



BY-LAWS

COLUMBUS ELECTRIC COOPERATIVE, INC.

Including Amendments through March, 1992

**P.O. Box 631
Deming, New Mexico**

It shall be the aim of Columbus Electric Cooperative, Inc. to make electric energy available for its members at the lowest cost consistent with sound economy and good management.

BY-LAWS
COLUMBUS ELECTRIC COOPERATIVE, INC.
DEMING, NEW MEXICO

ARTICLE 1 - Membership

SECTION 1. Requirements for Membership

Any person, firm, association, corporation or body politic or subdivision thereof may become a member in Columbus Electric Cooperative, Inc., (hereinafter called the "Cooperative") by:

- (a) Purchasing from the Cooperative electric energy as hereinafter specified;
- (b) agreeing to comply with and be bound by the by-laws of the Cooperative and any rules and regulations adopted by the Board of Trustees.
- (c) membership roll shall be maintained in the office of the Secretary.

SECTION 2. JOINT MEMBERSHIP

The term "Member" as used in these by-laws shall be deemed to include a husband and/or wife holding membership and any provisions relating to the rights and liabilities of members shall apply equally to each holder of an individual membership of a husband and/or wife, without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member, and shall have the effect of revoking a proxy executed by either or both, and of constituting a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one vote;
- (c) A proxy executed by either or both shall constitute one proxy;
- (d) A waiver of notice signed by either or both shall constitute a waiver to both;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;

- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either but not both may be elected or appointed as an officer or trustee;
- (i) A membership may be either in the name of a husband and/or wife and shall constitute one (1) vote.

SECTION 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws, and rules and regulations adopted by the board of trustees. The outstanding membership certificate shall be surrendered, and shall be re-issued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be re-issued in such manner as shall indicate the changed membership status; provided however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. Purchase of Electric Energy

Each consumer shall, purchase from the Cooperative electric energy, and shall pay therefore monthly, at rates which shall from time to time be set by the Board of Trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided from time to time by resolution of the Board of Trustees. Each member shall pay to the Cooperative 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.

SECTION 5. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative may by the affirmative vote of not less than two-thirds (2/3) of all the trustees, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws or rules or regulations

adopted by the board of trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. The membership of a member, who for a period of six (6) months after service is available to him, has not purchased electric energy from a Cooperative, or of a member who has ceased to purchase energy from a Cooperative, shall be cancelled by resolution of the board of trustees.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member of his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member the amount of the membership fee paid by him provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative.

ARTICLE 11

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. 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 seven years next preceding the date of the filing of the certificate of dissolution.

SECTION 2. Non-Liability for Debts of the Cooperative

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative, and no members shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE 111

MEETINGS OF MEMBERS

SECTION 1. Annual Meeting.

The Annual Meeting of the members shall be held on a Saturday between the middle of February, March or April of each year, at the discretion of the Board of Trustees. The meeting shall be held at such place within the area served, or to be served, by the Cooperative as the members shall designate at the preceding Annual 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 Board of Trustees to make adequate plans and preparations for the Annual Meeting, if the day fixed for the Annual Meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting on the designated date shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting.

Special Meetings of the members may be called by resolution of the Board of Trustees, by the President, or by ten per centum (10 percent) or more of all members, and it shall thereupon by the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within the area served by the Columbus Electric Cooperative, Inc., specified in the notice of the special meeting and only those matters set out in the notice of the meeting shall be acted upon.

SECTION 3. Notice of Members Meetings.

Written notice stating the place, day and time of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, to each member. If mailed, such notices shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. 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

Fifty (50) members or five per centum (5 per cent) of the members present in person, whichever shall be the larger, shall constitute a quorum.

SECTION 5. Voting.

Each member shall be entitled to one (1) vote. All questions shall be decided by a vote of a plurality of the members voting thereon in person or by proxy, except as otherwise provided by law, the articles of incorporation and these by-laws.

SECTION 6. Proxies.

A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of execution. No proxy shall be valid 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. A member may give his proxy only to another member or to an adult relative living in the same home with such member, and no person may hold more than one proxy at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he 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 meeting of the members, shall be essentially as follows:

1. Report as to the existence of a quorum.
2. Reading of the notice of the meeting, and proof of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees, and committees.
5. Election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

SECTION 8. Conduct of Meeting.

Unless otherwise specified in these by-laws, the meetings shall be conducted in accordance with Roberts Rules of Order.

ARTICLE IV

TRUSTEES

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of nine (9) trustees which can exercise all of the powers of the Cooperative, except such as are by law, the articles of incorporation or these by-laws, conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office.

At each annual meeting of the members held hereafter, three trustees shall be elected by and from the members to succeed those three trustees whose terms of office expires, to serve for a term of three (3) years or until their successors shall have been elected and qualified, in such manner to provide two (2) trustees for each of the four (4) voting districts as defined in Section 8 of this Article, and one (1) trustee at large.

Nominees for trustee shall reside within the district they are nominated to represent, and nominees for the trustee at large may reside in any of the four (4) districts.

SECTION 3. Qualifications.

No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

- (a) is not an active member of the Cooperative.
- (b) has a conflict of interest either business or pecuniary, which prevents or precludes the best interest of the Cooperative.
- (c) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy to the Cooperative.

Upon establishment of the fact that a trustee is holding office in violation of the foregoing provisions, the board of trustees may remove such trustee 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 of trustees.

SECTION 4. Nominations.

- (a) Nominations by Petition. Any fifteen (15) or more members, in any one district, acting together may make nominations by petition for trustee of their district, and such petition shall be delivered to

the Secretary of the Cooperative twenty-five (25) days prior to the annual meeting of the members. Upon receipt of such nominating petition from any district, the Secretary shall immediately post said petition at the office of the Cooperative, and such nomination shall be announced at the annual meeting prior to election of trustees.

- (b) Nominations made from the floor. Additional nominations for trustee for a particular district or for trustee at large may be made from the floor at the meeting of the members, by any member from the same district. Each member shall be entitled to nominate one candidate from his district.
- (c) Nominating for Trustee at Large. When the trustee at large is to be elected, nominations may be made by members of any district in the same manner set forth in sub paragraphs (a) and (b) above.
- (d) Notice for Nominations. The names of the nominees for trustees so made by petition shall be set forth in the notice of the annual or special meeting of the members at which trustees are to be elected, and the Secretary shall at such meeting list all nominations made by petition and from the floor.

SECTION 5. Removal of Trustees by Members.

Any member may bring charges against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10 percent) of the members, may request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which time 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 to the charges; and the person or persons bringing the charge against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the meeting of the members. In the event no trustees remain, vacancies shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies.

Upon any vacancy caused by the removal of trustee by the members or resignation of trustees for any cause, a vacancy occurring on the Board of Trustees shall be filled as follows:

- (a) By appointment by the majority of the members of the Board of Trustees until the next annual meeting of the members and the members at such meeting shall elect

- a trustee for the then unexpired term of such vacancy.
(b) The Board of Trustees may appoint a member who resides in the district where the vacancy occurs.

SECTION 7. Compensation.

Board Members shall not receive any salary for their services as such, except that members of the Board may by resolution authorize a fixed 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. 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 shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member, which is hereby defined as a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal, receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members of the service by the Board member of his close relative shall have been certified by the Board as an emergency measure.

SECTION 8. Voting Districts.

The territory served or to be served by the Cooperative shall be divided into four (4) Districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by two (2) trustees, who shall reside within the boundaries of the respective Districts. There shall be one (1) trustee at large who may reside in any one of the four (4) districts. The existing four (4) districts shall be designated as District 1, District 2, District 3, and District 4. Not less than sixty (60) days before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the several districts and if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the board of trustees shall reconstitute the districts, so that each shall contain as nearly as possible, the same number of members.

In the event that the Board of Trustees determine that a redelineation is necessary then at the annual meeting of the members, the Board of Trustees shall cause a map, showing the corrected district boundaries, to be posted in the most public portion of the meeting hall and each member shall be

notified in any "notice of meeting" as to which district he resides in prior to a meeting of the membership.

ARTICLE V

MEETING OF TRUSTEES

SECTION 1. Regular Meeting.

A regular meeting of the board of trustees shall be held without notice immediately after, and at the same place as, the annual meeting of the members or as soon thereafter as conveniently may be done, at such site as may be designated by the Board of Trustees. A regular meeting of the Board of Trustees shall also be held monthly at a time and place within the area served, or to be served by the Cooperative, as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice, other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings

Special meetings of the Board of Trustees may be called by the President or by any three Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as herein provided. The President, or the Trustees calling the meeting, shall fix the time and place (which shall be any place within the area served by the Cooperative), for the holding of such meeting.

SECTION 3. Notice of Special Meeting of Trustees.

Written notice of the time, place and purpose of any special meetings of the Board of Trustees shall be delivered to each Trustee not less than five (5) days previous thereto, 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 Trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum.

A majority of Trustees shall constitute a quorum, provided, that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Trustee of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees.

ARTICLE VI

OFFICERS

SECTION 1. Number.

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

SECTION 2. Election and Term of Office.

The officers shall be elected by secret written ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees.

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 interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer by filling with the Secretary such charges, in writing, together with a petition signed by ten per centum (10 per cent) of the members, 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 ten (10) days prior to the board meeting at which the charges are to be heard and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bring the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President.

The President Shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the board of trustees, shall preside at all meetings of the members and the board of trustees;

- (b) sign, with the Secretary, certificates of membership, the issuance of which shall have been authorized by the board of trustees or the members, and may sign deeds, 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 by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed and executed.
- (c) in general 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. Vice-President

In absence of the President or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers 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 by the board of trustees.

SECTION 6. Secretary.

The Secretary Shall:

- (a) Keep the minutes of the members and of the board of trustees in one or more books provided for all purpose;
- (b) See that all notices are duly given in accordance with these by-laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issuance thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, certificates of membership, the issuance of which shall have been authorized by the board of trustees or the members;
- (f) have general charge of the books of the Cooperative;
- (g) keep on file at all times a complete copy of the articles of incorporation and the 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,

- forward a copy of the by-laws and all amendments thereof to each member; and
- (h) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the board of trustees.

SECTION 7. Treasurer.

The Treasurer Shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such money in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provision of these by-laws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board of trustees.

SECTION 8. Manager.

The board of trustees may appoint a manager 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 of trustees may from time to time vest in him.

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 give bond in such sum and with such security as the board of trustees shall determine. The board of trustees, in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the board of trustees subject to the provision of these by-laws with respect to compensation for trustees and close relatives of trustees.

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 year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited.

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

SECTION 2. Patronage Capital In Connection with Furnishing Electric Energy.

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all 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 patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from 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 patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of

patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all 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 of trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being the first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of trustees acting under policies of general application, shall determine otherwise, provided however that in any assignment provided for herein, the Cooperative shall have the right of set-off to such capital credits for any sums now or hereafter owing to the Cooperative from each patron or his assigns, for the furnishing of electrical energy by the Cooperative.

Notwithstanding any other provision of these by-laws, the board of trustees at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of trustees, acting under policies of general application and the legal representative, of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the articles of incorporation and by-laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patron are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. Patronage Refunds in Connection with Furnishing Other Services.

In the event that the Cooperative would engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which

are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be pro-rated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

SECTION 4. Special Right to Assign.

Any member or patron may assign all or any portion of his patronage capital earned or credited, or expected to be earned or credited in the future on refunds and membership fees, to a non-profit foundation as may hereafter be established by the board of Trustees, effective as of the date of assignment, subject in all cases to the Cooperative's prior lien for unpaid charges.

SECTION 5. Assignment by Failure to Provide Address.

Notwithstanding any other By-Law provisions, capital credits and capital credit payments, claims for refunds and membership fees, notice or delivery of which cannot be made for failure of a patron or former patron to claim the same in person, or to furnish an effective mailing address, for a period of two years after the Cooperative has mailed the same with sufficient postage to the last known address and to the last address provided to the Cooperative, or after the Cooperative has in good faith attempted to deliver such notice or payment, shall be and constitute an irrevocable gift by the patron to such non-profit foundation of such credit or payment, refund or deposit remaining after the Cooperative prior claim for charges due has been satisfied. Monies accumulated under this section may be used to create or add to a tax exempt charitable trust.

SECTION 6. Charitable Trust.

In the event such tax exempt charitable trust is in existence, it shall be the duty of the Cooperative to take the necessary steps to establish said tax exempt charitable trust and to obtain exempt charitable trust and to obtain approval of the appropriate agencies and to cause to be named as trustees the officers from time-to-time of the Cooperative, being the President, Vice-President, the Secretary, and Treasurer, who are to serve as trustees without compensation.

SECTION 7. Priority of Cooperative's Claim for Amounts Due from Patron.

Nothing contained in this Article shall be construed to deprive the Cooperative of its first lien against any capital credits, refunds or deposits to satisfy any unpaid bill of the patron due and owing to the Cooperative. Only that portion of a capital credit or payment or refunds or deposit

which is not needed to satisfy any unpaid balance may be transferred to said nonprofit foundation under the provisions hereof for the purpose of educational grants to our present active members' immediate families.

SECTION 8. Savings Clause.

If any portion of this article shall be held invalid or not effective to accomplish its purposes, the remaining portions of the Article shall not be affected thereby, and in no event shall this Article be construed to adversely affect the exemption of the Cooperative from liability for payment of income taxes on its revenues from the distribution of electricity to its patrons.

ARTICLE VIII

DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of trustees 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 of trustees shall determine to secure any indebtedness of the Cooperative.

ARTICLE IX

SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, State of New Mexico".

ARTICLE X

CONTRACTS, CHECKS, ETC.

SECTION 1. Contracts.

Except as otherwise provided in these by-laws, 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 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 evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of trustees.

SECTION 3. Deposits.

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of trustees may select.

SECTION 4. Fiscal Year.

The Fiscal year of the Cooperative shall be as designed from time to time by resolution of the Board of Trustees.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations.

The Cooperative shall not become a member or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the board of trustees, purchase stock in or become a members of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of REA of any other corporation of the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice.

Any member or trustee may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or trustee at any meeting shall constitute a

waiver of notice of such meeting by such member or trustee, except in case a member or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations.

The board of trustees shall have power to make and adopt such rules and regulations. not inconsistent with law, the articles of incorporation or these by-laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports.

The board of trustees shall cause to be established and maintain a complete accounting system which, among other things, of any regulatory body, shall confirm to such accounting system as may from time to time be designated by the Administrator of Rural Electrification of the United States of America. The books of the Cooperative shall be examined by a committee of the board of trustees, which shall render reports to the board of trustees at least four times a year at regular meetings of the board of trustees. The board of trustees shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as the end of each fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII

AMENDMENTS

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 either a copy or a summary of the proposed alteration, amendment or repeal.

BY COLUMBUS ELECTRIC COOPERATIVE, INC.

Columbus Electric Cooperative, Inc. has filed with the Federal Government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation on its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the grounds of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in any meeting of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, D.C. 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 90 days after the alleged discrimination or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

STATEMENT OF NONDISCRIMINATION