

Bylaws

of the

Benton Rural Electric Association

Member Owned & Controlled since 1937



A Touchstone Energy® Cooperative

Amended January 27, 2010

**BYLAWS
of the
BENTON RURAL
ELECTRIC ASSOCIATION**

MISSION STATEMENT

Our mission at Benton Rural Electric Association, a member-owned and operated cooperative, is to provide affordable, and reliable energy and other member driven compatible services that enhance the quality of life for all our members. Our mission will also provide a stable, safe, competitive career oriented work environment for the Association's employees. Our mission is being pursued through the highest ethical standards using progressive marketing in conjunction with sound financial and management principles.

ARTICLE 0

Section 0. 01 Law, Articles and Governing Documents

0.01.1 - These Bylaws are subject to applicable Law and the Amended Articles of Incorporation of the Benton Rural Electric Association ("Articles"). If, and to the extent that, a Bylaw conflicts with the Law or the Articles, then the Law or Articles control. "Law" includes applicable:

- (a) Local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and
- (b) Legally binding contracts enforceable by or against the Association, including legally binding contracts between the Association and an applicant or member.

0.01.2 - The Articles and these Bylaws are contracts between the Association and a member. By becoming a member, member acknowledges that: (i) Every member is a vital and integral part of the Association; (ii) the Association's successful operation depends upon each member complying with the Governing Documents; and (iii) members are united in an interdependent relationship.

0.01.3 - For purposes of these Bylaws, the Governing Documents include the following documents, all as currently existing or as later adopted or amended:

- (a) The Articles;
- (b) The Membership Application and Record Card signed by an applicant or member;
- (c) These Bylaws;
- (d) The Association’s policies;
- (e) The Association’s rate or price schedules; and
- (f) All rules, regulations, requirements, guidelines, procedures, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board.

ARTICLE 1

MEMBERS

Section 1.01 - Qualifications and Obligations

1.01.1 - The Association shall admit any qualified person as defined in the Articles of Incorporation¹ as a member, provided that no member regardless of composition may own more than one (1) membership in the Association. Except as otherwise provided in these Bylaws or by the Board, a qualified person becomes a member of the Association and consents to being a member upon the following actions being taken:

- (a) member completes a “Membership Application and Record Card;”
- (b) member provides proof of legal age (18 years or older) in the case of a natural person.

Article V, Section 1 of the Articles defines persons eligible for membership as follows: “Under terms and conditions prescribed by its Bylaws as they now exist or may hereafter be amended, this Cooperative is authorized to admit as members individuals, firms, partnerships, limited liability companies, associations, corporations, federal, state or local governmental bodies or any subdivision thereof, or any other person or legal entity that applies for the services and products furnished by the Cooperative within the areas now or hereafter established by the Trustees of the Cooperative as the areas in which it markets its products and services. The Board of Trustees may establish additional qualifications and requirements for membership in the Bylaws.”

- (c) the Association establishes an active electrical account in member's name for the purchase of electric service by member at a location or locations within the geographic area served by the Association, pursuant to Section 1.02.1.
- (d) the Board of Trustees approves the membership application; provided that the approval of any application shall, unless the resolution of the Board of Trustees otherwise states, be retroactive to the date when member first receives electric service from the Association;

1.01.2 - All members will be required and obligated as a condition of membership and as a condition of receiving and continuing to receive electric service to:

- (a) provide proof of good credit to the satisfaction of the Association or pay a non-interest bearing Service Deposit in the amount to be predetermined by policies adopted by the Board of Trustees. Said deposit will be held for a minimum period of time to be determined by the Board of Trustees in which the monthly billings have been satisfactorily paid within the time allowed by the current operating policy, or until termination of service less any balance owing;
- (b) pay a Contribution in Aid to Construction or Advance on Construction for all new or altered services in accordance with the Association's current Line Extension Policy as established and changed from time to time by the Board of Trustees;
- (c) provide the Association safe and reliable access to or use of member's property; and, pursuant to reasonable terms and conditions as specified by the Association, and without compensation from the Association, grant or convey to the Association a written easement, right-of-way, or other right or interest in member's property as may be determined necessary and requested by the Association, for any of the following purposes: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing equipment and/or facilities used in providing electric or other cooperative services to member, or to one or more other members; (2) monitoring, measuring, or maintaining electric or other cooperative services provided to member or to one or more other members;

(3) authorizing, permitting, satisfying, or facilitating any obligation incurred, or right granted, by the Association regarding use of the Association's facilities and equipment, including pole attachment agreements involving third parties; or (4) as may be deemed necessary by the Association to otherwise safely, reliably, and efficiently operate the business of the Association. For purposes of this paragraph, the Association's equipment and facilities include, without limitation, cables, poles, guy wires, conduits, transformers, switches, vaults and all other devices, accessories and appurtenances which the Association determines to be necessary and appropriate to operating and maintaining its electric system, whether above or below the ground. Such easements and rights of way shall include, without limitation, a right of access and entry over and across lands owned or controlled by the member, with the right and permission to enter upon said lands for the survey, location, construction, reconstruction, enlargement, maintenance and repair of such equipment and facilities. This shall also include the clearing of obstructions within the easement upon request of the Association based upon reasonable terms and conditions.

- (d) participate in required Association load management programs. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Association to enhance load management, more efficiently to utilize or conserve electric energy or to conduct load research.
- (e) comply with the Governing Documents; and to pay the Association for any damages, costs, or expenses, including attorney's fees and legal expenses, caused by or associated with the member's failure to comply with the Governing Documents. A member who fails to comply with the Governing Documents, shall be deemed "not in good standing" and the Association may thereupon suspend or terminate the provision of electric service or any other cooperative services provided to the member as provided in these Bylaws and in the Association's member service Policies. Regardless of whether money damages are available or adequate, the Association may bring and maintain a legal action to enjoin a member

from violating the Governing Documents; and/or bring and maintain a legal action to order a member to comply with the Governing Documents.

1.01.3 - Residents of legal age of the same household may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the residents of legal age of the same household comply for themselves jointly with the provisions of the above subsections 1.01.1 and subsection 1.01.2. The Membership Application and Record Card must have signatures of all members of the joint membership in order to be considered a joint membership. The term “member” as used in these Bylaws shall be deemed to include residents of legal age of the same household holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Individuals holding a joint membership shall be individually and jointly liable for the membership liabilities contained herein, until notifying the Association in writing of their withdrawal from the joint membership. Such withdrawal from the joint membership shall not affect the rights privileges or obligations of the remaining individuals of the joint membership nor relieve any party from liabilities incurred prior to their withdrawal. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) the presence at a meeting of any individual of a joint membership shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) the vote of a joint membership shall constitute one member vote;
- (c) a waiver of notice signed by any individual of a joint membership shall constitute one joint waiver;
- (d) notice to any individual of a joint membership shall constitute notice to the entire joint membership;
- (e) only one individual of a joint membership may concurrently hold, be elected or appointed as an officer or board member, provided that each individual of a joint membership meet the qualifications for such office.

A membership may be converted to a joint membership upon the written request of the holder thereof and compliance with all requirements of this section.

1.01.4 - Membership in the Association shall be evidenced by a “Membership Application and Record Card” on file, which shall be in such form and shall contain such provisions as shall be determined by the Board. Every member thereby has agreed to comply with and be bound by the Articles of Incorporation of the Association and these Bylaws and the Amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Trustees.

Section 1.02 - Purchase of Electric Energy

1.02.1 – Except as otherwise provided by Law or the Governing Documents, each member shall purchase from the Association 100% of the electric energy needed by member for use in the Association’s service area, pursuant to the following provisions:

- (a) member reserves the right to self-generate a portion or all of the member’s electric needs subject to the member paying the Association a cost for standby power including revision costs for modifying the installed services which are being replaced or may be replaced by the member’s own generation capability, and any costs including wholesale power costs attributable to the member which will become stranded as a result of the actions of the member. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be inter-connected with Association facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Board of Trustees.
- (b) Each member shall pay for electric service at rates which shall from time to time be fixed by the Board of Trustees, provided, however, that the Board of Trustees may limit the amount of electric energy which the Association shall be required to furnish to any one member.
- (c) Each member shall pay to the Association such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time.

- (d) Each member shall also pay all amounts owed by the member to the Association as and when the same shall become due and payable.
- (e) Association shall not be liable for any losses associated with operation of member owned generations, including member safety, etc.

1.02.2 - It is expressly understood that amounts paid for services in excess of the cost of such services are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws.

1.02.3 - The Association may agree with a non-member electric power utility or company to exchange, sell, or purchase electric energy.

1.02.4 - All delinquent accounts may be charged interest from the date of delinquency at a rate to be fixed from time to time by the Board of Trustees.

Section 1.03 - Non-liability for Debts of the Association

1.03.1 - The private property of the members of the Association shall be exempt from execution for debts of the Association and no member shall be individually liable or responsible for any debts or liabilities of the Association.

Section 1.04 – Active and Inactive Membership

1.04.1 - A membership may be active or inactive. An active member is a member who has an account for retail electric service and is presently receiving retail electric service from the Association. An active member is in “good standing” if the member is in compliance with the Governing Documents. An active member is “not in good standing” if the member is not in compliance with the Governing Documents. An inactive member is a member who is not presently receiving retail electric service from the Association, whether or not the member has an account for electric service and regardless of whether the termination of service is temporary or permanent or voluntary or involuntary. The membership number of the inactive member shall be held and not

again assigned except to the inactive member who held such number if they reestablish an active account by applying for and qualifying to receive retail electric service from the Association.

Section 1.05 - Transfer of Membership Interest; and Suspension or Termination of Service

1.05.1

- (a) if an active member is not in good standing as defined in Section 1.04.1, the Association may elect to suspend or terminate the provision of retail electric service to the member. If the member continues to be not in good standing, the Board of Trustees may, after giving notice to the member and providing the member an opportunity to comment on the reasons why the member is not in good standing, expel the member from the Association. Nothing in this paragraph is intended to limit the Association's right to pursue remedies at law or in equity in addition to suspension or termination of service, all of which are expressly reserved.
- (b) If an active member is not in good standing, the Association may, in its discretion elect to continue to provide retail electric service to the member; however, the Association may suspend any rights of membership of an active member who is not in good standing and the Association may establish rate schedules and terms of service applicable to active members who are not in good standing that are different from the rates and terms of service applicable to active members in good standing, all as determined by the Board of Trustees.
- (c) if an entity member ceases to exist or if any member withdraws or is expelled from the Association and no longer receives electric service from the Association, the membership of such member shall be deemed to be inactive.
- (d) If a joint member dies, the membership shall automatically be transferred to surviving joint member. If a member who is not a joint member dies, the membership shall be deemed inactive, provided, electric service may continue to be provided under the membership at the request of the estate or the legal representative of the deceased member until the estate is wound up or closed, if the estate or the legal representative

of the estate provides a suitable guaranty of payment of any charges for continuing electric service.

An inactive member or a member's estate is not released from the debts or liabilities of such member to the Association.

- (e) Notwithstanding any provision in these Bylaws, the Association may suspend or terminate retail electric service to any active member as provided in the Member Policies or as determined by the Board of Trustees for good cause.
- (f) A membership interest in the Association shall not be transferable except as otherwise provided herein:
 - i. membership may be transferred by a member to himself or herself, his or her spouse, or other members of a joint membership as the case may be, jointly upon the written request of such member and such residents of legal age of the same household jointly with the provisions of Section 1.01.1, and Section 1.01.2 of this article. Such transfer shall be made and recorded in the records of the Association representing the membership so transferred.
 - ii. When a membership is held jointly by residents of the same household, upon the death or withdrawal of an individual, such membership shall be held solely by the survivor(s) with the same effect as though such membership had been issued to the survivor(s); provided, however, that the estate of the deceased shall not be released from payment of any membership debts or liabilities to the Association.
- (g) Other than as provided for under Section 1.02.3, upon discovery that the Association has been furnishing electric service to any entity other than a member, the Association shall provide a 60 day notice for the entity to become a member, and for the Board of Trustees to approve the membership retroactively to the date on which such entity first began receiving such service, in which event the Association, to the extent practicable, shall correct its membership and all related records accordingly. If the entity fails to become a member within the notice period, the Association may cease furnishing such service.

Section 1.06 - Responsibility for Protecting Association Facilities; Indemnification for Meter Tampering, etc.

1.06.1 - Each member shall make available to the Association a suitable site as determined by the Association, whereon to place the Association's physical facilities for the furnishing and metering of electric service and shall permit the Association's authorized employees, agents and independent contractors to have access thereto for reading, testing, inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Association's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use their best efforts to prevent others from so doing. In addition to the Association's remedies under Section 1.05, in the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Association and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Association's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from errors in billing computations. In no event shall the responsibility of the Association extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on such premises, or beyond the combination circuit breaker-meter base panel, except that the Association shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or billing computation errors, without interest.

1.0.6.2 - Interconnection with and operation of the member's facilities with the Association's system shall not cause any reduction in the quality or reliability of service provided to other Association members. This includes, but is not limited, to abnormal voltages, voltage fluctuations and/or harmonic content that causes interference with other member or Association equipment. Upon notification, the member shall cause such disturbances created by or through their facilities to be remedied thus restoring the quality of service provided by the

Association to its original state prior to the member's interconnection with the Association facilities. Failure on the part of the member to remedy such quality of service disturbances within ninety (90) days from initial notification may result in the member being disconnected from the Association's facilities.

ARTICLE II

MEETING OF MEMBERS

Section 2.01 - Annual Meeting

2.01.1 - The annual meeting of the members shall be held on such date, during the first three months of each calendar year at such place within a county served by the Association, as selected by the Board of Trustees and which shall be designated in the notice of the meeting, for the purpose of electing Trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Trustees to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

Section 2.02 Special Meetings

2.02.1 - Special meetings of the members may be called by resolution of the Board of Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within a county served by the Association, as designated by the Trustees, and shall be specified in the notice of the special meeting.

Section 2.03 - Notice of Members Meeting

2.03.1 - Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten consecutive days nor more than fifty consecutive

days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at their address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or a special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. The attendance of any member at any meeting shall constitute a waiver of notice of such meeting, except in case a member shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 2.04 - Quorum

2.04.1 – Except as otherwise required by law, the members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members, provided each district of the Association for which a Trustee is to be elected shall be represented by a member present in person or represented by proxy other than the incumbent of each such district. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice and such adjournment may be from time to time of the same day.

Section 2.05 - Voting

2.05.1 - Each member, including joint membership, shall be entitled to one (1) vote and not more upon each matter submitted to a vote at a meeting of the members.

2.05.2 - Voting by members, other than members who are natural persons, shall be allowed upon the presentation to the Association prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting this evidence to vote as a representative of the member.

2.05.3 - Members may vote by mail-in ballot only on proposed changes to the Articles of Incorporation or sale of Association assets. Those voting by mail-in ballot will be considered to be present at the meeting held to consider the change in the Articles of Incorporation or to consider the sale of Association assets.

2.05.4 – All solicitation for votes by mail-in ballot shall: (i) include the minimum number or responses needed to take action by mail-in ballot; (ii) state the percentage of approvals necessary to approve each matter; and (iii) specify the time by which a mail-in ballot must be received by the Association in order to be valid and counted.

2.05.5 - A mail-in ballot cannot be revoked or amended and to be valid must be received in the Association’s Prosser office prior to the deadline as noted in the mail-in ballot information.

2.05.6 – Prior to voting upon any action which would give rise to dissenter’s rights under Chapter 23B.13 of the Revised Code of Washington, the Board of Trustees must review, approve and recommend such action to the members. Merger or consolidation of the Association, whether or not the Association is the surviving entity, or dissolution or sale of the Association are examples of action which give rise to dissenter’s right.

Section 2.06 - Proxies

2.06.1 - At all meetings of members, a member may vote by proxy executed in writing by the member, limited, however, to those matters of business only as specifically stated in the notice of meeting for which the proxy is given. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members, and no person shall vote as proxy who is not a qualified voter of the Association. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members, or a qualified mail-in

ballot, shall revoke a proxy theretofore executed by them and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if they had not executed a proxy.

Section 2.07 – Order of Business

2.07.1 - The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

- (a) Acceptance of meeting registration book to determine quorum.
- (b) Reading of the notice of the meeting, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Remind members that the minutes posted in the meeting hall have been approved by the Board of Trustees, but that errors in minutes can be corrected at anytime, even after approval or reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of, and acting upon, reports of the officers, Trustees and committees.
- (e) Election of Trustees.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournments.

The President or presiding officer may amend the order of business at the annual meeting including the presentation of door prizes.

ARTICLE III

BOARD OF TRUSTEES

Section 3.01 - Powers and Responsibilities of Trustees

3.01.1 - The business and affairs of the Association shall be managed by a board of nine (9) elected Trustees from the membership which shall exercise all of the powers of the Association except such as are by law or by the Articles of Incorporation of the Association or by these Bylaws conferred upon or reserved to the members. The Board of Trustees shall take any and all actions necessary to ensure responsible management and operation of the Association. The Board of

Trustees shall define the powers and duties of all committees, officers, agents, and General Manager/Executive Vice President of the Association.

3.01.2 - Economic Development. The Board of Trustees is empowered to promote economic development of the general areas in or near to which the Association serves.

3.01.3 - Rates and Terms of Service.

- (1) The Board of Trustees shall fix the price at which electric energy shall be sold to the membership of the Association, and shall have authority to raise or lower the price of electric energy at their discretion, when such change in price shall be necessary to properly operate the business affairs in a fiscally responsible manner. Based upon different costs of providing electric energy to different groups of members, the Board of Trustees may adopt rates that charge each group a different rate or price for providing the electric energy.
- (2) Pursuant to terms, conditions, time, and in the manner specified by the Board of Trustees, each member shall pay the Association for:
 - i. Electric energy and other services provided to the member or provided to or for a member; and
 - ii. dues, assessments, fees, deposits, contributions, or other amounts required to be paid by the Articles, these Bylaws or any policies, rules or regulations adopted by the Board of Trustees.
- (3) The Board of Trustees shall establish and periodically review policies not inconsistent with the Articles or these Bylaws regarding the provision of service to members of the Association.

Section 3.02 - Qualifications and Tenure; Trustee Districts

3.02.1 - Trustees shall be elected by ballot from the members who are natural persons to serve for terms of three (3) years or until their successors shall have been elected. Trustees shall be staggered so that three (3) Trustees are elected each year.

3.02.2 – General Qualifications of Trustees. Trustees shall have the

following general qualifications, unless excused by the Board of Trustees for good cause:

- (1) have the capacity to enter legally binding contracts;
- (2) to be eligible to become or remain a Trustee, a Trustee or Trustee candidate must be an individual who receives electrical service from the Association at his or her primary residential abode, which must be located in the district represented by or nominating the Trustee;
- (3) no individual shall be eligible to become or remain a Trustee who is a convicted felon.
- (4) no individual shall be eligible to become or remain a Trustee who is an incumbent elected public official or a candidate for an elective public office in connection with which a salary is paid; and
- (5) no individual shall be eligible to become or remain a Trustee of the Association who has been employed by the Association or a subsidiary of the Association within the last three (3) years, or who is closer in consanguinity than the third degree or less to an incumbent Trustee, or to an employee of the Association.
- (6) Trustees and Trustee candidates shall meet any other reasonable qualifications as determined by the Board of Trustees. Background checks will be performed on all Board of Trustee candidates to assure that they meet the general qualifications to be a Trustee.

3.02.3 - The Territories served by the Association shall be divided into nine (9) districts for the purpose of nominating and electing Trustees, and to give equitable representation on the Board of Trustees to the geographical areas served by the Association insofar as practical by the determination of the Board of Trustees. The boundaries of each district shall be fixed by the Board of Trustees by resolution. The composition of the several districts shall be reviewed by the Board of Trustees from time to time, as they determine necessary, and if it should be found that inequalities in representation have developed which can be corrected by re-delineation of the districts, the Board of Trustees shall reconstitute the districts.

3.02.4 - Nothing in this Section 3.02 contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

3.02.5 – An individual who has served on the Board of Trustees of the Association within the last three (3) years shall not be eligible for employment by the Association.

Section 3.03 - Nomination and Election

3.03.1 - At least 120 days prior to the date of the next annual meeting of the members at which Trustees are to be elected, the Board of Trustees shall appoint a Nominating Committee consisting of not less than two (2) nor more than three (3) members from each district for which a Trustee is to be elected. No officer or member of the Board of Trustees, or person who is not eligible to become or remain a Trustee of the Association, shall be appointed a member of such a committee. The committee shall prepare and post at the principal office of the Association on December 1st a list of nominations for Trustees in each district. In addition, any fifteen (15) or more members may make other nominations, for the district in which they reside, in writing over their signatures by December 1st prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. The Secretary shall include with the notice of the meeting a statement of the number of Trustees to be elected and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. No nominations from the floor will be accepted for a Trustee position.

3.03.2 - Notwithstanding anything in this section contained, failure to comply with any of the provisions of these Bylaws shall not affect in any manner whatsoever the validity of any election of Trustees. The election of Trustees shall be by ballot and each member may cast, either in person or by proxy, one vote for a Trustee representing the district in which the member voting resides. The candidate of each district receiving the highest number of votes in their district shall be elected for the term specified by the Bylaws of the Association.

3.03.3 - Failure of an election for a given year, or failure to hold the annual meeting at the designated time, or failure to hold the annual meeting, shall allow the incumbents whose Trusteeship would have been voted on to hold over only until the next annual member meeting at which a quorum is present, and until their successor is elected.

**Section 3.04 – Board of Trustee Conflict of Interest
and Code of Ethics**

3.04.1 – Standard of Care. A Trustee shall discharge the Trustee’s duties, including duties as a Board of Trustee Committee member:

- (a) In good faith;
- (b) In a manner the Trustee reasonably believes to be in the Association’s best interests;
- (c) When becoming informed in connection with the Trustee’s decision-making function or devoting attention to the Trustee’s oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and
- (d) In a manner in which the Trustee discloses or causes to be disclosed to other Trustees or Board of Trustees Committee members information not known by them, but known by the Trustee to be material to discharging their decision-making or oversight functions, except that disclosure is not required to the extent that the Trustee reasonably believes that disclosure would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

3.04.2 Trustee Reliance on Others. Unless a Trustee has knowledge making reliance unwarranted, then in discharging the Trustee’s duties, including duties as a Board of Trustees Committee member, the Trustee may rely on the performance by any of the individuals listed in (a) or (b) below or a committee listed in (c) below to whom the Board has formally or informally delegated the authority or duty to perform one or more of the Board’s delegable functions; and upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by any of the following:

- (a) one or more Association officers or employees whom the

- Trustee reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports, or statements provided;
- (b) legal counsel, public accountants, or other individuals retained by the Association regarding matters involving skills or expertise the Trustee reasonably believes are matters within the individual's professional or expert competence and as to which the individual merits confidence; and
 - (c) A Board Committee of which the Trustee is not a member if the Trustee reasonably believes the Board Committee merits confidence.

3.04.3 - A Conflict of interest transaction is a transaction with the Association in which a Trustee has a direct or indirect interest ("Conflict of Interest Transaction").

- (a) In all circumstances, Trustees are under a continuing obligation to disclose to the full Board of Trustees any situation that presents the possibility of a conflict or disparity of interest either directly or indirectly between them and the Association.
- (b) A Trustee has a conflict or disparity of interest if:
 - i. The Trustee is employed by, has ownership in, or is an officer of a substantial competing enterprise, or is financially interested in a business selling electric energy or supplies to the Association, or a business primarily engaged in selling electrical appliances, fixtures, or supplies to the members of the Association.
 - ii. The Trustee solicits or receives any gift, or favor or other improper payment or consideration from a member, supplier, government official, or from any other person in exchange for assistance or influence concerning any transaction affecting the Association.
- (c) Approval of Conflict of Interest Transaction. Regardless of the presence or vote of a Trustee interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and any Board of Trustee Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction's material facts, and the Trustee's interest, are:
 - i. Disclosed or known to the Board of Trustee or Board of Trustee Committee, and a majority of Trustee or Board of

- Trustee Committee member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or
 - ii. Disclosed or known to the members, and a majority of votes cast by members not voting under the control of a Trustee or Entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.
- (d) Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is fair when entered is neither:
- i. Voidable; nor
 - ii. The Basis for imposing liability on a Trustee interested in the Conflict of Interest Transaction.

3.04.4 - If a Trustee complies with this Bylaw, then the Trustee is not liable to the Association, any member, or any other individual or Entity for action taken, or not taken, as a Trustee.

Section 3.05 - Vacancies

3.05.1 – Subject to the provisions of these Bylaws with respect to the removal of Trustees, vacancies occurring in the Board of Trustees shall be filled by appointment by the remaining Trustees following a procedure to be determined by the remaining Trustees. Members to be considered for appointment must meet all qualification requirements for Trustees (Section 3.02). The member appointed to fill a vacancy shall serve for the unexpired term of their predecessor in office.

Section 3.06 - Removal of Trustees and Officers

3.06.1 - Any member may bring charges against an officer or Trustee of their district by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members residing in the district, requesting the removal of the officer or Trustee in question. The removal shall be voted upon at the next regular meeting or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The Trustee or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by

counsel and to present evidence; and the person or persons bringing the charges against them shall have the same opportunity. PROVIDED, that the question of removal of a Trustee shall not be voted upon at all unless some evidence in support of the charge(s) against the Trustee shall have been presented during the meeting through oral statements, documents or otherwise.

Section 3.07 - Compensation

3.07.1 - The Board of Trustees may, by resolution, authorize a fixed sum(s) to be paid to Trustees for each day or portion thereof spent on Association business, such as attendance at board meetings, conferences, and training programs and any other assignment when authorized by the Board of Trustees, and the Association may pay the premiums on insurance of Trustees while engaged in Association business. If authorized by the Board of Trustees, Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Association business or granted a reasonable per diem allowance by the Board of Trustees in lieu of a detailed accounting for some of these expenses. No Trustee shall receive compensation for serving in any other capacity, nor shall any relative of a Trustee closer in consanguinity than the third step or spouse thereof, receive compensation for serving the Association unless the payment and amount of compensation shall be specifically authorized by the Board of Trustees or the service by the Trustee or such relative of a Trustee shall have been certified by the Board of Trustees as an emergency measure.

Section 3.08 - Rules and Regulations

3.08.1 - The Board of Trustees shall have power to make and adopt such rules and regulations, and policies, not inconsistent with law, the Articles of Incorporation of the Association or by these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Association.

Section 3.09 - Accounting System and Reports

3.09.1 - The Board of Trustees shall cause to be established and

maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America.

3.09.2 - The Board of Trustees shall cause to be made annually a full and complete audit of the accounts, books, and financial condition of the Association by an independent Certified Public Accountant approved for making such audits by the Rural Utilities Service.

3.09.3 - The Board of Trustees shall cause to be made a summary of the financial condition of the Association, which shall be submitted to the members at or prior to the annual meeting of the members.

Section 3.10 -- Committees

3.10.1 - Committees. The Board of Trustees shall have the authority to create committees and to define their functions and powers as it determines to be appropriate.

ARTICLE IV

MEETINGS OF BOARD OF TRUSTEES

Section 4.01 - Regular Meetings

4.01.1 - A meeting of the Board of Trustees may be held without notice other than this Bylaw, immediately after, and at the same place as, the annual meeting of the members, for any purpose. A regular meeting of the Board of Trustees shall also be held monthly at such time and place within a county served by the Association as designated by the Board of Trustees. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

Section 4.02 - Special Meetings

4.02.1 - Special meetings of the Board of Trustees may be called by the President or any three (3) Trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix the time and place which shall be within a county served by the Association, for the holding of any special meeting of the Board of Trustees called by them.

Section 4.03 - Notice

4.03.1 - Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each Trustee at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting, except in case a Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4.04 - Quorum

4.04.1 - The presence in person of a majority of the Board of Trustees shall be required for the transaction of business: PROVIDED, that a Trustee who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of Trustees in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time, but shall cause the absent Trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

Section 4.05 - Attendance

4.05.1 - No member shall be eligible to remain a Trustee who misses

attendance of three (3) or more consecutive regular monthly meetings of the Board of Trustees, unless excused by the remainder of the Board of Trustees, or unless the remainder of the Board of Trustees determines that there was justifiable cause for such missing attendance.

Section 4.06 - Meeting by Telecommunications

4.06.1 - In cases where immediate action or decisions need to be made, all available members of the Board of Trustees or any committee designated by the Board of Trustees may participate in a meeting of such Board of Trustees or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. A waiver of notice of such meeting shall be signed by all Trustees participating in such tele-communications board meeting, if there is not enough time prior to the meeting to send a notice of said tele-communication meeting.

ARTICLE V

OFFICERS

Section 5.01 - Number

5.01.1 - The officers of the Board of Trustees shall be a President, the principal executive officer of the Board of Trustees, a Vice President, a Secretary and Treasurer, and such other officers as may be determined by the Board of Trustees from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 5.02 - Election and Term of Office

5.02.1 - The officers of the Board of Trustees shall be elected, by ballot, annually by and from the Board of Trustees at the first regular monthly meeting of the Board of Trustees held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conve-

niently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until their successor shall have been duly elected, subject to the provisions of these Bylaws with respect to the removal of officers.

Section 5.03 - Removal

5.03.1 - Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Association will be served thereby.

Section 5.04 - Vacancies

5.04.1 - Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

Section 5.05 - President

5.05.1 - The President:

- (a) shall be the principal executive officer of the Board of Trustees and shall preside at all meetings of the members and the Board of Trustees;
- (b) may sign any deed, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer, agent, or employee of the Association, or shall be required by law to be otherwise signed or executed; and
- (c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 5.06 - Vice President

5.06.1 - In the absence of the President, or in the event of his/her

inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to them by the Board of Trustees.

Section 5.07 - Secretary

5.07.1 - The Secretary shall be responsible to perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to them by the Board of Trustees.

Section 5.08 - Treasurer

5.08.1 - The Treasurer shall be responsible to perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to them by the Board of Trustees.

Section 5.09 - Delegation of Duties

5.09.1 - By Board of Trustee action, certain of the duties of the Secretary and/or of the Treasurer may be delegated to others who are not Trustees, and that, to the extent such duties are delegated, such officers are relieved of these responsibilities.

Section 5.10 – General Manager/Executive Vice President

5.10.1 - The General Manager/Executive Vice President may be, but shall not be required to be, a member of the Association. The General Manager/Executive Vice President shall serve at the pleasure of the Board of Trustees, and shall be responsible to and report directly to the Board of Trustees. The General Manager/Executive Vice President shall be responsible for the operations of the Association, including the hiring and firing of personnel, purchasing and disposal of supplies and equipment, system planning, financial planning and reporting. The General Manager/Executive Vice President shall perform such other duties and shall exercise such other authorities as the Board of Trustees may from time to time vest in that office.

Section 5.11 - Bonds of Officers

5.11.1 - The Board of Trustees, in its discretion may require any officer, agent or employee of the Association to be bonded in such amount and with such surety as it shall determine.

Section 5.12 - Compensation

5.12.1 - The compensation of officers of the Board of Trustees, agents, and the General Manager/Executive Vice President, shall be fixed by the Board of Trustees.

Section 5.13 - Reports

5.13.1 - The officers of the Board of Trustees shall submit at each annual meeting of the members reports covering the business of the Association for the previous fiscal year and showing the condition of the Association at the close of such fiscal year.

ARTICLE VI

CONTRACTS, CHECKS AND DEPOSITS

Section 6.01 - Contracts

6.01.1 - Except as otherwise provided in these Bylaws, the Board of Trustees 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 Association, and such authority may be general or confined to specific instances.

Section 6.02 - Checks, Drafts, etc.

6.02.1 - 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 Association shall be signed by such officer or officers, agent or agents, or employee or employees of the Association and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

Section 6.03 - Deposits

6.03.1 - All funds of the Association shall be deposited from time to time to the credit of the Association in such financial institutions as the Board of Trustees may select.

ARTICLE VII

NON-PROFIT OPERATION

Section 7.01 - Interest or Dividends on Capital Prohibited

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

Section 7.02 - Patronage Capital in Connection with Furnishing Electric Energy

7.02.1 - In the furnishing of electric energy to members the Association's operations shall be so conducted that all members will, through their patronage, furnish capital for the Association. In order to induce patronage and to assure that the Association will operate on a non-profit basis the Association is obligated to account on a patronage basis to all its members, for all amounts received and receivable in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts received from members in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished by the members as capital.

The Association is obligated to allocate by credits to a Patronage Capital account for each member all such amounts in excess of operating costs and expenses. The Patronage Capital records of the Association shall be set up and kept in such a manner that at the end of each fiscal year the amount of Patronage Capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the Patronage Capital account of each member, and the Associa-

tion shall within a reasonable time after the close of the fiscal year notify each member through individual notices the amount of Patronage Capital so credited to their Patronage Capital account. All such amounts credited to the Patronage Capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Association corresponding amounts for capital.

7.02.2 - All other amounts received by the Association from its services or operations in excess of costs and expenses shall insofar as permitted by law, be:

- (a) used to offset any losses incurred during the current or any prior fiscal year and
- (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as a part of the Patronage Capital credited to the capital accounts of members, as herein provided.

7.02.3 - Notwithstanding any other provisions of these Bylaws, the Board of Trustees shall determine the basis of allocation, and order of retirement, if any, for all amounts furnished as Patronage Capital.

7.02.4 – Unretired Patronage Capital credited to the account of each member shall be assignable in total only on the records of the Association pursuant to written instruction from the assignor and in compliance with any requirements reasonably determined by the Board of Trustees.

7.02.5 - Notwithstanding any provisions of these Bylaws, all amounts owed by any member at any time to the Association, however arising and whether the debt or remedy to obtain payment has been or will be extinguished, including annually compounded interest charged at such rate as established by the Board of Trustees from time to time, shall be offset and debited against that member's Patronage Capital account.

7.02.6 - The Association shall allocate Patronage Capital as provided in this Bylaw. The Association shall allocate Patronage Capital in a member's name as shown in the Association's records, regardless of the member's marital status, based on the member's patronage.

Section 7.03 Retiring and Refunding Patronage Capital

7.03.1 - The Association may retire and pay Patronage Capital allocated to members and former members as provided in this Bylaw and any policies adopted by the Board of Trustees. If the Association retires and pays Patronage Capital, then the Association shall retire and pay Patronage Capital to members in each member's name as shown in the Association's records, regardless of the member's marital status.

7.03.2 - At any time before the Association's dissolution, liquidation, or other cessation of existence, the Association may generally retire and pay some or all Patronage Capital allocated to members and former members.

7.03.3 - The Association may specially retire and pay some or all Patronage Capital allocated to a deceased member or former member who was a natural person on a discounted basis: (1) after the death of the member or former member; (2) after receiving a written request from the deceased member's legal representative; and (3) according to the terms and conditions agreed upon by the Association and the deceased member's legal representative.

7.03.4 - The Association may not specially retire and pay Patronage Capital allocated to a member that is not a natural person before the time the Association anticipates normally retiring and paying such Patronage Capital or by reason of such member's corporate dissolution, liquidation, or other cessation of existence or after such member's corporate reorganization, transfer, merger, or consolidation.

7.03.5 - Regardless of a statute of limitation or other time limitation, before retiring and paying Patronage Capital allocated to a member or former member, the Association may recoup an amount owed to the Association by the member or former member, including any compounded interest and late payment fee, by reducing the amount to be paid to the member or former member by the amount owed to the Association

7.03.6 - The Association may generally or specially retire and pay Patronage Capital only if the Board of Trustees determines that the retirement and payment will not adversely impact the Association's financial condition. Consistent with this Bylaw, the retirement and payment of Patronage Capital are in the sole discretion of the Board of Trustees and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Patronage Capital may be determined only by the Board of Trustees.

7.03.7 - The Association may regularly impose a reasonable dormancy or service charge for each year a member or former member fails to claim Patronage Capital retired and paid to the member or former member. In the event the Association is unable to make payment to any member of Patronage Capital or patronage refunds due such members because of inability to locate the member, the incapacity of the member to receive the same, or any other cause beyond the control of the Association, after the lapse of a period from the date the right to receive same accrued of less than the statute of limitations within which payment of said Patronage Capital might be demanded, or the period of years named in the Unclaimed Property Act of Washington, such Patronage Capital or patronage refund shall be transferred into an Educational Fund of the Association. The Educational Fund shall be used in such a manner as determined at the discretion of the Board of Trustees.

7.03.8 - In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, outstanding Patronage Capital shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members; PROVIDED, insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were members during the period the asset was owned by the Association on a pro rata basis, insofar as is practicable, as determined by the Board of Trustees, before any payments are made on account of property rights of members.

ARTICLE VIII

MISCELLANEOUS

8.01 - Waiver of Notice. Any member or member of the Board of Trustees may waive in writing any notice of a meeting required to be given by these Bylaws.

8.02 - Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the state of Washington.

8.03 - Partial Invalidity. When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Association and members, does not invalidate the remaining Bylaw Provisions.

8.04 - Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Association or a member asserting a right or remedy provided in these Bylaws does not preclude the Association or member from asserting other rights or remedies provided in these Bylaws.

8.05 - Successors and Assigns. Except as otherwise provided in these Bylaws: (1) the duties, obligations, and liabilities imposed upon, and the rights granted to, the Association by these Bylaws are binding upon, and inure to the benefit of, the Association’s successors and assigns; and (2) the duties, obligations, and liabilities imposed upon a member by these Bylaws are binding upon the member’s successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Association or a member does not relieve the Association or member of the duties, obligations, and liabilities imposed by these Bylaws.

8.06 - Waiver. The failure of the Association or a member to assert a right or remedy provided in these Bylaws does not waive the right or

remedy provided in these Bylaws.

8.07 - Electronic Documents. If a member or Trustee owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, notwithstanding any other contrary Bylaw, as determined by the Board, and as allowed by Law:

- (a) The member or Trustee consents and agrees to: (A) use, accept, send, and receive an electronic signature, contract, record, notice, communication, and other document regarding a transaction, business, or activity with, for, or involving the Association (“Electronic Document”); (B) electronically conduct an action, transaction, business, or activity with, for, or involving the Association; and (C) electronically give or confirm this consent and agreement; and
- (b) An Electronic Document sent to or received from the member or Trustee satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, communication, or other document be in writing;
- (c) Electronically sending an Electronic Document to, or receiving an Electronic Document from, the member or Trustee satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, communication, or other document be sent or received personally or by mail; and
- (d) The member or Trustee electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.
- (e) An Electronic Document electronically sent to a member or Trustee or former member at the member’s or Trustee’s last known electronic address is considered sent and received on the date sent by the Association. An Electronic Document electronically received from a member or Trustee or former member is considered sent and received on the date received by the Association.

8.08 - Savings Clause. Nothing in the Bylaws is intended to limit any powers or authorities available to this Association under applicable law to engage in any lawful business or other activities, all of which

powers and authorities are hereby expressly reserved.

ARTICLE IX

FISCAL YEAR

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

ARTICLE X

MEMBERSHIP IN OTHER ORGANIZATIONS

The Board of Trustees shall have full power and authority on behalf of the Association to purchase stock or become a member of any non-profit corporation or cooperative organized for the purpose of engaging in rural electrification, generating, transmitting or distributing electric energy, servicing, promoting or assisting rural electrification, or of financing its members programs, projects or undertakings.

ARTICLE XI

PARLIAMENTARY AUTHORITY

The rules contained in the tenth edition of ‘Robert’s Rules of Order Newly Revised’ shall govern all general membership meetings of the Benton Rural Electric Association, and shall govern in cases to which they are applicable and in which they are not inconsistent with the Association’s Articles of Incorporation, these Bylaws, any special rules of order that the Association membership may adopt or any statutes applicable to the Association. The rules contained in the tenth edition of ‘Roberts’s Rules of Order Newly Revised’ are also applied to monthly meetings of the Board of Trustees of Benton Rural Electric Association. The presiding officer at Benton Rural Electric Association may determine the degree of application of parliamentary procedure at monthly meetings of the Board of Trustees.

ARTICLE XII

AMENDMENTS

These Bylaws may be altered or amended by affirmative vote of 2/3 of the Board of Trustees present and voting at any regular or special meeting, at which a quorum is present, provided the notice of such meeting shall have contained a copy of the proposed alteration or amendment.

ARTICLE XIII

INDEMNIFICATION

- (a) Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of that fact that he or she is or was a Trustee, officer or employee of the Association or, being or having been such a Trustee, officer or employee, he or she is or was serving at the request of the Association as a Trustee, officer, employee or agent of another Association or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Trustee, officer, employee or agent or in any other capacity while serving as a Trustee, officer, employee or agent or in any other capacity, shall be indemnified and held harmless by the Association to the full extent permitted by applicable law as then in effect, against all expenses, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be a Trustee, officer, employee, agent or person who has ceased to be a Trustee, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. No indemnification shall be provided under this Article to any such person if the As-

sociation is prohibited by the non-exclusive provisions of the Washington Business Corporation Act or other applicable law as then in effect from paying such indemnification. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of a Trustee or officer only upon delivery to the Association of the undertaking, by or on behalf of such Trustee or officer, to repay all amounts so advanced if it shall ultimately be determined that such Trustee or officer is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

- (b) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of shareholders or disinterested Trustees or otherwise.
- (c) The Association may maintain insurance, at its expense, to protect itself and any Trustee, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the Washington Business Corporation Act. The Association may enter into contracts with any Trustee or officer of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.
- (d) The Association may, by action of its Board of Trustees from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees

and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses to Trustees and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act or otherwise.

ARTICLE XIV

STATEMENT OF NON-DISCRIMINATION

Benton Rural Electric Association is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U. S. Department of Agriculture (USDA). In accordance with Federal law and the U.S. Department of Agriculture's policy, this institution is prohibited from discrimination on the basis of race, color, gender, national origin, sexual orientation, religion, age, or handicap. (Not all prohibited bases apply to all programs.) The Association will comply fully with all applicable state laws prohibiting discrimination and all federal statutes and regulations forbidding recipients of federal financial assistance from discrimination. Furthermore, the Association shall comply with all applicable state and federal laws and regulations that require it to provide equal employment opportunities. To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W Whitten Building, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

ADOPTED by the Board of Trustees of the Benton Rural Electric Association on November 10, 2009.



A Touchstone Energy® Cooperative

Benton Rural Electric Association

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Prosser, WA 99350

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