and location of the Member Meeting;
4. At least ten (10), but no more than forty-five (45), days prior to the Member Meeting; and
5. For any Annual Member Meeting or Regular Member Meeting, describing any matter to be considered, or voted or acted upon, at the Annual Member Meeting or Regular Member Meeting; and
6. For any Special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the Special Member Meeting.

If mailed, notice of a Member Meeting is delivered when deposited in the United States Mail in a sealed envelope with prepaid postage affixed and addressed to a Member at the Member’s address shown on the Membership List.

The inadvertent and unintended failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

When notifying Members of any Member Meeting, the Cooperative shall include notice of any matter which a Member may raise or discuss, and intends to raise or discuss, at the Member Meeting if:

1. Requested, in writing, by a percentage of the Total Membership entitled to call a Special Member Meeting; and
2. The Cooperative receives the written request at least ten (10) business days prior to delivering notice of the Member Meeting.

Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

1. The Member Meeting is adjourned to another date occurring within sixty (60) days following the Record Date for the original Member Meeting; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment.

Section 3.06 – Record Date

The Board may fix a date for determining the Total Membership and the Members entitled to (“Record Date”):

1. Receive a Member Written Ballot;
2. Notice of a Member Meeting; and
3. Vote at a Member Meeting.

No Board-determined Record Date may be more than seventy (70) days prior to the date the Member Written Ballots are due, or the date of the Member Meeting.

Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and the Members entitled to:

1. Receive a Member Written Ballot is the later of (a) the date on which the Board authorizes Member voting by Member Written Ballot, or (b) the sixtieth (60th) day prior to the date by which the Cooperative must receive completed Member Written Ballots;
2. Notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
3. Vote at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to sign a Member Demand is the close of business on the thirtieth (30th) day prior to the Cooperative’s receipt of Member Demands.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy (70) days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

Section 3.07 – Member Meeting List

After fixing the Record Date for determining the Members entitled to notice of a Member Meeting,

and through the Member Meeting, the Cooperative shall prepare, update, and maintain an alphabetical list (“Member Meeting List”) indicating:

1. Members entitled to notice of, and to vote at, the Member Meeting; and
2. The name and address of each Member listed.

For communicating with other Members concerning the Member Meeting:

1. The Cooperative shall make the Member Meeting List available for inspection by any Member:

- a. Beginning two (2) business days after the Cooperative provides notice of the Member Meeting, and continuing through the Member Meeting; and

- b. At the Cooperative’s principal office and at each of the Cooperative’s business offices, and at any other reasonable place identified in the notice of the Member Meeting and located in the city in which the Member Meeting will be held; and

2. Upon written demand and at a reasonable time during the period a Member Meeting List is available for inspection:

- a. A Member, Member’s agent, or Member’s attorney may inspect the Member Meeting List and copy the Member Meeting List at the Member’s expense; or

- b. If reasonable, as determined by the Cooperative, and upon paying the Cooperative a reasonable charge determined by the Cooperative covering the Cooperative’s labor and material cost of copying the Member Meeting List, the Cooperative shall provide a copy of the Member Meeting List to the Member, Member’s agent, or Member’s attorney

if:

- a. The written demand is made in good faith;

- b. The Member Meeting List is not used to solicit money or property unless the money or property is used solely to solicit Member votes at the Member Meeting; and

c. The Member Meeting List is not used for any commercial purpose, or sold to, or purchased by, any Person.

The Cooperative shall make the Member Meeting List available at the Member Meeting. Any Member, Member's agent, or Member's attorney may inspect the Member Meeting List at any time during the Member Meeting.

Before acting as allowed under this Bylaw Section, a Member's agent or attorney must provide written evidence satisfactory to the Cooperative that the Member properly authorized the agent or attorney to act on the Member's behalf.

Section 3.08 – Member Waiver of Notice

A Member may waive notice of a Member Meeting, or waive notice of any matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice ("Member Meeting Waiver of Notice") either prior to the Member Meeting, or within thirty (30) days following the Member Meeting.

Unless a Member objects to holding, or to transacting business at, a Member Meeting, a Member's attendance in person or voting by Member Mail Ballot on any matter considered at a Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member's attendance in person or voting by Member Mail Ballot on the matter considered at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 3.09 – Member Action by Written Ballot or Mail Ballot

Members may act by written ballot and mail ballot as provided in this Bylaw Section.

A. Member Written Ballot. Members may vote on any action that may be taken at any Member Meeting without an actual Member Meeting by the Cooperative delivering a written ballot ("Member Written Ballot") to every Member entitled to vote on the matter.

If:

1. The number of completed Member Written Ballots timely received by the Cooperative equals or exceeds the Member Quorum; and

2. The number of votes favoring a proposed action equals or exceeds the number of votes required to approve the action at a Member

Meeting at which the total number of votes cast equaled the number of votes cast by Member Written Ballots timely received by the Cooperative; then

the action is valid.

Any material soliciting approval of any action by Member Written Ballot must:

1. Contain, or be accompanied by, a copy or summary of each proposed action sufficient to allow each Member to make an informed decision;

2. Indicate the number of responses needed to meet the Member Quorum;

3. For all proposed actions other than election of directors, state the percentage of approvals necessary to approve the action, and

4. Specify the time by which the Cooperative must receive the completed Member Written Ballot.

B. Member Mail Ballot. In conjunction with a Member Meeting, Members may vote by mail on any matter by the Cooperative delivering a written ballot ("Member Mail Ballot") to all Members entitled to vote on the matter. The Member Mail Ballot shall be delivered with the notice of the Member Meeting.

Members submitting a completed Member Mail Ballot may not vote at the Member Meeting specified in the Member Mail Ballot regarding any matter described in the Member Mail Ballot. Each completed Member Mail Ballot received by the Cooperative prior to the Member Meeting must be counted in determining whether a Member Quorum exists at the Member Meeting.

The Cooperative shall count all properly completed Member Mail Ballots received on, or before, the time and date specified in the Member Mail Ballot as the Member's vote.

C. Ballot. Each Member Written Ballot and Member Mail Ballot ("Ballot") must:

1. Set forth and describe each proposed action, identify any candidate, and include the language of any motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote;

2. State the date of any Member Meeting at which Members are scheduled to vote on the matter;

3. Provide an opportunity to vote for or against, or to abstain from voting on, each proposed action;

4. Instruct the Member how to complete and return the completed Ballot; and

5. State the time and date by which the Cooperative must receive the completed Ballot.

Unless otherwise provided by the Board, a Member may not revoke a completed Ballot received by the Cooperative. A Member's failure to receive a Ballot does not affect any action taken by Member Written Ballot or Member Mail Ballot.

Section 3.10—Member Quorum

A quorum of Members is any number of Members entitled to vote on a matter, represented in person or voting by Member Mail Ballot ("Member Quorum").

Section 3.11—Member Voting

Upon presenting identification or proof of Membership as reasonably required by the Cooperative, and regardless of the value or quantity of the Core Cooperative Service used, received, or purchased, each nonsuspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum is present; and
2. A majority of Members present in person or voting by Member Mail Ballot, entitled to vote on a matter, and voting on the matter, vote in favor of the matter; and
3. The votes cast for the matter equal or exceed a majority of the applicable Member Quorum.

For any amendment of the Articles, an affirmative vote of at least two-thirds (2/3) of Members present in person or voting by Member Mail Ballot, entitled to vote on a matter, and voting on the matter, is required.

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice on any matter not previously the subject of a Member Written Ballot or a Member Mail Ballot. If the individual presiding over the Member vote determines, in good faith, that a written vote is required to determine the vote results, then the Members shall vote by written ballot ("Member Meeting Written Ballot").

Agreements signed by Members providing the manner in which a Member will vote are valid.

Section 3.12 -- No Member Voting by Member Proxy

A Member may not appoint another to vote or otherwise act on any matter for the Member. The Cooperative shall not accept votes or other action on any matter taken by a proxy on a Member's behalf as the Member's vote or action.

Section 3.13 – No Telephonic Member Meetings

Unless otherwise allowed by the Board of Directors through action taken prior to the Member Meeting, no Member may participate in a Member Meeting by telecommunication.

Section 3.14 – Accepting and Rejecting Member Voting Documents

Regarding any Member Written Ballot, Member Meeting Waiver of Notice, Member Meeting Written Ballot, Member Mail Ballot, or other document allegedly executed by, or on behalf of, a Member (collectively, "Member Voting Document"):

A. Acceptance. The Cooperative may accept, and give effect to, the Member Voting Document if:

1. The name signed on the Member Voting Document corresponds to a Member's name, and the Cooperative acts in good faith; or
2. The Cooperative reasonably believes the Member Voting Document is valid and authorized.

B. Rejection. The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative:

1. Acts in good faith; and
2. Has reasonable basis for doubting the validity of:
 - a. The signature on the Member Voting Document; or
 - b. The signatory's authority to sign on behalf of the Member.

C. Liability. Neither the Cooperative, nor any Cooperative Member, Director, Officer, employee, or agent, is liable to any Member for accepting or rejecting a Member Voting Document as provided in this Bylaw Section.

Section 3.15 – Credentials and Election Committee

Prior to any Member Meeting, the Board may appoint a Credentials and Election Member Committee ("C&E Committee") consisting of an

uneven number of Members between three (3) and nine (9).

A. C&E Committee Members. A C&E Committee member may not be:

1. An existing, or a Close Relative of an existing:
 - a. Cooperative Director, Officer, employee, representative, or agent; or
 - b. Known Director candidate.

As allowed by the Governing Documents, and as determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

B. C&E Committee Duties. Prior to, at, or within a reasonable time following, the Member Meeting for which the C&E Committee was appointed, the C&E Committee shall:

1. Elect a chairperson and secretary;
2. Establish, or approve, the manner or method of Member registration and voting;
3. Oversee or supervise Member registration and voting, and the tabulation of Member votes; and
4. Consider and decide all questions, issues, or disputes regarding:
 - a. Member registration and voting; and
 - b. The tabulation of Member votes.

(collectively, “Member Meeting Issues”).

The C&E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee members are present. Any C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present and voting. Unless properly challenged under this Bylaw Section, all C&E Committee decisions prior to, at, or within a reasonable time following, a Member Meeting, are final.

At the Cooperative’s expense, the Cooperative shall make available legal counsel to the C&E Committee. As used in this Bylaw Section, Member voting includes voting by Member Meeting Written Ballot, Member Mail Ballot, and Member Written Ballot.

C. Member Challenge. Any Member may:

1. Comment upon a Member Meeting Issue; or
2. Challenge the C&E Committee’s decision regarding a Member Meeting Issue

by filing a written description of the Member’s comments or challenge (“Member Challenge”) with the Cooperative within three (3) business days following the Member Meeting addressed by the Member Challenge.

Within thirty (30) days of receiving any Member Challenge, the C&E Committee shall:

1. As determined by the C&E Committee, meet and receive oral or written evidence from any Member, or legal counsel representing any Member, directly and substantially implicated in, or affected by, the Member Challenge; and
2. Consider, decide, and rule upon the Member Challenge.

The C&E Committee’s decision regarding any Member Challenge is final. Upon written request by any Member received by the C&E Committee within thirty (30) days of a C&E Committee decision, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee’s decision.

The failure of the Cooperative or C&E Committee to act as required by this Bylaw Section shall not, by itself, invalidate or otherwise affect any vote, Director election, or other action taken at a Member Meeting.

Section 3.16 – Member Meeting Order of Business

The Board shall determine the agenda and order of business for the Member Meetings.

ARTICLE IV – BOARD OF DIRECTORS

Section 4.01 – Director Districts

The Cooperative shall equitably divide the general area in which Members are located or reside (the “Member Service Area”) into ten (11) districts (“Director Districts”). If necessary, the Board shall revise the Director Districts to ensure that Members are equitably represented by the Director Districts. As of the date of these Bylaws, the Director Districts are generally described as follows:

District No. 1: Fishlake, Burrville, Koosharem, Greenwich, Angle, Antimony, and the areas surrounding said communities.

District No. 2: Loa, Fremont, Lyman, Teasdale, and Grover, and the areas surrounding said communities.

District No. 3: Bicknell, Torrey, Fruita, Hanksville, and the areas surrounding said communities.

District No. 4: Escalante, Boulder, and the Eastern Garfield County area.

District No. 5: Alton, Glendale, Orderville, Mt. Carmel, Mammoth Creek, Aspen Highlands, Bryce Woodlands, Bonanza Estates, Long Valley/Elk Ridge, and the areas surrounding said communities.

District No. 6: Hatch, Henrieville, Cannonville, Tropic, Bryce Canyon, Spry, and the areas surrounding said communities.

District No. 7: Johnson Canyon, KCR/Cedar Ridge, Pink Sands, areas of Kanab not included in District 10, Kanab Canyon, and the areas surrounding said communities.

District No. 8: Harris Flat, Swains Creek, Strawberry, Ponderosa Villa, Duck Creek, Timber Trails, Color Country, Movie Ranch, Meadow View, and the areas surrounding said communities.

District No. 9: Jacob Lake, Grand Canyon, Kaibab Paiute Reservation, Moccasin, Pipe Springs, Hacks Canyon, Cane Beds, Fredonia, Big Water, Church Wells, Centenila Park and the areas surrounding said communities.

District No. 10: All of Kanab City except that part of the City west of Kanab Creek.

District No. 11: Hildale, Colorado City

The general boundaries of the Director Districts, as of the date of these Bylaws, are shown on the map attached as Exhibit "A" to these Bylaws.

Within thirty (30) days following any Director District revision, and at least thirty (30) days before the next Annual Member Meeting, the Cooperative shall notify, in writing, any Members affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written notice of the Director District revision. No Director District revision may:

1. Increase an existing Director's Director Term; or
2. Unless the affected Director consents in writing, shorten any existing Director's Director Term.

Section 4.02 – Board

The Cooperative shall have a Board consisting of:

1. One (1) natural person from each Director District elected by the Members located or residing in each respective Director District.

Except as otherwise provided by Law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board, or under the Board's authority; and
2. All Cooperative affairs must be managed under the Board's direction.

To the extent the Law, the Articles, or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care as the Board.

Section 4.03 – Director Qualifications

Any Director or Director candidate must comply with this Bylaw Section.

A. General Director Qualifications. A Director or Director candidate must:

1. Be a natural person;
2. Have the capacity to enter legally binding contracts;
3. While a Director, and during the five (5) years immediately prior to becoming a Director, not:
 - a. Be, nor have been, convicted of a felony; or
 - b. Plead, nor have pled, guilty to a felony; and
4. Not, during the three (3) years immediately prior to becoming a Director, have been an employee of the Cooperative or any subsidiary thereof.
5. Unless excused for good cause by the Board or Members, attend at least two-thirds (2/3) of all Board Meetings during any fiscal year twelve (12) month period.

(collectively, "General Director Qualifications").

B. Membership Director Qualifications. While a Director, and during the one (1) year period immediately prior to becoming a Director, a Director or Director candidate must:

1. Be a Member in good standing (or be duly authorized by a non-natural person Member located in the Director District from

which the Director is elected or chosen) and permanently residing in the Director District from which the Director is elected or chosen; and

2. Use, receive, or purchase the Core Cooperative Service at the Director's primary residence;

(collectively, "Membership Director Qualifications").

C. Conflict of Interest Director Qualifications.

To become a Director and remain a Director, an individual must:

1. Comply with the Conflict of Interest Policy adopted by the Board, as it may be amended or supplemented by action of the Board (the "Directors Conflict of Interest Policy"); and

2. While a Director, annually complete and sign the Conflict of Interest Certification and Disclosure Form described in the Directors Conflict of Interest Policy (the "Form"), and timely submit the completed and signed Form to the Secretary of the Cooperative.

(collectively, "Conflict of Interest Director Qualifications").

D. Continuing Director Qualifications. Only natural persons complying with the General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve, or continue to serve, as a Director.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the affirmative vote of at least two-thirds (2/3) of the current Directors, then the Director is no longer a Director, and shall be deemed removed, thereby resulting in a Director vacancy. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

Section 4.04 – Director Nominations

Unless otherwise provided in these Bylaws, prior to electing Directors:

A. Nominations. Members shall nominate individuals to run for election for any Director

position for which members are scheduled to vote at any Member Meeting ("Nominations"). Members make Nominations by delivering to the Secretary at least sixty (60) days prior to the Member Meeting a writing for each Nomination ("Member Petition"):

1. Listing the name of the candidate;

2. Indicating the Director position for which the candidate will run; and

3. Containing the printed names, addresses, and telephone numbers, and original signatures, of at least fifteen (15) Members of the same Director District as the candidate. No Member may sign more than one (1) Member Petition. After verifying that a Member Petition complies with this Bylaw Section, the Cooperative shall post the Nominations by Director District at the Cooperative's principal office.

B. Notice of Director Nominations. At least ten (10) days, but no more than forty-five (45) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

1. Director positions for which Members are scheduled to vote; and

2. Names and corresponding Director positions of all Nominations.

Section 4.05 – Director Elections

Members located or residing in each Director District shall elect Directors:

1. For new Director positions or for Director positions for which the incumbent Director's Director Term is expiring;

2. From the Nominations;

3. At the Annual Member Meeting or other properly called Member Meeting or by Member Written Ballot; and

4. By a plurality of the votes cast with a Member Quorum of Members entitled to vote for the Director position represented by Member Mail Ballot.

If there are three (3) or fewer Nominations for a particular Director District, all such candidates will proceed to the final election. Ballots for such final election will be prepared listing the candidates and providing a blank space for write-in votes. If more than three (3) valid Nominations are received for a particular Director District, a primary election will be held, with the two (2) candidates receiving the greatest number of votes proceeding to the final election. Ballots for the primary election, listing all valid candidates, will be mailed no later than forty-

five (45) days prior to the date of the Member Meeting at which the final election will be held. In case of a tie Director vote, the Director elected is determined by a drawing by lot. If only one (1) Nomination is made, and such candidate satisfies the Director Qualifications, such candidate shall automatically be appointed as a Director, without the need to hold a Director election in accordance with this Bylaw Section.

In addition to other information required by these Bylaws, any Member Written Ballot or Member Mail Ballot for electing Directors must:

1. List the name and corresponding Director position to each candidate; and
2. Identify any Director whose Director Term is expiring.

Section 4.06 – Director Terms

A Director's term is three (3) years ("Director Term"). The Cooperative shall stagger Director Terms by dividing the total number of Director Districts into groups of three (3). The Director District groups are as follows:

- Group A: Districts 1, 4,9 and 11; and
- Group B: Districts 3, 6,8 and 10; and
- Group C: Districts 2, 5 and 7.

The election for the Group A Directors will be held in 2016, for the Group B Directors in 2017, and for the Group C Directors in 2018, with elections in subsequent years following the same rotation.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected, or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

Section 4.07 – Director Resignation

A Director may resign at any time by delivering written notice of resignation to the Board, President, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation in the manner provided elsewhere in these Bylaws.

Section 4.08 – Director Removal

Regarding any Director:

A. Director Removal Petition. As provided in this Bylaw Section, Members may request the removal of one or more Directors for any reason. For each Director for whom removal is requested, Members shall deliver to the President or Secretary a dated written petition ("Director Removal Petition"):

1. Identifying the Director;
2. Explaining the basis for requesting the Director's removal; and
3. As Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days of the Director Removal Petition date, of at least ten percent (10%) of the Members entitled to elect the Director.

Within thirty (30) days following the President or Secretary receiving a Director Removal Petition:

1. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and
2. The Board shall meet to review the Director Removal Petition.

B. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw Section, then the Cooperative shall notice and hold a Member Meeting (limited to the Members of the Director District affected) within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:

1. A purpose of the Member Meeting is to consider removing a Director;
2. Evidence may be presented, and a Member vote taken, regarding removing the Director; and
3. Members may elect a successor Director.

If a Member Quorum of Members entitled to vote for the Director is present at the Member Meeting, then for the Director named in each Director Removal Petition:

1. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and

3. Following the Director's presentation, and following Member discussion, the Members entitled to vote for the Director must vote whether to remove the Director.

If a number sufficient to elect the Director at a Member Meeting of Members and entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director for the unexpired term to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications.

Neither a Director Removal Petition or Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

Section 4.09 – Director Vacancy

Unless otherwise provided in these Bylaws:

1. By the affirmative vote of a majority of the remaining Directors, the Board may fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and

2. Any Director elected by the Board to fill any vacant Director position shall serve until the unexpired Director Term of the vacant Director position.

If a new Director does not take office until a Director vacancy occurs, then the Board may fill any Director vacancy that will occur at a later specified date before the vacancy occurs.

An individual elected to fill a vacant Director position must comply with the Director Qualifications. As used in this Bylaw Section, "vacant Director position" and "Director vacancy" do not include Director positions vacated due to an expired Director Term.

Section 4.10 – Director Compensation

As allowed by Law, the Cooperative may pay Directors a fixed fee and expenses, as determined in the Board's reasonable discretion, for attending any:

1. Board Meeting;
2. Function involving the Cooperative; or
3. Function reasonably enhancing the Director's ability to serve as a Director.

Section 4.11 – Director Conduct

Unless modified or prohibited by Law:

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

1. In good faith;
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. In a manner the Director reasonably believes to be in the Cooperative's best interests.

B. Director Reliance on Others. Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:

1. One or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
2. Legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence; and
3. If the Director reasonably believes a Board Committee of which the Director is not a member merits confidence, then the Board Committee regarding matters within the Board Committee's jurisdiction.

C. Director Liability. If a Director complies with this Bylaw Section, then the Director is not liable to the Cooperative, any Member, or any other individual or entity for action taken, or not taken, as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

Section 4.12 – Close Relative

As used in these Bylaws, the term "Close Relative" shall mean:

1. Husband, wife, mother, father, sister, brother, child, grandparent, and grandchild. These categories include half-, step-, in-law, foster and adoptive relations.

2. The terms “husband” and “wife” include adults residing together in a conjugal relationship though not legally married.

Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

ARTICLE V – BOARD MEETINGS AND DIRECTOR VOTING

SECTION 5.01 – Regular Board Meetings

The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting.

Any Director not attending any Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least three (3) days before the next Regular Board Meeting. All Directors are entitled to receive notice of a President’s change in a Regular Board Meeting date, time, or location at least three (3) days before the changed Regular Board Meeting.

Section 5.02 – Special Board Meetings

The Board, the President, or at least three (3) Directors may call a special meeting of the Board (“Special Board Meeting”) by providing each Director at least three (3) days’ prior written or oral notice indicating the date, time, and location and purpose of the Special Board Meeting.

Section 5.03 – Conduct of Board Meetings

Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:

1. Held in, or out of, any state in which the Cooperative provides the Core Cooperative Service; and
2. Conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then:

1. In descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, Treasurer; and

2. If no Officer is present, or desires, to preside over any Board Meeting, then the Directors attending the Board Member shall elect a Director to preside over the Board Meeting.

Section 5.04 – Waiver of Board Meeting Notice

At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records. Unless a Director:

1. Upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and

2. Does not vote for, or assent to, an objected matter; then the Director’s attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

Section 5.05 – Board Action by Written Consent

Without a Board Meeting, the Board may take any action required, or permitted, to be taken at a Board Meeting if the action is:

1. Taken by all Directors; and
2. Evidenced by one or more written consents (“Director Written Consent”):
 - a. Describing the action taken;
 - b. Signed by each Director; and
 - c. Included with the Cooperative’s Board Meeting minutes.

Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a Board Meeting vote.

Section 5.06 – Director Quorum and Voting

A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins (“Director Quorum”). If a Director 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 Directors present and voting is the act of the Board. An interested Director is not counted in determining whether a Director Quorum is present to

vote or act upon any matter in which the Director is directly or indirectly interested.

Section 5.07 – Committees

The Board may create committees of the Board (“Board Committees”) and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more Directors, and serves at the Board’s discretion. The Board may create committees of the Members (“Member Committees”) and appoint Members, including Directors, to serve on the Member Committees.

A. Creation and Appointment of Committees.

Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the:

1. Creation of any Board Committee or Member Committee;
2. Appointment of Directors to any Board Committee; and
3. Appointment of Members to any Member Committee.

B. Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

C. Committee Authority. Except as prohibited or limited by Law, the Articles, or this Bylaw Section, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:

1. Retire and refund Capital Credits and Affiliated Capital Credits;
2. Approve the Cooperative’s dissolution or merger, or the sale, pledge, or Transfer of all, or substantially all, Cooperative Assets;
3. Elect, appoint, or remove Directors, or fill any Board or Board Committee vacancy; or
4. Adopt, amend, or repeal these Bylaws.

Member Committees may act as specified by the Board, but may not exercise Board authority.

Section 5.08 – Board Executive Committee

If and when determined by the Board:

1. A Board executive committee may be organized, which shall include the President, Vice-President, Secretary, and Treasurer (“Board Executive Committee”); and

2. When impracticable or inconvenient for the Board to timely meet to consider a matter, and except as prohibited by Law, the Articles, or these Bylaws, the Board Executive Committee may exercise all Board authority regarding a matter, as and to the extent specifically delegated by the Board.

The Board Executive Committee:

1. Is a Board Committee;
2. May exercise all Board authority delegated by the Board and permitted by Law, the Articles, and these Bylaws; and
3. At the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee’s exercise of Board authority.

Section 5.09 – Conflict of Interest Transaction

A conflict of interest transaction is a transaction with the Cooperative in which a Director has a direct or indirect interest (“Conflict of Interest Transaction”).

A. Indirect Interest. A Director has an indirect interest in a Conflict of Interest Transaction if at least one party to the transaction is another entity:

1. In which the Director has a material interest or is a general partner; or
2. Of which the Director is a director, officer, or trustee.

B. Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and any Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction’s material facts, and the Director’s interest, are:

1. Disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes in good faith to approve or ratify the Conflict of Interest Transaction; or
2. Disclosed or known to the Members, and a majority of votes cast by Members not voting under the control of a Director or entity interested in the Conflict of Interest

Transaction approves or ratifies in good faith the Conflict of Interest Transaction.

C. Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is neither:

1. Voidable; nor
2. The basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

Section 5.10 – Policies, Rules and Regulations

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

ARTICLE VI – OFFICERS

Section 6.01 – Required Officers

The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer (“Required Officers”). The Board shall elect Required Officers:

1. At the first (1st) Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. By affirmative vote of a majority of Directors in office; and
3. By secret written ballot without prior nomination.

Only Directors may be elected, and serve, as a Required Officer. One Director may simultaneously be Secretary and Treasurer. Unless allowed by Law, however, this Director may not execute, acknowledge, or verify any document in more than one capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer’s successor is duly elected. The Board shall fill any vacant Required Officer’s position for the remaining unexpired portion of the Required Officer’s term.

Section 6.02 – President

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the President:

1. Shall preside, or designate another individual to preside, at all Board and Member Meetings;

2. On the Cooperative’s behalf, may sign any document properly authorized or approved by the Board or Members; and

3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.03 – Vice-President

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Vice-President:

1. Upon the President’s death, absence, disability, or inability or improper refusal to act, shall perform the duties, and have the powers, of the President; and

2. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

Section 6.04 – Secretary

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

1. Shall be responsible for preparing minutes of Board and Member Meetings;

2. Shall be responsible for authenticating the Cooperative’s records;

3. May affix the Cooperative’s seal to any document authorized or approved by the Board or Members; and

4. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.05 – Treasurer

Unless otherwise determined by the Board and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

Section 6.06 – Other Officers

The Board may elect or appoint other officers (“Other Officers”). Other Officers need not be Members and:

1. May be Directors, Cooperative employees, or other individuals;

2. Must be elected or appointed by the affirmative vote of a majority of current Directors;

3. May be elected by secret written ballot and without prior nomination;

4. May assist Required Officers; and

5. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one office. Unless allowed by Law, however, this individual may not execute, acknowledge, or verify any document in more than one capacity. Such Other Officers may include a General Manager, who shall be the chief executive officer of the Cooperative (the “General Manager/CEO”) and have the authority to (a) oversee and conduct the day-to-day affairs of the Cooperative, and (b) on the Cooperative’s behalf, the authority to sign any document properly authorized or approved by the Board or Members.

Section 6.07 – Officer Resignation and Removal

At any time, any Required Officer or Other Officer (collectively, “Officer” or “Cooperative Officer”) may resign by delivering to the Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. Except as may be otherwise expressly provided in a written contract of employment executed by and between the Cooperative and such Officer, at any time, the Board may remove any Officer for any reason or no reason, with or without cause. In addition, any Member may seek the removal of an Officer by filing with the Secretary of the Cooperative a petition signed by ten percent (10%) or three hundred (300) of the Members, whichever is less, requesting the Board’s removal of such Officer and describing the basis of such request (a “Member Officer Removal Request”). The Officer against whom a Member Officer Removal Request has been made shall be informed in writing of the Member Officer Removal Request at least ten (10) days prior to the Board meeting at which the Member Officer Removal Request to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in response to the Member Office Removal Request; and the Member or Members initiating the Member Officer Removal Request shall have the same opportunity. In the event the Board does not remove such Officer based upon a Member Officer Removal Request, the question of removal shall be considered and voted upon at the next duly called and conducted Member Meeting.

Section 6.08 – Officer Standard of Conduct

Every Officer shall discharge the Officer’s duties:

1. In good faith;

2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

3. In a manner the Officer reasonably believes to be in the Cooperative’s best interests.

Section 6.09 – Officer Contract Rights

The election or appointment of any Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer’s resignation does not affect the Cooperative’s contract rights, if any, with the Officer. An Officer’s removal does not affect the Officer’s contract rights, if any, with the Cooperative.

Section 6.10 – Authority to Execute Documents

On the Cooperative’s behalf, any two (2) Required Officers or the General Manager/CEO may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative’s behalf.

Section 6.11 – Officer Compensation

Unless otherwise provided in a Bylaw Section addressing Director compensation, reimbursement, or provision of benefits, and as determined by the Board, the Cooperative may reasonably compensate, reimburse, or provide benefits to, any Officer.

Section 6.12 – Bonds

At the Cooperative’s expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent, or representative.

Section 6.13 – Indemnification

As allowed by Law and the Articles, and as determined by the Board:

A. Indemnification of Directors. The Cooperative shall indemnify:

1. An individual who is, or was, a Cooperative Director; or an individual who, while a Director is, or was, serving at the Cooperative’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise; or the estate or personal representative of such an individual, to the fullest extent permitted by, and in accordance with the procedures set forth in, *Utah Code Ann.* §§ 16-6a- 901 through 910, as such provisions may be amended.

B. Indemnification of Other Individuals. The Cooperative shall indemnify:

1. An individual who is, or was, a Cooperative Officer, employee, fiduciary, or agent to the same extent as a Cooperative Director pursuant to *Utah Code Ann.* §§ 16-6a-901 through 910, as such provisions may be amended.

C. Advance for Expenses. The Cooperative may, in the Board's discretion, pay for or reimburse the reasonable expenses incurred by a Cooperative Director, Officer, employee, fiduciary or agent in advance of final disposition of the proceeding to which he or she is a party, in accordance with *Utah Code Ann.* § 16-6a-904, as it may be amended.

Section 6.14 – Insurance

Regardless of any indemnification authority or requirements, and consistent with the terms of *Utah Code Ann.* § 16-6a-908, as it may be amended, the Cooperative may, in the Board's discretion, purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, Officer, employee, fiduciary, or agent against any:

1. Liability, including judgment, settlement, or otherwise; or
2. Reasonable expenses, including reasonable attorney fees, asserted against, or incurred by, the individual in the individual's capacity, or arising from the individual's status, as a Cooperative Director, Officer, employee, fiduciary, or agent.

ARTICLE VII – COOPERATIVE OPERATION

Section 7.01 – Nonprofit and Cooperative Operation

The Cooperative:

1. Must operate on a nonprofit basis;
2. Must operate on a cooperative basis for the mutual benefit of all Members; and
3. May not pay interest or dividends on Capital furnished by Patrons.

Section 7.02 -- Allocating and Crediting Capital

In operating the Cooperative:

A. Patron. A Cooperative patron is a:

1. Member; or
2. Non-Member Person who:
 - a. Uses, receives, or purchases the Core Cooperative Service or any Ancillary Services; and
 - b. Is entitled to an allocation of, and payment by credit to a Capital account for,

Capital Credits and Affiliated Capital Credits

(collectively, "Patron").

B. Capital Credits. Patrons shall furnish, and the Cooperative shall receive, as capital ("Capital") all funds and amounts received by the Cooperative from Patrons for the Cooperative's provision of the Core Cooperative Service or any Ancillary Services that exceed the Cooperative's costs and expenses of providing the Core Cooperative Service or the Ancillary Service ("Operating Margins"). For the Core Cooperative Service or each Ancillary Service, the Core Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Core Cooperative Service or Ancillary Service in proportion to the value or quantity of the Core Cooperative Service or Ancillary Service used, received, or purchased by each Patron during the applicable fiscal year ("Capital Credits"). Capital Credits must be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a legal obligation, and each Patron furnished the Cooperative Capital in the corresponding Capital Credit amounts.

C. Affiliated Capital Credits. The Cooperative may separately allocate and credit to Patrons capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative ("Affiliated Capital Credits"):

1. In proportion to the value or quantity of each service, supply, or product furnished by the organization that is used, received, or purchased by each Patron; and
2. If the Cooperative determines, and separately identifies, the Affiliated Capital Credits.

D. Non-Operating Margins. Funds and amounts, other than Operating Margins, received by the Cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be:

1. Allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Capital Credits to Patrons; or
2. Used by the Cooperative as permanent, non-allocated capital.

E. Assignment and Notification. Unless otherwise determined by the Board or provided in

these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a Patron:

1. Delivering a written assignment to the Cooperative; and
2. Complying with any other requirements reasonably determined by the Board.

The Cooperative shall annually notify each Patron of the dollar amount of Capital Credits or Affiliated Capital Credits allocated or credited to the Patron during the applicable fiscal year.

F. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration:

For any Joint Membership comprised of two (2) Joint Members married:

1. Terminated or converted through the death of one (1) Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership; and

2. Otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each Joint Member one-half (1/2) of the Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership.

Section 7.03- Retiring and Refunding Capital Credits

At any time prior to the Cooperative's dissolution or liquidation:

1. The Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons; or

2. After an organization furnishing services, supplies, or products to the Cooperative retires and refunds capital to the Cooperative, the Board may authorize the Cooperative to, and the Cooperative shall, retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons.

The Board shall determine the manner and method of retiring and refunding Capital Credits and Affiliated Capital Credits.

Upon the death of any natural person Patron or former Patron ("Deceased Patron"), and pursuant to a written request from the Deceased Patron's legally

appointed representative, the Board may retire the Deceased Patron's Capital Credits and Affiliated Capital Credits under terms and conditions agreed upon by the Deceased Patron's legally appointed representative and the Cooperative. Garkane Management is authorized by the Board of Directors to use prudent and reasonable procedure to verify that the requestor of payment is properly authorized to receive payment. The Board of Directors has the authority to pay capital credits at a discounted rate under terms set by the board. Notwithstanding any other provision of these bylaws, the board of directors shall have the power upon the death of any natural patron, to retire capital credited to any such patron upon such terms and conditions as the board of directors acting under policies of general application, and provided, that the financial condition of the cooperative will not be impaired. Garkane Management is authorized to pay deceased patron capital at face value of all original allocated amounts if the sum of all allocated amounts does not exceed \$500. If the sum of all allocated amounts exceed \$500, said allocated amounts will be discounted but will in no case be discounted to less than \$500.

Regardless of a statute of limitation or other time limitation, after retiring capital credits allocated to a patron or former patron, the cooperative may recoup, offset, or setoff an amount owed to the cooperative by the patron or former patron, including any interest at the Utah or Arizona legal rate and late payment fee, by reducing the amount of retired capital credits paid to the patron or former patron by the amount owed to the cooperative. The cooperative, before the payment in full or in part of the retirement of any capital credit, may deduct therefrom any amount owing by such patron to the cooperative, together with interest thereon at the Utah or Arizona legal rate. By becoming members of the cooperative, all members are deemed to have granted a first lien on all capital credits, capital investments, patronage funds and other property or funds of the member held by the cooperative to secure the payment of all indebtedness of the member to the cooperative. This first lien is deemed to be perfected by possession of the collateral by Garkane under the Uniform Commercial Code, or, at the election of the Association notice of the lien may be made through the filing of a financing statement with the office of the Secretary of State. The articles of incorporation,

bylaws, tariffs and rules and regulations of the cooperative shall constitute a security agreement under the Uniform Commercial Code. The amount of any lien may, at the sole option of the cooperative, be setoff at any time against any funds to be paid to a member.

The patrons, 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 patron are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provision.

After perfection in a manner allowed by Law, to secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest, and late payment fee, determined by the Board, the Cooperative has a perfected security interest in the Capital Credits and Affiliated Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the

Patron or former Patron, including any reasonable compounded interest, and late payment fee, determined by the Board.

Section 7.04- Non-Member Patrons and Non-Member Non-Patrons

As a condition of using, receiving, or purchasing the Core Cooperative Service or any Ancillary Services, and unless otherwise determined by the Board:

1. To the same extent as Members, Patrons who are not Members ("Non-Member Patrons") and Persons using, receiving, or purchasing the Core Cooperative Service or any Ancillary Services who are neither Members nor Patrons ("Non-Member Non-Patrons") shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;

2. Other than the rights to:

a. Be allocated and paid by credit to a

Capital account Capital Credits and Affiliated Capital Credits; and

b. Receive retired and refunded Capital Credits and Affiliated Capital Credits,

Non-Member Patrons and Non-Member former Patrons shall have none of the rights granted by the Governing Documents to Members; and

3. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members.

Section 7.05 – Reasonable Reserves

Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws, however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits.

ARTICLE VIII – DISPOSITION OF COOPERATIVE ASSETS

Section 8.01 – Transfer of Cooperative Assets

Except for any sale, lease, exchange, or other disposition ("Transfer") of any Cooperative property or Cooperative asset ("Asset"):

1. To secure indebtedness;

2. Pursuant to condemnation or threat of condemnation;

3. Pursuant to an existing legal obligation; or

4. Associated with a Consolidation or Merger; the Cooperative shall not Transfer all or a substantial portion (fifty percent [50%] or more) of the Cooperative's Assets unless:

1. The Board approves the Transfer;

2. At least a majority two-thirds (2/3) of the Total Membership approves the Transfer (including those represented by Member Mail Ballot);

3. Notice of any Member Meeting at which Members will consider the Transfer states that one of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the Transfer; and

4. In proportion to the value or quantity of the Core Cooperative Service and Ancillary Services used, received, or purchased by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates and credits to Members as Capital Credits any consideration received for the Cooperative's Assets that exceeds the Cooperative's debts, obligations, and liabilities.

Unless otherwise determined by the Members, after the Members approve a Transfer, the Board may abandon the Transfer, but only following an affirmative vote of two-thirds (2/3) of the members of the Board. To secure indebtedness, the Board may

Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset without the approval of the Members.

Section 8.02 – Merger

In a manner consistent with Law, the Cooperative may merge with any other nonprofit corporation, following approval by the Board and the Members in the manner provided in Section 8.01 above with respect to a Transfer.

Section 8.03 – Distribution of Cooperative Assets Upon Dissolution

Upon the Cooperative's dissolution:

1. The Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all Capital Credits and Affiliated Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services used, received, or purchased by each Patron or former Patron; and

2. After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities:

a. To the extent practicable, the Cooperative shall first distribute gains from selling any appreciated Cooperative Asset to Members who used, received, or purchased the Core Cooperative Service and any Ancillary Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of the Core Cooperative Service and Ancillary Services used, received, or purchased by the Member during the period the Cooperative owned the Cooperative Asset; and

b. To the extent practicable, the Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to:

(1) The Members who were using, receiving, or purchasing the Core Cooperative Service and Ancillary Services at the time of the Cooperative's dissolution in proportion to the value or quantity of the Core Cooperative Service and Ancillary Services used, received, and purchased by each Member during the seven (7) years prior to the Cooperative's dissolution.

ARTICLE IX – MISCELLANEOUS

Section 9.01 – Bylaw Amendments

Unless otherwise provided in these Bylaws or applicable Law, these Bylaws may be adopted,

amended, or repealed ("Amended") by the affirmative vote of two-thirds (2/3) of current Directors.

A. Sponsorship of Bylaw Amendments. The Board may sponsor or propose Bylaw Amendments. Unless sponsored or proposed by the Board, and unless otherwise determined by the Board to be considered at a Member Meeting, any proposed Bylaw Amendment must be:

1. Sponsored by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty (60) days of the petition date for, at least fifty (50) Members entitled to vote on the Bylaw Amendment;

2. Delivered to, and received by, the Cooperative at least forty-five (45) days prior to the Member Meeting at which the Members will consider the proposed Bylaw Amendment;

3. After review by the Board, determined lawful and approved by the Board; and

4. Not altered or modified after delivery to the Cooperative.

B. Notice of Bylaw Amendment. Notice of any Member Meeting or Board Meeting at which Members or the Board will consider a proposed Bylaw Amendment must:

1. State that the purpose, or one of the purposes, of the Member Meeting or Board Meeting is to consider the proposed Bylaw Amendment; and

2. Contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.

C. Bylaw Amendments Affecting Member Rights. By the affirmative vote of a majority of the Members voting, the Members must approve any proposed Bylaw Amendment that would:

1. Affect the Member's rights, privileges, preferences, restrictions, or conditions regarding voting, dissolution, redemption, or Membership transfer;

2. Increase the Member Quorum; or

3. Increase or decrease the vote required for any Member action.

Section 9.02 – Rules of Order

Unless the Board determines otherwise, and to the extent consistent with Law, the Articles, and these Bylaws, all:

1. Member Meetings;

2. Board Meetings;

3. Member Committee meetings; and

4. Board Committee meetings are governed by the latest edition of *Robert's Rules of Order*.

Section 9.03 – Fiscal Year

The Board shall determine, and may modify, the Cooperative's fiscal year.

Section 9.04 – Notice

In these Bylaws:

A. Notice Type. Unless otherwise provided in these Bylaws, notice may be:

1. Oral or written; and
2. Communicated:
 - a. In person;
 - b. By telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication;
 - c. By mail or private carrier; or
 - d. If the above-listed forms of communicating notice are impractical, then by:
 - (1) Newspaper of general circulation in the area where published; or
 - (2) Radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members:

1. Residing at the address; or
2. Having the same address shown in the Membership List.

B. Notice Effective Date. If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:

1. Oral notice is effective when communicated; and
2. Written notice is effective upon the earliest of:
 - a. When received;
 - b. With the postmark evidencing deposit in the United States Mail, if correctly addressed and:
 - (i) Mailed with first class postage affixed, then five (5) days after deposit in the United States Mail; or
 - (ii) Mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or
 - c. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

Section 9.05 -- Financial Transactions

A. Contracts. Except as otherwise provided in these Bylaws, the Board 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.

B. 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.

C. Deposits. All receipts 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 9.06 -- Principal Office and Business Offices

The principal office of the Cooperative, as defined by applicable Law (the "Principal Office"), shall be located within the Member Service Area. As of the date of these Bylaws, the Principal Office is located in Loa, Utah (the "Loa Office"). As of the date of these Bylaws, the Cooperative maintains four (4) business offices – at the Loa Office and in each of the following communities: Hatch Kanab, Utah and Hildale Utah (the "Business Offices").

Section 9.07 – Records, Information and Reports

To the extent required by Law and as may be determined by the Board in a manner not inconsistent with Law, the Cooperative shall (a) maintain its corporate records, information and reports, and (b) allow inspection of the same by the Directors and Members.

Section 9.08 – Governing Law

These Bylaws must be governed by, and interpreted under, the laws of the State of Utah.

Section 9.09 – Titles and Headings

All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

Section 9.10 – 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 Cooperative and Members, does not invalidate the

remaining Bylaw Provisions.

Section 9.11 – Cumulative Remedies

The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 9.12 – Entire Agreement

As of the Effective Date, between the Cooperative and any Member, the Governing Documents, including, but not limited to, these Bylaws:

1. Constitute the entire agreement; and
2. Supersede and replace any prior or contemporaneous oral or written communication or representation.

Section 9.13 – Successors and Assigns

To the extent allowed by Law:

1. The duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and
2. The rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative and any Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws upon the Cooperative or Member.

Section 9.14 – Waiver

The failure of the Cooperative or any Member to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.15 – Lack of Notice

To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

ARTICLES OF AMENDMENT TO THE

ARTICLES OF INCORPORATION OF

GARKANE POWER ASSOCIATION, INC.

Pursuant to the provisions of Section 16-6-50 and 16-6-51, Utah Code Annotated (1953, as amended), GARKANE POWER ASSOCIATION, INC., a Utah non-profit corporation (the "cooperative"), adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the Cooperative is GARKANE POWER ASSOCIATION, INC.

SECOND: The Articles of Incorporation are hereby amended and restated in their entirety to read as follows:

ARTICLE I: Name

The name of the Cooperative is GARKANE ENERGY COOPERATIVE, INC.

ARTICLE II: Duration

The duration of the Cooperative shall be perpetual, unless otherwise dissolved by action of law or by action of the members at an annual or special meeting.

ARTICLE III: Purposes

The Cooperative is formed, as a nonprofit cooperative electric association, for the following purposes:

a. To generate, manufacture, purchase, acquire, and accumulate electric energy for its members and the general public and to transmit, distribute, furnish, sell, and dispose of such electric energy to its members and the general public; and

b. To engage in any other lawful enterprise consistent with classification as a cooperative within the meaning of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any successor statute).

The Cooperative is organized as a nonprofit corporation under the provisions of Chapter 6, Title 16, Utah Code Annotated (1953, as amended).

ARTICLE IV: Membership

The Cooperative has a single class of members. The qualifications, voting rights, and property rights of the members, and the termination or forfeiture of memberships, shall be set forth in the Bylaws. No member shall have more than one vote regardless of the amount of membership capital owned by such member, unless the Bylaws provide the voting is to be based in whole or in part on the volume of patronage of such member with the Cooperative. All monies received by the Cooperative from members

and non-member patron that exceed the Cooperative's costs and expenses (including appropriate reserves) shall be distributed to members or non-member patrons on the basis of patronage, as provided in the Bylaws.

ARTICLE V: Board of Directors

The number of directors of the Cooperative shall be eleven (11), subject to adjustment as may be set forth in the Bylaws. The manner of election or appointment of the directors, their qualifications, the duration of their terms, the procedure for their removal, and other related matters, shall be set forth in the Bylaws; provided, however, that during his or her term of service, a director must permanently reside in the director district from which the director is elected or chosen or be subject to removal as provided in the Bylaws or applicable law. The names and addresses of the initial directors of the Cooperative are as set forth in the original Articles of Incorporation of the Cooperative, filed of record with the applicable governmental authority on July 28, 1938 (the "Original Articles"). Similarly, the names and addresses of each incorporator and the initial principal office of the Cooperative are as set forth in the Original Articles.

ARTICLE VI: Dissolution and Liquidation

The Cooperative shall be dissolved and its assets liquidated only with the approval, at an annual or special meeting, of a least two-thirds of the members of the Cooperative, after advance written notice that the dissolution of the Cooperative will be considered at such meeting. In no event shall the Directors of the Cooperative enter into any contract to either liquidate or sell the assests of the Cooperative, in any manner, without prior written notice being mailed to the members that the same will be considered at the next annual or special meeting of the members, and the affirmative vote by a least two-thirds of all members.

THIRD: The above amendment and restatement of the Articles of Incorporation was adopted and approved by at least two-thirds (2/3) of the members of the Cooperative voting at the annual meeting concluded on April 25, 2001, which was duly called in the manner prescribed by Section 16-6-50, Utah Code Annotated (1953, as amended), and at which a quorum of the members was present.