

PIONEER UTILITY RESOURCES, INC.

BYLAWS

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Article I: NAME and OFFICE

This cooperative is incorporated under the cooperative corporation laws of the State of Oregon, and shall be known as PIONEER UTILITY RESOURCES, INC., hereinafter referred to as the Cooperative. The principal office of the Cooperative shall be located in Oregon, but the Board of Directors, from time to time, may move such office to such place as it may designate or establish offices at other places.

Article II: MEMBERSHIP

Section 1. Eligibility

Any association, cooperative, corporation or other entity, organized for the purpose of furnishing utility services on a cooperative, mutual, self-help or not-for-profit basis, and which subscribes to at least one offered service of the Cooperative, or which subscribes to at least one offered service of any entity wholly owned by the Cooperative and classified as a disregarded tax entity under the Internal Revenue Code of 1986, as amended (“the Code”), (collectively, the “Cooperative Companies”), or any statewide or similar association of such entities which subscribes to at least one offered service of the Cooperative Companies, may apply for membership in the Cooperative by following the procedure set forth in this Article II.

Section 2. Application & Acceptance

An eligible entity as specified in Section 1 of this Article II may become a member of the Cooperative upon (a) submission to the Cooperative of a completed application for membership, the form of which may be prescribed from time to time by the Board of Directors, together with the membership fee set forth below, (b) acceptance of such application by the Board of Directors, and (c) receipt by the applicant of a written notice of acceptance as a member of the Cooperative.

Section 3. Membership Fee and Consent

The membership fee is \$10.00. The act of submitting the application form and the payment of the \$10.00 membership fee, without more, shall constitute the applicant’s agreement to be bound to, and the acceptance by such applicant of, the Cooperative’s articles of incorporation, bylaws, policies and all amendments or restatements thereof.

Section 4. Membership Certificates

Membership certificates, in such form as may be determined from time to time by the Board of Directors, shall be issued to a member within a reasonable period of time after an applicant is accepted as a member of the Cooperative.

Section 5. Non-Transferable and Non-Refundable

A membership shall not be transferable and all membership fees, regardless of when paid, shall be taken into income by the Cooperative and shall not be refundable or returnable to the member for any reason.

Section 6. Liability of Members

Members shall not be liable for any debts or obligations of the Cooperative and shall not be subject to any assessment.

Section 7. Withdrawal and Termination of Membership

- a. **Withdrawal.** A member may withdraw from the Cooperative at any time it desires by giving written notice of such member's intent to withdraw from the Cooperative. No such withdrawal shall affect the withdrawing member's existing liabilities to the Cooperative.

- b. **Termination.** The Board of Directors may terminate the membership of a member at any time for any reason. In addition, the Board of Directors may terminate the membership of a member if: (i) the member ceases to subscribe to any of the offered services of the Cooperative within the prior twelve month period; or (ii) the member ceases to operate on a cooperative, mutual, self-help, or not-for-profit basis. Termination of membership shall not affect any liabilities of the terminated members to the Cooperative existing as of the date the membership was terminated. A terminated member shall, as of the date the membership was terminated, have no rights or interests in the property or assets of the Cooperative except with respect to any interests the terminated member had in net earnings or business transacted with the Cooperative prior to the date on which the membership was terminated, as evidenced by the books and records of the Cooperative and upon final liquidation as defined at Article XV.

Article III: MEETINGS of MEMBERS

Section 1. Place of Meeting

Member meetings shall be held at the principal office of the Cooperative or at such other place as the Board of Directors may determine. Member meetings may also be held using electronic meeting software or similar technology.

Section 2. Annual Meeting

The members shall hold an annual meeting at least once a year, the date of which shall be fixed from time to time by the Board of Directors, for purposes of electing directors and transacting such other business as may be necessary.

Section 3. Special Meetings

Special meetings of the members may be called at any time by the President or the Board of Directors, and such meetings shall be called by the Secretary whenever a written request of at least ten percent (10%) of the members is delivered to the Secretary.

Section 4. Notice of Meetings

Notice of the annual and special meetings of the members shall be given in the manner set forth in Article XIII of these bylaws.

Section 5. Quorum

Members may take action on a matter at any annual or special meeting if a quorum is present. Ten percent (10%) of the members of the Cooperative who are members as of

the date on which notice of the annual or special meeting was given constitutes a quorum at any meeting.

Section 6. Voting

Every member shall have one vote, which shall be cast by the duly authorized representative of any member.

The Board of Directors shall submit, or cause to be submitted, to the members the election and removal of directors by ballot. The Board of Directors, by affirmative vote of at least two-thirds (2/3) of the entire board, may submit other matters to be voted on at any member meeting. Voting may be in-person at the subject meeting, by mail or by electronic means. The Secretary of the Cooperative shall deliver, by postal mail or electronic means, to each member, along with any notice of the meeting as required by the Bylaws or law, the ballot for each matter to be voted upon and instructions for mail or electronic voting. . A ballot may only be cast in a provided, sealed envelope authenticated by the signature of the member's duly authorized representative or via electronic means provided by the Cooperative. The Board of Directors shall develop adequate security protocols to protect the secrecy and integrity of votes cast by any of the methods authorized herein. Mail ballots must be received at least 48 hours before the meeting at which they are to be tallied. Electronic ballots must also be submitted at least 48 hours before the meeting. Properly cast mail or electronic ballots shall constitute the member's presence at the meeting for quorum purposes.

Article IV: BOARD of DIRECTORS

Section 1. General Powers

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by, its Board of Directors.

Section 2. Number

The minimum number of directors of the Cooperative shall be five (5). The Board of Directors may adjust the number of directors pursuant to a resolution adopted at a meeting of the members or the Board of Directors. A decrease in the number of directors shall not shorten the term of any sitting director.

Section 3. Composition

- a. Districts. The Board of Directors shall be selected from members in the districts that make up the territory served by the Cooperative. A district shall consist of an area as determined by the board of directors, taking into account geography, state boundaries, and other natural affiliations. Consideration shall be given to equitable representation of members within each district. The Board may also designate one or more at-large districts. The board shall periodically review the director districts and adjust the districts as required.
- b. Representation. One authorized representative of a member from each district shall serve on the Board of Directors.

Section 4. Term

Except as provided otherwise in these bylaws, each director shall hold office for a term of three (3) years and until his or her successor shall have been duly elected and qualified or upon his or her earlier death, resignation or removal.

Section 5. Eligibility

Only general managers and directors of member utilities and general managers of member associations are eligible to serve as directors. Any time a director ceases to be the authorized representative of a member, such director's position on the Board of Directors shall be declared vacated at the next board meeting and replaced in accordance with the provisions of these bylaws.

Section 6. Nomination and Election of Directors

- a. **Nomination.** On or before the first day of December each year, the Board of Directors shall appoint a Nominating Committee (as described in Article VII), which shall (a) meet and select a slate of candidates for those district seats on the Board of Directors that will be vacant at the next annual meeting of the members, and (b) consistent with the notice of meeting procedure set forth in Article XIII, Section 1 of these bylaws, distribute (or cause the Cooperative to distribute) names and brief descriptions of the slate of candidates to each of the members. All candidates for director from a district must be nominated as provided herein.
- b. **Election.** Members present at the annual meeting, in person or by ballot as provided in Article III, Section 6, shall elect the Cooperative's district directors by majority vote from the slate of candidates chosen by the Nominating Committee. Candidates may select an observer for the ballot counting process.

Tie votes shall be decided by coin flip. The tied candidates shall draw lots to determine who shall call the toss. The coin shall be shown to the candidates and "heads" and "tails" sides identified. The coin shall be flipped by a third party chosen by the Chair. If the Chair is one of the candidates, then the Vice Chair shall choose. The coin shall be tossed and allowed to hit the ground in the presence of the candidates.

Section 7. Removal.

A director may be removed upon the affirmative vote of a majority of all votes cast thereon at a duly called special or annual meeting of the members of the Cooperative if, prior to the vote, written reasons for removal of the director are presented at such meeting and the director whose removal is sought has had an opportunity to answer the written reasons at such meeting. The written statement of reasons for removal shall be filed with the minutes of the meeting.

Section 8. Resignation

Any director may resign by delivering written notice to the Board of Directors, the Chair of the Board or the Cooperative. Such resignation shall be effective upon receipt of notice thereof (unless the notice specifies a later effective date). Once received, a notice of resignation is irrevocable unless revocation is permitted by the Board of

Directors.

Section 9. Vacancies

Notwithstanding Article IV, Section 2 of these bylaws, the Board of Directors shall, as expeditiously as possible, fill any vacancy caused by the death, resignation or removal of a director; provided, however, that any such replacement shall be an eligible director. The term of a replacement director shall be the unexpired portion of the term of the director whose place he or she is appointed to fill and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

Article V: MEETINGS OF BOARD OF DIRECTORS

Section 1. Place

Meetings of the Board of Directors shall be held at such place, either within or outside the state of Oregon, as the Board of Directors may from time to time determine.

Section 2. Regular Meetings

Within ten (10) days after each election of directors, the newly elected Board of Directors shall hold a meeting for purposes of electing officers as provided in these bylaws and transacting such other business as may come before the meeting. No prior notice of such meeting shall be required. The Board of Directors shall meet at least three (3) times during each fiscal year to transact the business of the Cooperative. One of those meetings may coincide with the annual meeting of the Cooperative.

Section 3. Special Meetings

Special meetings of the Board of Directors may be called at any time by the Chief Executive Officer, or upon the written or electronic request of any three (3) directors. Notice of special meetings shall be mailed or delivered to each director not less than five (5) days prior to the date of such meeting.

Section 4. Meeting by Telephone or Other Communication

The members of the Cooperative's Board of Directors (or any committee thereof) may hold a meeting of the board (or a committee thereof) by means of a conference video or telephone or similar communications equipment through which all persons participating in the meeting are able to hear each other. Participants in a meeting pursuant to this Section 4 shall constitute presence in person at such meeting.

Section 5. Quorum

A majority of all the directors then in office shall constitute a quorum at any meeting. No action of the Board of Directors shall be valid unless approved by an affirmative vote of at least one-half of the total number of directors then in office.

Article VI: OFFICERS

Section 1. Election

The Board of Directors shall meet within ten (10) days after each annual meeting of the Cooperative and shall elect a Board Chair, a Vice Chair, a Secretary and a Treasurer. The Board of Directors may also appoint one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers as Board Officers. Each officer shall hold office for one (1) year and until a successor is duly elected and qualified, or until his or her earlier death, resignation or removal. The Board shall be empowered to elect qualified individuals to serve in multiple roles; for example, an individual could be elected to serve as both Secretary and Treasurer.

Section 2. Chair of the Board

The Chair of the Board shall preside over the meetings of the members and the Board of Directors, call special meetings of the members and the Board of Directors, and perform all such acts and duties usually required of a presiding officer.

Section 3. Vice Chair of the Board

In the absence or disability of the Chair of the Board, the Vice Chair of the Board shall preside and perform the duties of the Chairman of the Board.

Section 4. Chief Executive Officer (CEO) and President

Subject to the direction of the Board of Directors, the CEO and President shall have general charge of Cooperative business and jurisdiction over its employees. Among other things, the CEO and President shall: (a) keep the Board of Directors fully informed and freely consult them concerning the business of the Cooperative; (b) maintain the membership roll and stock book; (c) serve or cause to be served all notices required by law and these bylaws; (d) make all reports required by law; (e) make a full report of all matters and business pertaining to his/her office to the members at the annual meeting; and (f) do and perform such other duties as the Board of Directors may from time to time assign. The CEO and President may sign and execute all authorized contracts, checks or other obligations in the name of the Cooperative and may appoint Cooperative officers other than those appointed by the Board of Directors.

Section 5. Secretary

The Secretary shall have responsibility for keeping the minutes of all meetings of the members and of the Board of Directors, signing on behalf of the Cooperative all papers the Secretary is authorized by the Board of Directors to sign, and performing such other duties as the Board of Directors may from time to time assign.

Section 6. Treasurer

The Treasurer shall supervise the custody of the funds and securities of the Cooperative, keep full and accurate accounts of receipts and disbursements, and deposit all money and other valuable effects in the name and to the credit of the Cooperative in such depositories as the Board of Directors may designate from time to time.

Section 7. Additional Duties

The Board of Directors may, in case of the absence or disability of any officer of the Cooperative or for any other reason it deems sufficient, delegate (a) the powers or duties of such officer to any other officer or director for such period as the Board of Directors may designate, and (b) additional duties not specified herein to any officer or director.

Section 8. Removal

An officer may be removed upon the affirmative vote of a majority of the Board of Directors at a duly called meeting thereof.

Section 9. Resignation

Any officer may resign by delivering written notice to the Board of Directors, the Chair of the Board or the Cooperative. Such resignation shall be effective upon receipt of notice thereof (unless the notice specifies a later effective date). Once received, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

Section 10. Vacancies

The Board of Directors shall fill any vacancy caused by the death, resignation or removal of an officer. The term of a replacement officer shall be the unexpired portion of the term of the director whose place he or she is appointed to fill and until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal.

Article VII: COMMITTEES

Section 1. Executive Committee

The Board of Directors may elect from among their number an Executive Committee of three (3) or more members of which the Chair of the Board shall be a member and the Chair. The duties of the Executive Committee will be to conduct the business and affairs of the Cooperative during the interim between board meetings; provided, however, that the Executive Committee shall not have authority to apportion or distribute net proceeds, savings or losses, select officers, or fill vacancies in the Board or the Executive Committee. The President and Chief Executive Officer shall be an ex-officio member of the Executive Committee. The Executive Committee shall meet at the call of the Chair of the Board.

Section 2. Advisory Committees

The Board of Directors may appoint advisory committees to review and recommend policies and procedures to the Board. At least one member of the Board of Directors shall sit on each of the appointed committees. The remaining committee membership

will be composed of member utility staff members whose regular employment activity corresponds to the specific advisory committee's area of specialty.

Section 3. Nominating Committee

The Board of Directors shall appoint a Nominating Committee for the selection of candidates for the Board of Directors as provided in these bylaws, which shall consist of at least three directors. Directors whose seats are up for election shall not serve on the Nominating Committee.

The nominating committee shall set the deadline for receiving nominations and communicate that deadline to the membership through its nomination solicitation notice.

Section 4. Audit Committee

The Board of Directors shall appoint an Audit Committee to assist the Board in fulfilling its financial oversight stewardship to the Cooperative, its members and lenders. The Audit Committee's membership, responsibilities and functions shall be specified in a policy adopted by the Board.

Article VIII (Deleted by the membership)

Article IX: INCOME to MEMBERSHIP

Pursuant to § 1385(a) of the Code, any entity, association, cooperative or corporation that hereafter applies for and is accepted to membership of the Cooperative and each member of the Cooperative shall, by such act of membership alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in § 1388 of the Code) and which are received by it from the Cooperative Companies, will be taken into account by it at their stated dollar amounts in the taxable year in which such written notices of allocation are received by it.

Article X: NON-MEMBER BUSINESS

Notwithstanding anything to the contrary herein, the Cooperative shall have the right to do business with non-members, provided, however, that the aggregate value of all business transacted with non-members in any fiscal year shall not exceed the aggregate value of all business transacted with or for the benefit of the members of the Cooperative.

Article XI: NON-PROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited

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

Section 2. Patronage Capital

In the furnishing of services, the Cooperative Companies' operations shall be so conducted such that all members will through their patronage furnish capital for the Cooperative Companies. In order to induce patronage and to assure that the Cooperative Companies will operate on a non-profit basis, the Cooperative Companies are obligated to account, on a patronage basis, to all members for all amounts received and receivable from the furnishing of services in excess of operating costs and expenses properly chargeable against the furnishing of the respective commodity or service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative Companies are received with the understanding that they are furnished by the members as capital. The Cooperative Companies are obligated to pay by credits to a capital account for each member all such patronage amounts in excess of operating costs and expenses.

The books and records of the Cooperative Companies shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member or in association with its patronage is clearly reflected and credited in an appropriate record to the capital account of each member. The Cooperative Companies shall within a time no later than thirty two (32) weeks after the end of the fiscal year pay the patronage credit and notify the member in writing of the amount so paid. For these purposes and consistent with § 1382 (c)(2)(A) and § 1388(c) of the Code, at least 20 percent of the patronage allocation must be paid in cash or other property and the balance must be paid with qualified notice of allocation.

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

All other non-patronage amounts received by the Cooperative Companies from 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, at the discretion of the Board of Directors either allocated to its members on a patronage basis or retained as permanent capital for the benefit of the Cooperative Companies.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding patronage 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 Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part and in order of priority as the Board of Directors shall determine. In no event shall any such capital be retired unless it is done in accordance with the terms of the long-term capital financing agreements in effect at the time of the retirement.

In the event of the retirement of capital credited to members of the Cooperative Companies, there shall be deducted from capital retirements to such member the amounts

of any debt owing to the Cooperative Companies by such member.

The members of the Cooperative, by transacting with the Cooperative Companies as patrons, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between the Cooperative Companies and each member, and both the Cooperative Companies and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Article XII: PATRONAGE CREDITS

Section 1. Establishment Notice

Any amounts retained by the Cooperative Companies for capital purposes pursuant to Article XI of these bylaws including, without limitation, such amounts as may be appropriated from the Cooperative Companies' net earnings as retained earnings, shall be entered on the books of the Cooperative Companies to the account of the member entitled thereto ("Patronage Credits").

Patronage Credits in the amount of \$10.00 or more shall be evidenced by a Qualified Notice (as that term is defined in Article XI) advising the member to whose account such allocation is made of the amount of the allocation to his account based on his patronage for the year from which such allocation arose. The Cooperative Companies shall not pay interest on Patronage Credits to the members.

Section 2. Transferability of Patronage Credits

A member may assign its Patronage Credits, provided any such assignment is in writing and signed by a duly authorized representative of a member and the member notifies the Cooperative in writing of such assignment. Notwithstanding the foregoing, the Cooperative may offset from the assigned Patronage Credits (starting with the earliest of such Patronage Credits) any indebtedness due from the holder thereof before recording the transfer of the Patronage Credits on the books and records of the Cooperative Companies. The Cooperative Companies shall (a) recognize an assignment of Patronage Credits only to the extent the Patronage Credits exceed a member's indebtedness to the Cooperative Companies, and (b) issue to a member assigning Patronage Credits a written notice acknowledging the amount of the Patronage Credit assigned and the indebtedness deducted therefrom.

Section 3. Credits Subordinate to Claims of Creditors

All Patronage Credits are subordinate in right to the claims of all present and future creditors of the Cooperative Companies.

Section 4. Minimum Credit

To avoid unnecessary bookkeeping and accounting expense, the Cooperative Companies may, at the Cooperative's sole option, cash out any member whose aggregate Patronage Credits amount to less than \$10.00.

Section 5. Unclaimed Distribution

Any distribution of net earnings by the Cooperative due to a member, and any payments based upon Patronage Credits due to a member, which remain unclaimed four (4) years after the date on which the distribution or retirement thereof was authorized (“an Unclaimed Distribution”) may be forfeited upon a declaration of forfeiture by the Board of Directors. Unclaimed Distributions shall revert to the Cooperative Companies as retained earnings provided that, at least six (6) months prior to the date on which the Board of Directors declared a forfeiture, notice that the payment of the distribution or retirement of the Patronage Credits is available has been mailed to the last known address of the member entitled thereto as shown on the records of the Cooperative Companies or, if the address of such member is unknown, is published as provided by law.

Notwithstanding the foregoing, an Unclaimed Distribution or other amount owing to a member by a wholly owned subsidiary of the Cooperative shall be governed by the applicable unclaimed property, abandoned property, or escheat statutes of the state in which such subsidiary is registered.

Section 6. Commingling of Funds

Funds representing the Patronage Credits may be commingled and used for Cooperative purposes, and nothing contained herein shall require the Cooperative Companies to physically segregate, designate, mark, set aside, set apart or hold any such funds for the members entitled to the Patronage Credits.

Article XIII: NOTICES

Section 1. Notice Procedure

Except as otherwise provided herein, any notice required to be given pursuant to these bylaws shall be in writing, stating the location, date and time of the meeting and the purpose or purposes for which the meeting is called, and given to each member, either in person or by mail not less than seven (7) nor more than thirty (30) days before the meeting. If mailed, the notice shall be deemed given when deposited in the United States mail addressed to the member at the member’s address as it appears on the records of the Cooperative, with postage thereon prepaid. As an alternative, and if authorized by the member, notices shall be deemed given when delivered electronically by e-mail.

Section 2. Waiver

Any member or director may waive in writing or electronically any notice required to be given. Any director present at any meeting shall be conclusively deemed to have had due notice thereof.

Section 3. Taking Action Without Meeting

Any action required by law to be taken at a meeting of the members or directors (or committee thereof) of the Cooperative, or any other action which may be taken at a meeting of the members or directors (or committee thereof) of the Cooperative may be taken without a meeting if a consent in writing setting forth the action so taken is signed

by all of the members and directors (or committee thereof) entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote at a meeting. Unless the consent specifies a different effective date, action taken under this Section is effective when the last member or director entitled to vote signs the consent.

Article XIV: ACCOUNTS and AUDITING

Section 1. Establishment

The Cooperative shall implement and maintain a system of accounts and provide any other accounting functions that may be necessary to conduct the business of the Cooperative in a reasonable and prudent manner.

Section 2. Audits

A certified public accountant (to be selected by the Board of Directors each year) shall annually audit the books of the Cooperative at the close of each fiscal year and present the results thereof to the members at the annual meeting. Special audits of the Cooperative's books shall be made at any time upon either the request of the Board of Directors or the call of a majority of the members present at any regular or special meeting.

Section 3. Fiscal Years

The fiscal year of the Cooperative shall commence on the 1st day of January each year and shall end on the 31st day of December the same year. The Board of Directors may from time to time change the fiscal year.

Article XV: DISPOSITION OF PROPERTY

Section 1. Supersedes Inconsistent Bylaws The provisions of this Article shall supersede all other inconsistent provisions of the Bylaws and shall govern the interpretation and application of all matters within the scope of these Bylaws.

Section 2. Scope The provisions of this Article shall apply whenever any of the actions or transactions set forth in subparagraphs (a), (b), (c), (d) or (e) is or are proposed or considered by the Cooperative.

- (a) A sale, lease, exchange or other disposition of all, or substantially all, the property and assets of the Cooperative;
- (b) The voluntary dissolution of the Cooperative;
- (c) A merger of the Cooperative;
- (d) An amendment to the Cooperative's Articles of Incorporation which would convert the Cooperative into a corporation or other non-cooperative entity;
- (e) The amendment or repeal of any of the terms, provisions or conditions of this Article.

Section 3. Requirements

- (a) An affirmative two-thirds vote of the directors is required for the Board of Directors to take or approve any action within the scope of Section 2 of this Article.
- (b) If the Cooperative or its directors submit to the members for a vote at any annual or special meeting any resolution or proposal within the scope of this

Article each member shall be given a prior written notice containing the date and full text of the resolution or proposal and an objective explanation of the proposed action. No such vote shall occur prior to one-hundred eighty (180) days from the date the notice is delivered.

- (c) Fifty percent (50%) of the members present in person shall constitute a quorum at any annual or special meeting at which the members will vote on any matter within the scope of Section 2 of this Article.
- (d) An affirmative vote of two-thirds of all members is required to approve an action within the scope of Section 2 of this Article.

Section 4. Severability In the event any provision, condition or part thereof of this Article shall be finally determined by a court of competent jurisdiction to be invalid, void, or voidable, the remaining provisions or conditions shall be and remain in full force and effect.

Article XVI: RIGHTS on LIQUIDATION or DISSOLUTION

In the event of liquidation or dissolution of the Cooperative, whether voluntary or otherwise, after paying or making provision for the payment of all indebtedness of the Cooperative, the remaining assets, if any, shall be distributed as follows:

- a. First, to retire Allocated Credits and to make payment on each member's interest in the undistributed net earnings of the Cooperative, as shown on its books arising out of operations for which no allocations have as yet been made, on the basis of historic patronage for each member without regard to either the date on which any Allocated Credits accrued or the type of certificate, credit or interest; and
- b. Second, the balance remaining thereafter, if any, to all former or current members of the Cooperative in proportion to their respective historical patronage.

The Cooperative may offset any indebtedness of a member to the Cooperative from any distribution to such member required by this Article XV. The Cooperative shall give notice of the amount of any offset to the member entitled to the distribution.

Article XVII: INDEMNITY of DIRECTORS, OFFICERS and EMPLOYEES

Section 1. Indemnification

To the fullest extent permitted by the Oregon Cooperative Corporation Act, as amended (the "Act"), the Cooperative shall indemnify any director, officer, employee or agent of the Cooperative made a party to a proceeding because the person is or was a director, officer, employee or agent of the Cooperative against liability incurred in that proceeding if (a) the conduct of the individual was in good faith; (b) the individual reasonably believed his or her conduct was in the best interests of the cooperative, or at least not

opposed to its best interests; and (c) in the case of any criminal proceeding, the individual had no reasonable cause to believe his or her conduct was unlawful. Notwithstanding the foregoing, the Cooperative may not indemnify any director, officer, employee or agent in connection with (x) a proceeding by or in the right of the Cooperative in which the individual was adjudged liable to the Cooperative, or (y) any other proceeding charging improper personal benefit to the individual in which the individual was adjudged liable on the basis that personal benefit was improperly received by the individual.

Section 2. Advancement of Expenses

The Cooperative may, but shall not be required, to pay for or reimburse the reasonable expenses incurred by a director, officer, employee or agent who is a party to a proceeding in advance of the final disposition of the proceeding to the fullest extent permitted by the Act.

Section 3. Certain Definitions

For purposes of this Article XVII, the terms “director,” “expenses,” “liability,” “officer,” “party” and “proceeding” shall have the meanings given to them in ORS 62.462 as in effect as of April 22, 1998.

Article XVIII: AMENDMENTS

These bylaws may be amended at any meeting of the members upon the affirmative vote of at least two-thirds (2/3) of those members represented by authorized delegates at the meeting, provided the proposed amendment is included in the notice for any such meeting.

Article XIX: MISCELLANEOUS

Section 1. Form of Seal

The seal of the Cooperative shall include the name of the Cooperative and the word “seal.”

Section 2. Rules of Order

Except as otherwise provided herein and by the Act, Robert’s Rules of Order, as may be revised from time to time, shall govern any meeting of the members. The Board of Directors shall decide any question of parliamentary procedure at such meetings, and all decisions thereby shall be final and not subject to appeal or review.