

# BY-LAWS

AS AMENDED

JUNE 12, 2010



RURAL ELECTRIC COOPERATIVE

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# FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

## BY-LAWS

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### INDEX

I.	Members .....	3
II.	Rights and Liabilities of Members .....	6
III.	Meeting of Members .....	6
IV.	Directors .....	9
V.	Meetings of Board .....	13
VI.	Officers.....	14
VII.	Financial Transactions .....	16
VIII.	Non-Profit Operation .....	17
IX.	Waiver of Notice.....	19
X.	Disposition of Property .....	20
XI.	Fiscal Year .....	20
XII.	Membership in Other Organizations .....	20
XIII.	Seal.....	21
XIV.	Rules of Order .....	21
XV.	Amendments.....	21
XVI.	Indemnification and Liability Insurance .....	21

# MISSION STATEMENT

The aim of Fall River Rural Electric Cooperative, Inc. is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

**Incorporated 1938**



# BY-LAWS

## OF FALL RIVER RURAL ELECTRIC COOPERATIVE, INC. (AS AMENDED ON JUNE 12, 2010)

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

### **ARTICLE I** ..... **Members**

**Section 1. Qualifications and Obligations.** Any person, firm, entity, association, corporation, or body politic or subdivision thereof may become a member of Fall River Rural Electric Cooperative, Inc., (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he/she or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase electric energy from the Cooperative as hereinafter specified; which also qualifies the applicant for membership to obtain and purchase any other product or service offered by the Cooperative to its members;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and By-laws of the Cooperative and any policies, rules and regulations adopted by the Board; providing, however, that no person, association, firm, entity, corporation or body politic shall become a member unless and until he/she or it has been accepted for membership by the Board of Directors or the members.
- (d) Agreed to provide the Cooperative such right-of-ways as the Cooperative may reasonably require or need to serve its members.

**Section 2. Requirements for Membership.**

- (a) Membership in this cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of directors. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these By-laws.
- (b) Each member shall cause all premises covered by his/her or its membership to become or remain wired in accordance with the specifications approved by the Cooperative and by the Fire Insurance Underwriters Association of the state in which the premises are located. Each member shall be responsible for and shall indemnify the Cooperative or any other member against injury, loss or damage resulting from defect in, or improper use or maintenance of the

member's premises, wiring or any other apparatus connected thereto. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on the member's premises.

- (c) Each membership certificate shall be appurtenant to the tract or tracts of land for which the same is obtained; no membership certificate shall be transferable separate and apart from the land to which it is appurtenant.
- (d) No membership certificate shall be transferred until all indebtedness of every character, including unpaid amounts for electrical energy or product or service furnished to the premises to which the certificate is appurtenant, shall have been paid in full. All such indebtedness shall constitute a lien on the property to which the membership is appurtenant until fully paid.

**Section 3. Joint Membership.** Any two or more persons, including a husband and wife, may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these By-laws shall be deemed to include any two or more persons, including a husband and wife, 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. 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 one or more or all of said joint members shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of one, or more or all of said joint members, shall constitute one joint vote;
- (c) A waiver of notice signed by one or more or all of said joint members shall constitute a joint waiver;
- (d) Notice to one or more or all of said joint members shall constitute notice to all;
- (e) Expulsion of one or more of said joint members, so long as there remains a joint member, shall not terminate the membership; expulsion of all of said joint members shall terminate the joint membership;
- (f) Withdrawal of one or more of said joint members, so long as there remains a joint member, shall not terminate the membership; withdrawal of all of said joint members shall terminate the joint membership;
- (g) Not more than one of said joint members, may serve as an officer or board

member, at the same time, provided they meet the qualifications for such office.

#### **Section 4. Conversion of Membership.**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and all other joint members, to comply with the Articles of Incorporation, By-laws and policies, rules and regulations adopted by the Board. Cooperative records shall be changed to indicate the changed membership status.
- (b) Upon the death or expulsion or withdrawal of a joint member to the joint membership, such membership shall be held solely by the remaining joint members or member. The Cooperative records shall be changed to indicate the changed membership status, provided, however, that the estate of a deceased joint member or the expelled or withdrawn member, shall not be released from any debts due the Cooperative.

**Section 5. Purchase of Electric Energy.** Except for the Electric Energy produced by the member, each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his/her application for membership, and shall pay therefore at rates, which shall from time to time be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

#### **Section 6. Termination of Membership and Electrical Services.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3's) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-laws, policies, rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given, including but not limited to, disconnection of service in the event a bill for electrical service or any other item, or product, or service, is not paid within the period of thirty (30) days from the date upon which the bill becomes due and payable, as fixed by the board of directors. Should such disconnection occur, the service line to the premises to which the service or other item, or product, or service, was furnished shall not be reconnected until the delinquent bills together with charges for disconnecting and reconnecting shall have been fully paid. Any officer, agent or employee of the cooperative shall have the right to enter upon any premises for the purposes mentioned above. Also, a member may be expelled from the Cooperative if convicted of power theft, or theft of any product or service offered for sale by the Cooperative to the members. Upon

written application, any member so expelled may be reinstated as a member by the affirmative vote of two-thirds (2/3's) of the Board of Directors voting at a meeting at which at least a quorum is present and after the expelled member has been given a hearing before the Board pursuant to the procedure set forth in a policy adopted by the Board. Any expelled member may, upon written application, appeal an unfavorable decision of the Board to the members present, whether in person, or by proxy, at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him/her, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.

**Section 7. Representation of Corporations, Associations, etc.** All corporations, associations, bodies politic, trusts, estates, partnerships and other legally recognized entities or individuals, may vote at any member meeting, and have a representative of their choosing eligible to serve on the Board of Directors or any committee of the Cooperative, so long as the governing body or authorizing entity, shall have adopted a proper current resolution wherein the individual who is to so act, is clearly designated. The Board shall provide samples of such resolutions to the individual members who shall request the same.

**ARTICLE II ..... Rights and Liabilities of Members**

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**Property Interest of Members. Upon dissolution, after:**

- (a) All debts and liabilities of the Cooperative shall have been paid; and
- (b) All capital furnished through patronage shall have been retired as provided in these By-laws;

the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the period of existence.

**ARTICLE III .....Meeting of Members**

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**Section 1. Annual Meeting.** The annual meeting of the members shall be held on such date as the Board may from time to time determine between the dates of June 1st and November 25th of each year, at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports

for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work as a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) board members, by the President, or by ten per centum (10%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members shall be held in the immediate vicinity of Ashton, Idaho, as designated by the Board, and shall be specified in the notice of the special meeting.

**Section 3. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) days nor more than forty (40) 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 his/her or its address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 4. Quorum.** At least 150 of the total membership, whether present in person, or by proxy, or by absentee ballot, shall constitute a quorum. 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.

**Section 5. Voting.** Each member shall be entitled to one (1) vote and no more, upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon, in person or by proxy, or by absentee ballot, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these By-laws. If any person or entities hold a joint membership, they shall jointly be entitled to one (1) vote and no more, upon each matter submitted to a vote at a meeting of the members. The election of directors shall be by secret ballot. Each member shall have the right to cast as many votes as there are directors to be elected at such election. A member can vote in person or by proxy or by absentee ballot, as provided hereinafter. Each member may cast only one vote for each candidate, either in person, or by proxy, or by absentee ballot, for those individuals who have been duly nominated, whether by committee or by petition and whose names are on the printed ballot. Cumulative voting shall not be allowed.

The candidates from the member districts to be elected, receiving the highest number of votes, shall be elected for the term specified in Section 2 of Article IV of these By-laws. All tie votes will be resolved by drawing lots.

**Section 6. Proxies.** At all meetings of members, a member may vote by proxy executed in writing by the member. Proxies may be with written instructions as to how the holder shall vote the same. Such proxy shall be dated and 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 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 shall revoke a proxy theretofore executed by him/her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he/she had not executed a proxy.

**Section 7. Order of Business.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person, or by proxy or by absentee ballot, in order to determine the existence of a quorum.
2. Appointment of Credentials Committee, Election Judges, and Clerks of the Election.
3. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be, unless waived by the membership in actual attendance.
4. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless waived by the membership in actual attendance.
5. Election of board members.
6. Presentation and consideration of reports of officers, directors and committees.
7. Unfinished business.
8. New business.
9. Adjournment.

**Section 8. Absentee Balloting.** All members are encouraged and urged to attend the annual meeting so as to facilitate broader member participation. In the election process members will be allowed to vote by absentee ballot. The precise procedure for voting by absentee ballot shall be determined by the Board of Directors. Such procedures shall include:

- (a) Type of application and method of applying for absentee ballot;
- (b) A listing to be sent to the requesting member, with pictures (as available), a brief biography, and statement of each candidate for director to be voted on;
- (c) A ballot with the names of all candidates for director on the Board whether nominated by committee or by petition;
- (d) A printed ballot with a description of any proposal(s) or business that at the time notice is sent, is known or proposed to be voted on, at the time of the mailing of the ballot;
- (e) An addressed envelope within which to return the ballot;
- (f) A means of providing for said ballot to remain secret and confidential;
- (g) All absentee ballots must be received at the Cooperative's office in Ashton, Idaho, by the time the member meeting commences on the date of that meeting;
- (h) Absentee ballots may be hand delivered to the Cooperative's office in Ashton, Idaho, by the time the member meeting commences on the date of that meeting;
- (i) The absentee ballot and/or proposals shall be sent to each member of record applying for same, within twenty-four (24) hours after receipt of the application therefore, unless applicant shall choose to appear at the Cooperative's office no later than the time the member meeting commences on the date of that meeting, to request and cast said ballot, or vote on any proposals.

**Section 9. Disputes.** All disputes regarding voting, ballots, etc., shall be resolved by the election judges. The decision of the election judges, when certified to the board, shall be final, conclusive and binding on all parties.

**ARTICLE IV ..... Directors**

**Section I. General Powers.** The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law, or by the Articles of Incorporation of

the Cooperative, or by these By-laws conferred upon or reserved to the members. The Cooperative shall be divided by the Board of Directors into such districts as the Board determines shall most equitably represent all members. The boundaries of any district or districts may be changed, once established, only upon two thirds (2/3's) vote of all the directors, and no such change shall affect the term of office for which any director is elected. The districts shall be designated on a project map prominently displayed in the Cooperative office.

**Section 2. Election and Tenure of Office.** The existing directors shall constitute the Board of Directors until their respective terms shall end. At each annual meeting, as their separate terms shall end, directors shall be elected for the seat or seats to be filled by and from the members. All directors shall be elected for a term of three (3) years or until their successors shall have been elected and shall have qualified, as in these By-laws and Articles of Incorporation provided. In case of a vacancy created by other than the expiration of such a term, a successor shall be chosen to fill such vacancy, as herein provided, for the unexpired term. If an election of board members shall not be held within the dates or times designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members.

**Section 3. Qualifications.** Any person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is a member and bona fide resident in the area served or to be served by the Cooperative;
- (b) neither is nor has been, while a director; and during the one (1) year immediately prior to becoming either a Director or a Director candidate:
  - i. a close relative, as defined in these bylaws, of any existing Director; other than an existing Director who will cease to be a director within one (1) year;
  - ii. an existing, or a close relative, as defined in these bylaws, of an existing officer, employee, agent, or representative of the Cooperative;
  - iii. employed by, materially affiliated with, or share a material financial interest with, any other Director; or
  - iv. engaged in, nor employed by, materially affiliated with or have a material financial interest in, any individual or entity
    - a. directly and substantially competing with the Cooperative; or
    - b. selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or
    - c. possessing a conflict of interest with the Cooperative.
- (c) is willing to become certified as a director by NRECA.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

**Section 4. Nominations.** It shall be the duty of the Board to appoint, not less than sixty (60) days nor more than one hundred (100) days before the date of a meeting of the members at which board members are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different areas of the Cooperative, so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principal of equitable representation, shall prepare and post at the principal office of the Cooperative, at least sixty (60) days before the meeting, a list of nominations for board members, which shall include at least two (2) candidates for each Board position to be filled by the election, unless the committee, after due diligence, is unable to find more than one (1) candidate willing to be nominated, and the Chairman of the committee certifies such fact in writing. At any time prior to fifty (50) days before the date of the meeting, any fifteen (15) or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least fifty (50) days before the meeting, shall be included on the official ballot. As specified in Article III, Section 3, and Article VI, Section 6 of these By-laws, the Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least thirty (30) days before the date of the meeting, a statement of the number of board members to be elected, the names and addresses of the candidates nominated by the committee or by petition, etc.

**Section 5. Removal of Board Member by Members.** Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members or 300, whichever is the lesser, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least fifteen (15) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at a meeting of the members called for that purpose. Any vacancy created by such removal shall be filled by appointment by the remaining directors. If the unexpired term of any director thus removed shall be for less than one (1) year, then the appointment shall be for the balance of said unexpired term. If the unexpired term is in excess of one (1) year, then the appointment shall be until the next annual meeting of the members. Nominations for the balance of the unexpired term shall be made as provided for in Section 4 above.

The Board shall establish, by policy, a fair and equitable procedure for such removal proceedings, in order to afford both due process to the director and a full hearing to the members bringing the charges.

**Section 6. Vacancies.** Subject to the provisions of these By-laws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term.

**Section 7. Compensation.** Board members shall not receive any salary for their services as such, except that the board members shall receive a fair and reasonable sum for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board, and the Cooperative may also provide insurance and benefits for board members. From time to time the Board shall appoint a representative group of the members, as an ad hoc committee, to review the per diems, allowance, insurance and other benefits, and reimbursements that shall be allowed to the officers and directors. The members of this committee shall be approved by a vote at the annual meeting of the members. This committee shall make its findings and recommendations to the Board. The Board shall have authority to: approve the recommendation; disapprove the recommendation and remain at the current level; or reduce the amount of the recommendation. If the Board shall fail to act upon the same within thirty (30) days, the recommendation shall become binding on the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member, or officer, or close relative of any board member or officer, shall receive any other compensation, benefit, etc., other than those recommended by the Membership Compensation Committee, unless the payment, or compensation, or benefit, shall be specifically authorized by a vote of the general membership, or the service by the board member or his/her close relative, shall have been certified by the Board as an emergency measure.

**Section 8. Policies, Rules and Regulations.** The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these By-laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, and, upon notice given thereof to the members, such policies, rules and regulations shall become as binding upon the members as if they were contained in the By-laws. The Board shall also adopt policies, rules and/or regulations governing the Board as well as the conduct, discipline and removal of its members.

**Section 9. Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system which, among other things, shall be

subject to applicable laws and rules and regulations of any regulatory body. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next annual meeting.

**Section 10. Close Relative.** As used in these By-laws, the term “close relative” means an individual who:

- (a) is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
- (b) principally resides in the same residence.

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.

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

**Section I2. Number of Terms.** The duty and obligation to elect qualified directors is shared by all members. From and after the Director’s election of 1989, no director shall be elected to more than four (4) consecutive terms.

**Section I3. Education and Training.** The board shall establish policies and rules for the education and training of its members.

## **ARTICLE V ..... Meetings of Board**

**Section 1. Regular Meetings.** A regular meeting of the Board shall be held, without further notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board may be called by the President or by any three (3) board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President, or board members calling the meeting shall fix the time and place for the holding of the meeting.

**Section 3. Notice of Board Meetings.** Written notice of the time, place and purpose

of any special meeting of the Board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

**Section 4. Quorum.** A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these By-laws.

**ARTICLE VI ..... Officers**

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**Section 1. Number.** The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The officers shall be elected by ballot, or by voice vote if there is no contest for the seat or seats to be filled, annually by and from the Board of Directors at the first meeting of the Board of Directors 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 conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of these By-laws with respect to the removal of officers.

**Section 3. Removal of Officers and Agents by the Board.** Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges in writing together with a petition signed by ten per centum (10%) of the members or 300, whichever is the lesser, requesting the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least fifteen (15) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. In the event the Board does not remove such officer, the question of his/her removal shall be considered and voted upon at the next meeting of the members.

The Board shall establish, by policy, fair and impartial procedures for such removal proceedings, so as to afford due process to both the officer and the agent, and a full hearing to those bringing the charges.

**Section 4. President. The President shall:**

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

**Section 5. Vice President.** In the absence of the President, or in the event of his/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. The Vice President shall also perform such other duties as from time to time may be assigned to him/her by the Board.

**Section 6. Secretary.** The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these By-laws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-laws;
- (d) keeping a register of the names and post office addresses of all members which shall be furnished to the Secretary by the member;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and By-laws of the Cooperative containing all amendments thereto which copy shall always be open to the inspection of any member and at the expense of the Cooperative, furnishing a copy of the By-laws and of all amendments thereto to any member upon request; and

- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board.

**Section 7. Treasurer. The Treasurer shall be responsible for:**

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

**Section 8. Manager.** The Board may appoint a manager and Chief Executive Officer of the Cooperative, who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in the manager. The Manager in behalf of the Cooperative shall be responsible for determining and administering the hiring, promotion, compensation, discipline, supervision and discharge of all Cooperative employees and personnel.

**Section 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

**Section 10. Compensation.** The compensation, if any, of any officer, agent or employee who is also a director, or close relative of a director, shall be determined pursuant to the provisions of Article IV, Section 6 of these By-laws. The powers, duties and compensation of the General Manager shall be fixed by the Board of Directors. The duties, compensation, etc., of other agents and employees shall be fixed by the General Manager.

**Section 11. Reports.** The officers of the Cooperative shall submit at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII .....Financial Transactions**

**Section 1. Contracts.** Except as otherwise provided in these By-laws, 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.

**Section 2. Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative in such manner as shall from time to time be determined by resolution of the Board.

**Section 3. Deposits.** All funds except petty cash of the Cooperative, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

**Section 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America, when required, prior to the date upon which any proposed changes in the rates charged by the Cooperative for electric energy and other products and services becomes effective.

## **ARTICLE VIII ..... Non-Profit Operation**

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**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members/patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy and any other product or service, the Cooperative's operations shall be so conducted that all members/patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage, and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account, on a patronage basis, to all its members/patrons, for all amounts received and receivable from the furnishing of electric energy and other products and services, in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and other products and services. All such amounts in excess of operating costs and expenses, at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the members/patrons as capital. The Cooperative is obligated to pay, by credits to a capital account for each member/patron, all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner, that at the end of each fiscal year, the amount of capital, if any, so furnished by each member/patron, is clearly reflected and credited in an appropriate record to the capital account of each member/patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member/patron of the amount of capital so credited to his/her/its account.

All such amounts credited to the capital account of any member/patron shall have the same status as though they had been paid to the member/patron in cash in pursuance of a legal obligation to do so, and the member/patron had then furnished the Cooperative corresponding amounts for capital.

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

In the event of the dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority, on a pro rata basis, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative shall not be impaired thereby, the capital credited to members/patrons' accounts may be retired in full or in part. Retirements of capital shall be made in a fair, equitable, and percentage basis, with all members/patrons sharing a portion of said retirement, based on the total percentage their individual capital credits bear to the entire capital or patronage held by the Cooperative. The Board may also retire capital credits on a year to year basis on a "first in first out" basis, or in a combination of "first in first out" and total accumulated patronage, as the Board, in its discretion, determines will be fair and equitable to all members/patrons and in the best interests of the Cooperative.

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

Notwithstanding any other provision of these By-laws, the Board, at its discretion, for any one or more of the following reasons, shall have the power:

- (a) at any time, upon the death of any member/patron, or
- (b) a member/patron (including all persons with a present interest in the ownership of said membership) have reached an age, determined by the Board of Directors, from time to time, at its sole discretion, or
- (c) a member/patron (where all persons who have a present interest in the ownership of said membership) have retired or whose gross income for the past 2 years has been less than an amount determined by the Board of Directors, and

Said person or persons, or their legal representatives shall have requested in writing that the capital credited to any such member/patron be retired prior to the time such capital would otherwise be retired, at a net present value, under the provisions of these By-laws, to retire capital credited to any such member/patron immediately upon such terms and conditions as the Board, acting under policies of general application and the person or persons or the legal representatives of such member's/patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

In the event any member/patron shall, for a period of five (5) years, fail to claim the capital credits authorized by the Board to be paid to that member, then it shall be deemed that said member/patron has made a gift or donation of the same to the Cooperative.

Said capital credits thus donated shall be utilized by the Board of Directors to enhance the development of the Cooperative, for its members, its employees and the Cooperative's community. Pursuant to this section, after five (5) years, the Board of Directors, by Resolution, may determine that it is the intent of said member/patron to donate any approved but unclaimed capital credit payments to the Cooperative. In particular, it is the intent of each member/patron that under no conditions shall any of their unclaimed capital credits escheat to any State, or its agencies or departments or employees or its Treasurer, for any purpose, under any statute or theory of law.

The members/patrons of the Cooperative, by dealing with the Cooperative, acknowledge that each of the terms and provisions of the Cooperatives Articles of Incorporation and By-laws shall constitute and be a contract between the Cooperative and each member/patron, and both the Cooperative and the members/patrons are bound by such contract, as fully as though each member/patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-laws shall be called to the attention of each member/patron of the Cooperative by posting a copy thereof in a conspicuous place in the Cooperative's office.

**ARTICLE IX..... Waiver of Notice**

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

**ARTICLE X.....Disposition of Property**

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The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3's) of all of the members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative and to carry on the day to day operations of the Cooperative. Upon proper notice to the members, the Board may, upon the affirmative authorization of a two-thirds (2/3's) of all members of a Cooperative, sell, lease, merge or otherwise dispose of all or a substantial portion of its property to another Cooperative, doing business in the State, pursuant to the Act under which this Cooperative is incorporated. This Article of the By-laws can only be amended upon a two-thirds (2/3's) affirmative vote of all of the members of the Cooperative.

**ARTICLE XI.....Fiscal Year**

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Section I. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1) day of January of each year and shall end on the thirty-first (31) day of December of the same year.

**ARTICLE XII.....Membership in Other Organizations**

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The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a meeting called as provided in these By-laws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership or stock purchase as an item of business; provided, however, that the Cooperative may, upon the authorization of the Board of Directors, purchase stock in or become a member of, any corporation, organization or Cooperative organized on a non-profit basis for the purpose of engaging in the acquisition and sale of electricity and other products, services and facilities for the benefit of the members of the Cooperative.

**ARTICLE XIII..... Seal**

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

**ARTICLE XIV..... Rules of Order**

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The Cooperative hereby adopts as its official rule book for parliamentary procedure, for use in its meetings, the latest edition of Roberts Rules of Order. Said rules will govern procedure in all meetings of the Cooperative, both membership meetings and meetings of the Board of Directors.

**ARTICLE XV.....Amendments**

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Except as expressly provided herein, these By-laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. The alteration, amendment or repeal of the By-laws must be certified by a majority of the directors and the Secretary of the Cooperative, and recorded in the Book of By-laws kept in the registered office of the Cooperative. The date of the meeting at which the alteration, amendment or repeal was enacted must be stated in the margin of the place where the original form of the By-laws, altered, amended or repealed, appears and a reference must there also be made to the page of the book and By-laws where the alteration, amendment or fact of repeal is stated. The alteration, amendment or repeal shall not take effect until the provisions of this article are fully complied with.

**ARTICLE XVI .....Indemnification and Liability Insurance**

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**Section I. Indemnification.**

- (a) The Cooperative shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals other than an action, suit or proceeding by or in the right of the Cooperative by reason of the fact that he/she is or was a Director, officer or employee of the Cooperative, or is or was serving at the request of the Cooperative as a Director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful. The termination

of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he/she reasonably believed to be in or not opposed to the best interest of the Cooperative or, with respect to any criminal action, suit or proceeding, that he/she had reasonable cause to believe that his/her conduct was unlawful.

- (b) The Cooperative shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that he/she is or was a Director, officer or employee of the Cooperative, or is or was serving at the request of the Cooperative as a Director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action, suit or proceeding up to the amount that would reasonably have been expended in his/her defense determined in the manner provided for in subsection (d) if such action, suit or proceeding had been prosecuted to a conclusion. However, indemnification under this subsection shall be made only if the person to be indemnified acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Cooperative and no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Cooperative unless, and only to the extent that, the court or body in or before which such action, suit or proceeding was finally determined, or any court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the cases, such person is fairly and reasonably entitled to indemnify for such expenses or other amounts paid as such court shall deem proper.
- (c) Without limiting the right of any Director, officer or employee of the Cooperative to indemnification under any other subsection hereof, if such person has been substantially and finally successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b), he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.
- (d) Except in a situation governed by subsection (c), any indemnification under subsections (a) and (b) unless ordered by a court shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the Director, officer or employee is proper in the circumstances because he/she has met with applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made by (1) the Board of Directors by a majority vote of a quorum consisting of Directors who are not or were not parties to or threatened with such action, suit or proceeding, or any other action, suit or proceeding arising from the same

or similar operative facts, or (2) if such a quorum is not obtainable, or even if obtainable, if a majority of such quorum of disinterested Directors so directs, by independent legal counsel compensated by the Cooperative in a written opinion, or (3) if there be no disinterested Directors, whether or not a quorum, so directs, by vote in person or by proxy of the Holders of a majority of the members entitled to vote in the election of Directors.

- (e) Expenses of each person indemnified hereunder incurred defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals) or threat thereof, may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the Director, officer or employee to repay such expenses unless it shall ultimately be determined that he/she is entitled to be indemnified by the Cooperative.
- (f) The indemnification provided by this Article shall not be deemed exclusive of or in any way to limit any other rights to which any person indemnified may be or may become entitled as a matter of law, by the articles, regulations, agreements, insurance, vote of members or otherwise, with respect to action in his/her official capacity and with respect to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.
- (g) Subsections (a) through (f) of this Article shall apply to such agents of the Cooperative as are designated at any time by the Board of Directors.
- (h) If any part of this Article shall be found, in any action, suit or proceeding, to be invalid or ineffective, the validity and the effect of the remaining parts shall not be affected.

**Section 2. Liability Insurance.** The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or designated agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the Cooperative would have the power to indemnify him/her against such liability under the provisions of this Article or of applicable statutes.

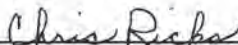
DATED This 21st day of June, 2010.

FALL RIVER RURAL ELECTRIC  
COOPERATIVE, INC.

By

  
Boyd Bowles, Its President

and

  
Chris Ricks, Its Secretary

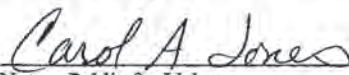
STATE OF IDAHO, )

ss.

County of Fremont. )

On this 21<sup>st</sup> day of June, 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Boyd Bowles and Chris Ricks, known to me to be the President and Secretary, respectively, of Fall River Rural Electric Cooperative, Inc., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.




  
Notary Public for Idaho  
Residing at: Ashton, Idaho  
My Commission Expires: 11/8/2014

### CERTIFICATE

I, Chris Ricks, do hereby certify that I am the secretary of Fall River Rural Electric Cooperative, Inc. (hereafter called the "Cooperative"), and that the attached is a true and correct copy of the "Bylaws of Fall River Rural Electric Cooperative, Inc., as amended on June 12, 2010," which were adopted at the annual meeting of members held on June 12, 2010.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this 21 day of JUNE, 2010.

  
Chris Ricks  
Secretary

(Corporate Seal)



Notwithstanding any other provision of these By-laws, the Board, at its discretion, for any one or more of the following reasons, shall have the power:

- (a) \_\_\_\_\_ at any time, upon the death of any member/patron, or
- (b) ~~\_\_\_\_\_ a member/patron has, for all intents and purposes, permanently left the service area of the cooperative, or~~
- (c) \_\_\_\_\_ a member/patron (including all persons with a present interest in the ownership of said membership) have reached an age, determined by the Board of Directors, from time to time, at its sole discretion, or
- (d) \_\_\_\_\_ a member/patron (where all persons who have a present interest in the ownership of said membership) have retired or whose gross income for the past 2 years has been less than an amount determined by the Board of Directors

**BYLAWS OF FALL RIVER RURAL ELECTRIC  
COOPERATIVE, INC.**