**EXPLANATION OF PROPOSED AMENDMENTS**

**TO**

**CBEC BYLAWS**

**NOTICE**

The Cooperative’s Board of Directors is sponsoring some amendments to the Cooperative’s Bylaws which will streamline and clarify the current Bylaws. The proposed changes will allow: 1) the Cooperative to use electronic notices to those Members wishing to receive emails rather than mail; and 2) the Cooperative to use remote communications technology to have meetings when in-person meetings are not possible. This document will explain the proposed changes. There is a copy of the Bylaws on the Cooperative’s website at <https://cbec.cc> that show each proposed amendment in red. There is also a copy of the Bylaws which incorporates the proposed amendments which you may find easier to read.

Please call your Director, the CBEC offices, or send an email to info@columbiabasin.cc at https://cbec.cc with any questions you may have.

**Purpose of Changes:**

This past year the Annual Meeting of the Members could not be held in person due to COVID restrictions. The current Cooperative’s Bylaws do not accommodate the use of electronic or remote communications which if authorized, would have allowed us to have our Annual Meeting of Members last year.

The Board of Directors wants to have in-person meetings; however, there may be times when the use of alternative electronic methods to do the Cooperative’s business makes sense. The Board of Directors of the Cooperative wanted to amend the Bylaws to accommodate the use of electronic or remote communications and since the Bylaws have not been significantly modified for over six years, the Board of Directors reviewed the Bylaws for other changes that may be needed to the Bylaws of the Cooperative.

The Board of Directors of the Cooperative are sponsoring these changes to the Cooperative’s Bylaws to 1) provide better flexibility in the event that circumstances again arise where in-person meetings are just not possible and remote communications technology must be used; 2) streamline the Bylaws regarding Membership; and 3) generally clarifying the Bylaws where needed.

The following discussion identifies each area where changes are being recommended by the Board of Directors starting at the beginning of the Bylaw document. A red-lined version showing every change proposed can be found on the Cooperative’s web site. There is also a copy of the Bylaws which incorporates the proposed amendments for easier reading.

**Description of Changes:**

PROPOSED CHANGES

The main change proposed to the Bylaws allows for electronic communication between the Cooperative and those Members wishing to use email for notices and allows the Cooperative to use remote communications technology to have meetings when in-person meetings cannot be accommodated. Please note that with the introduction of the use of electronic and remote communications technology, other areas of the Bylaws had to be changed to accommodate the use of such technology. These principal revisions related to the use of remote communications technology are contained in Section 11 and are also carried through to other sections of the Bylaws where necessary.

The other changes being proposed to the Cooperative’s Bylaws are generally being made to streamline and clarify areas of the Bylaws. The following identifies the sections of the Bylaws where an amendment is proposed and summarizes the change.

ARTICLE I, Section 1. QUALIFICATIONS AND OBLIGATIONS.

* Introduces and defines use of the term “Entity” to streamline the Bylaws so the various forms of organizations (e.g., firm, corporation, body politic) do not have to be repeated throughout the Bylaws when an organization that is a Member is being referenced.
* References the membership agreement and strengthens the requirement that a Member must purchase their electric energy from the Cooperative.

ARTICLE I, Section 2. MEMBERSHIP PROCEDURE.

* Carries through the use of the term “Entity.”

ARTICLE I, Section 3. JOINT MEMBERSHIP.

* Carries through the use of the term “Entity.”
* Incorporates the term “married couples.”
* Clarifies some circumstances when one member of a Joint Membership act without the other being present.

ARTICLE I, Section 4. MEMBERSHIP AGREEMENT.

* This is a new section of the Bylaws introducing the use of a membership agreement.

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* Allows for use of electronic notice.
* Makes a Member responsible for not complying with Cooperative’s incorporation documents and the Bylaws.

ARTICLE I, Section 11. ELECTRONIC COMMUNICATION AND THE USE OF REMOTE TECHNOLOGY.

* Allows for electronic notices.
* Sets forth the requirements for the use of remote communications technology for meetings of the Cooperative (Board Meetings, Annual Meeting, etc.). The new language added is:

**The annual meeting of Members, any special meeting, or meetings of the Board of Directors can use remote communications technology which means communication made electronically, by conference call, internet, remote technology, or other communication: (1) permitting the Cooperative to verify that each person or Entity participating in the meeting is a Member; and (2) permitting Members and/or Directors the reasonable opportunity to read or hear the proceedings substantially concurrent with their occurrence, vote on matters submitted to the Members, ask questions, and/or make comments.**

ARTICLE II, Section 1. ANNUAL MEETING.

* Allows for the use of remote communications technology for the Annual Meeting.

**The annual meeting can be held using remote communications technology.**

ARTICLE II, Section 3. SPECIAL MEETINGS.

* Allows for the use of remote communications technology for special meetings.

ARTICLE II, Section 3.1 NOTICE OF SPECIAL MEETINGS.

* Allows for the use of electronic notice for special meetings.

ARTICLE II, Section 4. QUORUM.

* Defines how a quorum is met for the annual meeting when the use of remote communications technology is employed. The new language is:

**For purposes of meeting a quorum, present or presence includes in-person or any form of presence utilizing remote communications technology that is authorized by the Board of Directors.**

ARTICLE II, Section 5. VOTING.

* Allows for the use of remote communications technology for voting.

ARTICLE II, Section 6. VOTING BY MAIL OR REMOTE COMMUNICATIONS TECHNOLOGY.

* Allows for and describes the use of remote technology communications when voting.

ARTICLE III, Section 2. ELECTION AND TENURE OF OFFICERS.

* Allows the Board to change a term of a Director under circumstances where our annual meeting could not be held so that Directors’ terms on the Board of Directors can remain staggered as envisioned by the founders of the Cooperative.

ARTICLE III, Section 2a. REMOVAL BY ABSENCE.

* Provides that a Director who attends a meeting through the use of remote technology communications will be deemed present at the meeting (now a Director would be considered absent under the Bylaws).

ARTICLE III, Section 2b. ZONES.

* References a new attachment showing a map of the Directors for a Member’s information purposes.

ARTICLE III, Section 3. NOMINATIONS.

* Provides that a Member who is absent from an annual meeting can vote for a Director electronically or by mail in accordance with Article II, Section 6.

ARTICLE III, Section 7. ACCOUNTING SYSTEMS AND REPORTS.

* Provides more flexibility by adding a new option to have the Cooperative’s accounting system in compliance with Generally Accepted Accounting Principles (GAAP) and updates the language in the Bylaws regarding the successor agency to the old reference to the Rural Electrification Association of the United State of America (its new name is Rural Utilities Services).

ARTICLE IV, Section 1. REGULAR MEETINGS.

* Allows the Board meeting which directly follows the annual meeting to be held at a more convenient time if necessary and allows the use of remote communications technology for regularly scheduled Board meetings.

ARTICLE IV, Section 2. SPECIAL MEETINGS.

* Allows the use of remote communications technology for special meetings.

ARTICLE IV, Section 4. QUORUM.

* Defines how a quorum is met for a Board meeting when the use of remote communications technology is employed. The new language is:

**For purposes of meeting a quorum, present or presence includes in-person or any form of presence utilizing remote communications technology that is authorized by the Board of Directors.**

ARTICLE V, Section 2. ELECTION AND TERM OF OFFICE.

* Allows the use of a ballot that is electronic.

ARTICLE V, Section 7. SECRETARY.

* Capitalizes the term Member and a minor typo being corrected.

ARTICLE V, Section 8. TREASURER.

* Minor wording change.

ARTICLE VI, Section 2. CHECKS DRAFTS, ETC.

* Modernizes the types of payments the Cooperative can take for payment.

ARTICLE VII, Section 2. ISSUE OF MEMBERSHIP CERTIFICATES.

* Allows the Cooperative to take membership payments in forms other than cash.

ARTICLE VIII, Section 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.

* Provides the Board of Directors with some discretion to allocate capital credits when amounts are received from operations in excess of costs and expenses and to invest unretired Capital Credits.
* Provides authority to the Board to collect the debts of a Member by deducting the amount, if any, from any amount attributable to the retirement of Capital Credits for that Member.

ARTICLE XI, DISPOSITION OF PROPERTY.

* Allows the Cooperative to have votes on such matters using remote communications technology.
* Updates the Bylaws to reflect that the Cooperative uses various sources of funds other than borrowing from just the listed sources. Reflects current practice to get best borrowing terms for the Cooperative.

ARTICLE XIII, Section 2. DISPUTE RESOLUTION PROCESS

* Clarifies that the Dispute Resolution Policy will be used by all matters involving a Member and the Cooperative when the person submitting the matter for review is/was a Member.

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**BALLOTS WILL BE MAILED OUT THE FIRST WEEK OF OCTOBER – PLEASE VOTE!**

**BY VOTING YOU WILL BE ENTERED INTO A DRAWING TO WIN COOL PRIZES!**

**CBEC WILL KEEP YOU POSTED ON OUR PLANS FOR THE ANNUAL MEETING THIS YEAR!**