

GRAND VALLEY POWER
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**Includes Amendments through August 15, 1990
Plus Amendment made April 15, 1992
Plus Amendment made August 19, 1992
Plus Amendment made August 16, 1995
Plus Amendment made April 16, 1997
Plus Amendment made November 18, 1998
Plus Amendment made December 20, 2000
Plus Amendment made May 16, 2001
Plus Amendment made June 19, 2002
Plus Amendment made July 21, 2004
Plus Amendment made August 18, 2010
Plus Amendment made September 15, 2010
Plus Amendment made August 21, 2013
Plus Amendment made December 17, 2014
Plus Amendment made December 14, 2016
Plus Amendment made January 19, 2022
Plus Amendment made March 15, 2023**

BY-LAWS

GRAND VALLEY RURAL POWER LINES, INC.

ARTICLE I - OFFICES

Section 1. Principal Office. The principal office of the corporation shall be in the City of Grand Junction, Mesa County, Colorado, as described in, and subject to the provisions of the Articles of Incorporation.

Section 2. Other Offices. The corporation may also have offices at such other places as the Board of Directors, from time to time, may designate.

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ARTICLE II - MEMBERS AND CAPITAL STOCK

Section 1. Eligibility. Any person, firm, association, corporation or body politic or subdivision thereof may become a member and shareholder of Grand Valley Rural Power Lines, Inc. (hereinafter called the "Cooperative," "Corporation" or "Association") by:

- (a) Agreeing to be a member;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board of Directors.

Section 2. Capital Stock. The capital stock of the Corporation shall consist of the aggregate number of shares issued and outstanding to the credit of members as indicated by electronic record in the member's customer file in the Corporation's records.

Section 3. Share Certificates. Prior to September 1, 2010, Share Certificates shall consist of "record cards," manual or computerized, consecutively numbered and kept on file at and by the Corporation. Such record cards shall exhibit, but not be limited to, the name(s) and address of the owner(s) of such share and shall be signed by the President and Secretary or be stamped with a facsimile of the President's and Secretary's signatures. On and after September 1, 2010, Share Certificates shall consist of the existing record cards as well as the electronic records of members in the Corporation's master computer files.

Section 4. Issue of Share Certificates. Prior to September 1, 2010, the issue of Share Certificates shall mean the recording of such on the books of the Corporation and the filing of "record cards." On and after September 1, 2010, Share Certificates shall mean the existing record cards as well as the electronic record in the member's customer file in the Corporation's records.

Section 5. Lien on Shares and other Property Interests. The shares, capital credits and other property rights and interests of all members, consumers or other legal entities shall be subject to a lien to secure payment of any debts owing by the members, consumers or other legal entities to the Corporation. No member, consumer or other legal entity entitled to share in capital credits or other property rights and interests in the Cooperative shall be entitled to demand and receive a setoff of such property rights retained by the Cooperative against any indebtedness or claim due the Cooperative from such person.

Section 6. Joint Ownership. Two or more persons may jointly subscribe for shares of the Corporation subject to their compliance with the requirements of these By-Laws. The term "members" as used in these By-Laws shall be deemed to include joint owners, and any provisions relating to the rights and liabilities of members shall apply equally to joint owners of shares. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of joint owners shall be as follows:

1. The presence at a meeting of any one or all joint owners shall be regarded as the presence of one member and as constituting a joint waiver of notice of the meeting;
2. The vote of any one separately or all jointly shall constitute one joint vote;
3. A waiver of notice signed by any one or all shall constitute a joint waiver;
4. Notice to any one shall constitute notice to all;

5. Withdrawal of any one shall terminate the joint ownership;
6. Any one, but not more than one, may be elected or appointed as an officer or director;
7. One spouse, if present at any regular or special meeting of members, shall be entitled to vote stock standing in the name of the other spouse, provided that the spouse in whose name the stock stands of record is not present in person at such meeting.

Section 7. Purchase of Electric Energy. As soon as electric energy shall be available, each consumer, member or nonmember, shall purchase, from the Cooperative, electric energy used on the premises specified on the application for membership or for service and shall pay therefore monthly at rates as may from time to time be established by the Cooperative. 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 regulations as shall be fixed from time to time by the Cooperative.

Section 8. Cancellation.

1. The share of a member who, for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, shall be cancelled.
2. Upon the cancellation or termination of ownership in any manner, the Cooperative shall repay to the member the amount paid for shares, provided however, that the Cooperative shall deduct from the amount thereof the amount of any debts or obligations owing from the member to the Cooperative.

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ARTICLE III - RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Upon dissolution, after

1. all debts and liabilities of the Cooperative shall have been paid, and
2. all capital furnished through use 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 of the use of each bears to the total use of all members during seven years next preceding the date of filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

Section 2. Non-Liability for Debts of the Cooperative. The private property of the member shall be exempt from execution or other liability for the debts of the Cooperative.

ARTICLE IV - MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held at such date in August of each year, at such hour and place within Mesa County, Colorado, as may be determined by the Board of Directors for the purpose of electing directors, passing upon reports for the previous year and transacting such further business as may properly come before the meeting. It shall be the responsibility of the Board of Directors to set the agenda and make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution on the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by a resolution of the Board of Directors, or upon a written request signed by any three (3) directors, by the President or by ten percent (10%) or more of all 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 may be held at any place within the County of Mesa, State of Colorado, specified in the notice of the special meeting.

Section 3. Notice of Members Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) or more than sixty (60) days before the date of the meeting, through publication in the Cooperative's monthly newsletter and/or by posting on the Cooperative website. If the authorized shares of the Cooperative are to be increased, at least thirty (30) days' notice shall be given. Such notice shall be deemed to be delivered when posted on the website or when the mailing is deposited in the United States mail addressed to the member at the address as it appears in the Cooperative's record of account information, with postage thereon prepaid.

Section 4. Quorum. A quorum for amending the Articles of Incorporation, electing directors and voting on other corporate business shall consist of the owners of one hundred (100) shares of the Cooperative present in person. If the owners of one hundred (100) shares are not present in person but mail voting for directors pursuant to Article V, Section 2 has occurred prior to such meeting, the election of directors shall occur so long as the number of valid mail votes plus shares voted in person totals at least one hundred (100) shares. If less than a quorum is present in person, a majority of those present may adjourn the meeting to another date and time or direct the Board of Directors to select another date and time.

Section 5. Voting. At all meetings for the election of Directors and for the transaction of all other business, each member, or joint member voting on behalf of the joint membership, shall be entitled to one vote for each question submitted to the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy or cumulative voting shall be prohibited.

Section 6. 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:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Approving the notice of the meeting.

3. Consideration and adoption of any unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors, and committees.
5. Other business that may properly come before the members.
6. Adjournment.

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ARTICLE V – DIRECTORS

Section 1. 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, the Articles of Incorporation or portions of these By-Laws conferred upon or reserved to the members.

Section 2. Election of Directors. Each member of the Cooperative, or joint member on behalf of the joint membership, shall be entitled to vote in the election of directors on the Board of Directors either at a meeting held for such purpose or by mail, but not both. Mail voting shall be in writing on ballots provided by the Cooperative. The mail ballot shall be voted by the member or joint member, deposited in a return envelope which must be signed by the voting member or joint member, and mailed back to the address designated by the Cooperative. Directors shall be elected by a plurality vote of the members. Notwithstanding the foregoing, if the number of people nominated for directors is less than or equal to the number of vacancies, the Board of Directors may eliminate the mail vote for that election and have the previously nominated and eligible director candidates elected by the members present at the meeting of the members. Unless the Board of Directors determines otherwise, in a contested election the ballots shall remain sealed until counted at the offices of the Cooperative on the next business day following the election meeting. All candidates may be present when the ballots are counted. The Board shall appoint an Election Supervisory Committee, having duties as reflected in Board policy, to oversee the director nomination, election, and voting process.

Section 3. Qualifications. To be eligible for election or appointment to, and to continue to serve on, the Cooperative's Board of Directors, a person shall:

- (a) Be an individual with the capacity to enter legally binding contracts;
- (b) Be a member or joint member of the Cooperative and have been a member or joint member of the Cooperative for at least twelve (12) consecutive months prior to the election;
- (c) Maintain his or her primary residence in the area or territory served by the Cooperative;
- (d) Be served by the Cooperative;
- (e) Not be engaged in any business, nor employed by or materially affiliated with any individual or entity:
 - 1) Regularly, directly, and substantially competing with the Cooperative or a Cooperative subsidiary;
 - 2) Regularly selling goods or services to the Cooperative or a Cooperative Subsidiary;
 - 3) Otherwise possessing a substantial conflict of interest with the Cooperative or a Cooperative subsidiary;
- (f) Not be an individual that has been an employee of the Cooperative within two (2) years prior to serving on the Cooperative's Board of Directors; and
- (g) Abide by the Cooperative's Articles of Incorporation, By-Laws, tariffs, rules, and Board policies, including but not limited to any conflicts policy and election contributions disclosure policy.

Any member which is not an individual and which has been a member for at least twelve (12) consecutive months prior to the election may designate in writing an individual partner, shareholder, member, manager, officer, board member, or employee who will then be eligible to

be appointed or elected or remain a director just as an individual member, provided the individual so designated satisfies the requirements of subsections (a), (c), (d), (e), (f) and (g) above. If the designee becomes a director, the designee shall remain eligible to serve as a director as long as the member designating the director remains a member, provided the director is not otherwise disqualified. The designation of the individual by the member may not be changed as long as the designee is a director.

Unless otherwise provided for in Board policy, the Election Supervisory Committee has authority to decide questions about a Director candidate's qualifications from the Director nomination petition deadline through the completion of the election.

At all other times, the Cooperative Board of Directors is responsible for ensuring Directors meet the qualifications for service on the Cooperative Board. If a Director does not meet the qualifications, then the Board may, in its discretion and in consideration of the relevant circumstances (e.g., for serious or intentional acts), vote to expel that Board member by a three-fourths vote of disinterested Directors present at a meeting of the Board. Prior to such vote, the affected Director shall be given an opportunity to be heard at either the open or executive session of a Board Meeting as determined by the Board.

Section 4. Nominations. A nomination for director on the board of Directors of the Cooperative shall be made by written petition signed by at least fifteen (15) members of the Cooperative, and filed with the Board of Directors of the Cooperative no later than sixty (60) days prior to the date of the election. Any petition so filed shall designate the name of the nominee and the term for which nominated. The name of the nominee shall appear on the ballot if the nominee's qualifications and nominating petition are in apparent conformity with this article as determined by the Cooperative's Election Supervisory Committee and confirmed by the Secretary of the Board of Directors.

Section 5. Removal of Directors by Members. Any director may be removed for cause at any time by the members pursuant to the procedure specified in this section. Two hundred (200) or more of the members may bring charges requesting the removal of a director by filing a petition with the Association's Secretary or Assistant Secretary in writing, specifying in detail the charges constituting the cause for removal. Such petition must be signed by at least two hundred (200) of the members. No petition for removal shall specify charges against more than one director. If the removal of more than one director is requested, a separate petition for each director sought to be removed must be filed.

The term "for cause" as used in this section is defined as malfeasance, misfeasance or nonfeasance adversely affecting the Association's interest. "Malfeasance" is the doing of an act which is wholly wrongful and/or unlawful. "Misfeasance" is the improper doing of an act which a person may lawfully do. "Nonfeasance" means the omission of an act which a person ought to do. "For cause" does not mean conduct or decisions made in good faith with a reasonable basis for believing that the action authorized was in the lawful and legitimate furtherance of the Association's business.

The Association's Secretary or Assistant Secretary shall, upon receipt of a written petition signed by at least two hundred (200) of the Association's members, transmit such petition to the entire Board of Directors for consideration at the board's next meeting at which a quorum is present. The directors present, providing they constitute a majority of the Board of Directors, who have no charges brought against them, by majority vote shall determine if there be cause. If the majority find that cause, as defined in this section, has been stated in such petition, the request for removal shall be presented at the next regular or special meeting of the members. Such a meeting shall be held within ninety (90) days of a finding of cause. In the event there is not a

majority of the Board of Directors present against whom no charges have been brought, then such petition shall be referred by the Association's President to an attorney at law, duly licensed to practice in the State of Colorado for at least five (5) years, for a determination as to whether or not cause, as defined in this section, has been stated in such petition. If charges have been brought against the Association's President, then such referral shall be made by the Association's General Manager. Any attorney who has previously represented this Association shall not be eligible to be appointed as provided herein. In the event such attorney finds that cause, as defined in this section, has been stated in such petition, the requested removal shall be presented in the manner hereinbefore stated. Written notice shall be given to all of the Association's members within thirty (30) days from the time such petition is presented, that cause, as defined in this section, has been stated or has not been stated against a director in such petition. In the event both the President and Vice President have had charges brought against them, then at any meeting of the members at which such charges are to be presented, the Board of Directors shall, by resolution, designate a parliamentarian to conduct that portion of the meeting at which charges are to be heard. The director against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the meeting of the members, and shall have an opportunity at the meeting of members to be heard in person and/or by counsel and to present evidence. The persons bringing the charges against such director shall have the same opportunity.

Within thirty (30) days after the meeting of members, mail ballots will be distributed to all members of record. A plurality vote of the members voting thereon by mail, as provided in Section 2 of this article, is required to effect such removal; except that the vote for removal by at least two hundred (200) of the members is required to effect such removal. Any vacancy in the Board of Directors created by such removal shall be filled in the manner specified in Sections 2 and 4 of this article at the next annual meeting of members for the remaining term of said director. However, in the event a majority of the Board of Directors has been removed from the Board of Directors, an election for directors will be held within ninety (90) days, pursuant to Sections 2 and 4 of this article. Until new directors can be elected, one-third of the Board of Directors shall constitute a quorum. If more than two-thirds of the Board of Directors has been removed, the Chief Executive Officer shall assume control of the business and affairs of the Cooperative, to the extent permitted by law, until the election can be held.

Section 6. Vacancies. A vacancy occurring in the Board of Directors, by reason of resignation, disability, or death, may be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term, or the vacancy may be filled at the next annual meeting for the election of directors. However, if there is no quorum at the annual meeting or when the number of people nominated is less than the number of vacancies, the vacancy shall be filled by the Board of Directors pursuant to the previous sentence.

Section 7. Compensation. A director is not an employee of the Cooperative. As determined or approved by the Board of Directors, however, the Cooperative may reasonably and fairly compensate directors for their service, including compensation for attending a: (1) Board Meeting; (2) function, meeting or event involving or relating to the Cooperative; or (3) function, meeting, or event involving, relating to, or reasonably enhancing the Director's ability to serve in the role of Director. The Cooperative may also pay or reimburse Directors for reasonable expenses incurred in attending any function, meeting or event described herein. The Board of Directors must determine or approve the manner, method, and amount of any Director compensation or expense payment.

Section 8. Term of Directors. The directors shall be classified with respect to time for which they shall severally hold office, by dividing them into three classes, each consisting of one-third of the whole number of the Board of Directors, and all directors of the Corporation shall hold

office until their successors are elected and qualified. At each annual election, successors to the class of directors whose terms shall expire that year shall be elected to hold office for a term of three years, so that the term of office of one class of directors shall expire in each year.

Section 9. Indemnification of Officers and Directors. The Corporation shall, to the full extent permitted by law, indemnify each of its officers and directors, whether or not in office (and his executor, administrator and heirs), against all expenses actually and necessarily incurred by him, including, but not limited to judgments, costs and counsel fees, in connection with the defense of any litigation, including any civil, criminal, or administrative action, suit or proceeding, to which he may have been made a party because he is or was a director or officer of the Corporation so long as such officer or director is deemed to have been operating within his scope of authority.

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ARTICLE VI - MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held monthly at such time and place in Mesa County, Colorado as the Board of Directors may provide by resolution.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President, or by any three directors, 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 the directors calling the meeting shall fix the time and place (which shall be in Mesa County, Colorado), for the holding of the meeting.

Section 3. Notice of Directors' Special Meetings. Written notice of the time, place and purpose of a special meeting of the Board of Directors shall be delivered to each director not less than ten (10) days previous thereto, either personally, by mail, or by electronic mail by or at the discretion of the Secretary, or upon default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on records of the Cooperative with postage thereon prepaid.

Section 4. Quorum. Except as provided in Article V, Section 5, a majority of the Board of Directors shall constitute a quorum, provided that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The majority of the votes cast by the directors present and voting at a meeting at which a quorum is present shall be the decision of the Board of Directors.

Section 5. Notice of Meeting - Agenda. Notice of regular and special meetings of the Board of Directors, together with a copy of the agenda for such meeting, shall be posted in every service office maintained by the Cooperative and on the Cooperative's website at least ten (10) days before the meeting. The agenda shall specifically designate the issues or questions to be discussed or the actions to be taken at the meeting. Copies of such agenda shall be available at each service office for members and consumers.

Section 6. Public Meeting.

1. All meetings of the Cooperative are declared to be open meetings and open to the members, consumers, and news media; but the Cooperative, by a two-thirds affirmative vote of the board members present, may go into executive session for consideration of documents or testimony given in confidence, but the Cooperative shall not make final policy decisions or adopt or approve any resolution, rule, regulation, or formal action, any contract, or any action calling for the payment of money at any session which is closed to the members, consumers, and news media.
2. Prior to the time the Board of Directors convenes in executive session, the Board of Directors shall announce the general topic of the executive session.
3. Any action taken contrary to the provisions of this section shall be null and void and without force or effect.

ARTICLE VII - OFFICERS

Section 1. Number. The officers of the Cooperative shall be the President, Vice-President, Chief Executive Officer, Secretary, Assistant Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of the Secretary and Treasurer may be held by the same person. The Chief Executive Officer and the Assistant Secretary shall be full-time employees of the Cooperative and shall be appointed by and hold office at the pleasure of the Board of Directors.

Section 2. Election and Term of Office. The officers shall be elected annually by the Board of Directors at the next regularly scheduled Board of Directors meeting following the annual meeting. 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 successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member may petition to have an officer removed for cause by submitting a petition to the Association's Secretary or Assistant Secretary signed by at least ten percent (10%) of the members specifying in detail the cause for removal. The Association's Secretary or Assistant Secretary shall notify the officer against whom the charges have been brought at least ten (10) days prior to the Board of Directors meeting at which the charges are to be considered. The officer shall have an opportunity at the meeting to be heard in person or by counsel and present evidence in respect to such charges; and the person bringing the charges against him shall have the same opportunity. The Board of Directors shall determine if cause, as defined in Article V, Section 5, has been proven. If it finds that cause has been proven, the request for removal shall be presented at the next meeting of the members, under the same procedures as set forth in Article V, Section 5, or in the alternative, the Board of Directors may remove the officer without taking the question to a meeting of the members.

Section 4. President. The President shall:

1. be the principal executive officer of the Cooperative and unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board of Directors, and shall be entitled to vote to break any tie or if otherwise required by law or regulation;
2. sign, with the Secretary, certificates of stock, the issuance of which shall have been authorized by the Board of Directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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
3. in general, perform all duties incident to the office of President and such duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice-President. In the 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 Directors.

Section 5. Secretary. The Secretary shall, or the Secretary shall direct the Assistant Secretary to:

1. keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;
2. see that all notices are duly given in accordance with these By-Laws or as required by law;
3. be the custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all documents, share certificates excepted, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these By-Laws;
4. keep a record and register of the names and post office addresses of all members;
5. sign, with the President, stock certificates, the issue of which shall have been authorized by the Board of Directors or the members;
6. have general charge of the books of the Cooperative;
7. keep 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, forward a copy of the By-Laws and all amendments thereto to each member; and
8. in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Assistant Secretary. The Assistant Secretary shall, in the absence of the Secretary, perform the duties of the Secretary and such other duties as may be directed by the President or by the Board of Directors.

Section 6. Treasurer. The Treasurer shall:

1. have charge and custody of and be responsible for all funds and securities of the Cooperative;
2. be responsible for 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
3. 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 Directors.

Section 9. Chief Executive Officer. The Board of Directors may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Directors may from time to time vest in him.

Section 10. 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 surety as the Board of Directors shall determine. The Board of Directors, 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 11. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors.

Section 12. 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 the fiscal year.

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ARTICLE VIII - NON-PROFIT OPERATION

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 consumers. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its consumers.

Section 2. Capital Credits in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all consumers, members and non-members alike, will through their electric use furnish capital for the Cooperative. In order to induce use and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a revenue basis to all of its consumers, members and non-members alike, 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 consumers, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each consumer 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 manner that at the end of each fiscal year the amount of capital, if any, attributable to operating margins, so furnished by each consumer is clearly reflected and credited in an appropriate record to the capital account of each consumer. All other amounts received by the Cooperative from its operations, including gains or losses from the disposition of capital assets, interest earned, and capital credits from associated organizations, shall, insofar as permitted by law, be (a) used to offset any gains or losses, whether from operating margins or non-operating margins, incurred during the current or any fiscal year, at the discretion of the Board of Directors and (b) to the extent not needed for that purpose, allocated to its consumers on a revenue basis and any amount so allocated shall be included as a part of the capital credited to the account of consumers, as herein provided. The Cooperative shall within a reasonable time after the close of the fiscal year notify each consumer of the amount of capital so credited to his account for operating and non-operating margins. All such amounts credited to the capital account of any consumer shall have the same status as though they had been paid to the consumer in cash in pursuance of a legal obligation to do so, and the consumer had then furnished the Cooperative corresponding amounts for capital. In the event of 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, first to operating margins and then to non-operating margins, before any payments are made on account of property rights of members.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to consumers' accounts may be retired in full or in part. Any such retirements of capital may be made in such order of priority as the Board of Directors shall determine. Without limiting the Board's discretion, the Board may pay capital attributable to operating margins, non-operating margins, or partial payments of margins, and may make payments on a first-in first-out basis, a last-in first-out basis, a pro-rata basis, or a combination of these methods. Notwithstanding the previous sentence, however, no more than seventy-five percent (75%) of the capital credits paid out may be paid on a last-in first-out basis. In no event may any such capital be retired if such retirement would impair the financial condition of the Cooperative or violate any applicable laws,

rules, regulations or the requirements of any security agreements or mortgages. The Cooperative shall apply any capital credit approved for payout by the Board of Directors against the delinquent or charged off account of any consumer.

Capital credited to the account of each consumer shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy on all or part of such consumer's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a non-member consumer shall elect to become a member of the Cooperative, the capital credited to the account of such non-member consumer may be applied by the Cooperative toward the payment of purchase of capital stock on behalf of such non-member consumer, and the required member payment may be deducted by the Cooperative from any capital credit check otherwise due the consumer.

Notwithstanding any other provision of these By-Laws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any individual consumer, if the legal representatives of his estate shall request in writing that the capital credited to any such individual consumer 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 individual consumer immediately upon the terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such individual consumer's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The consumers of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each consumer, and both the Cooperative and the consumers are bound by such contract, as fully as though each consumer had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the By-Laws will be called to the attention of each consumer of the Cooperative by posting in a conspicuous place in the Cooperative's office. In all cases where a consumer fails to claim any deposits, membership fees, capital credits, book equities, or any other property or funds held for the consumer, by the Cooperative, after the same has been declared payable to the consumer, the Cooperative may recover and use such property or funds for educational or charitable purposes approved by the Board of Directors; provided, that the Cooperative has first given notice by mail deposited postage prepaid in the United States mail addressed to the consumer at the consumer's last known address as shown by the records of the Cooperative, and provided further, that such property or funds cannot be so used by the Cooperative until after a period of six (6) years from the date of mailing such notice. Notwithstanding the foregoing, the Cooperative need not mail checks and notices if a prior mailing to the consumer has been returned with no forwarding address and if the Cooperative has not received any additional information giving a new address for the consumer. In such cases, notice shall consist of published notice in the publication then being used by the Cooperative to communicate with its members indicating that a list of all consumers with unclaimed property held by the Cooperative is available at the Cooperative's office and on the Cooperative's website. If the consumer does not claim such property or funds within the six-year period next following the date of mailing of notice, or date when the notice was published in the publication then being used by the Cooperative to communicate with its members when no mailed notice is required, the consumer's claim thereto shall be extinguished and forever barred. Notwithstanding the foregoing, the Cooperative shall comply with all Colorado laws which override the provisions of this By-Law.

Section 3. Lien. To secure the payment of all indebtedness of any consumer to the Cooperative, the Cooperative shall have a first lien on the capital credits, capital investments, and other property rights and interests, if any, outstanding on its books for all indebtedness of such consumer to the Cooperative. Upon request by the Cooperative, consumers shall execute security agreements, financing statements, and other instruments and documents reflecting the security interest or necessary to perfect that interest. As one means of enforcing its lien, the Cooperative shall be entitled to offset or recoup, at any time, at the sole discretion of the Board of Directors, any debt of a consumer to the Cooperative with a corresponding amount of the consumer's capital credit, capital investments and other property rights and interests, if any, in the Cooperative. No capital credited to the account of a consumer shall be assignable by such consumer as collateral or security for any obligation of any nature of that consumer to any person, entity or organization other than the Cooperative.

Section 4. Offsets. At any time capital credited to a consumer's account is otherwise payable, the Cooperative may set that payment off against or recoup from any amounts due to or owed to the Cooperative by the payee or the payee's predecessors and successors in interest no matter the nature of the obligation due the Cooperative or when the obligation arose. However, no consumer qualified to share in allocations or payment of the Cooperative's capital investments, net margins, or other property rights and interests shall be entitled to demand offset of or entitled to recoupment as to any portion of such person's allocated share of capital investments, net margins, or other property rights and interests retained by the Cooperative against any indebtedness or claim due to the Cooperative from such person.

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ARTICLE IX - DISPOSITION OF PROPERTY

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 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. No meeting to consider the sale, lease or other disposition shall occur unless two-thirds of the Board of Directors or two-thirds of the members present at a regular or special meeting of the members vote to submit the issue to the members. Each member of the Cooperative shall be entitled to vote at a meeting held for such purpose or by mail. Mail voting shall be conducted as set forth in Article V, Section 2. Notwithstanding anything herein contained, the Board of Directors 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 Directors shall determine, to secure any indebtedness of the Cooperative.

ARTICLE X - SEAL

Section 1. Adoption and Form of Seal. The seal of the Corporation shall contain the name of the Corporation in the form impressed in the margin hereof, and the seal in that form shall be the official seal of the Corporation.

ARTICLE XI - FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these By Laws, the Board of Directors 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 Directors.

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 Directors may select.

Section 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XII - MISCELLANEOUS

Section 1. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director 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 2. Rules and Regulations. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, or these By-Laws or the Articles of Incorporation, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 3. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors 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 of the end of such fiscal year.

Section 4. Consumer Complaint Procedure. The Board of Directors of the Cooperative shall adopt regulations which specify a procedure for members and consumers to register complaints about and be given an opportunity to be heard by the Board of Directors on the rates charged by the Cooperative, the manner in which the electric service is provided, and proposed changes in the rates or regulations. Such regulations may be amended whenever deemed appropriate by the Board of Directors.

Section 5. Pronouns, Singular and Plural. Unless the context requires otherwise, words denoting the singular may be construed as denoting the plural, and words of one gender may be construed as denoting such other gender as is appropriate.

ARTICLE XIII - AMENDMENTS

These By-Laws may be altered, amended or repealed by a vote of two-thirds of the directors in office at a special meeting convened for such purpose, provided the notice of such meeting shall contain a copy of the proposed alteration, amendment or repeal.