

Articles of Incorporation & Bylaws



MORGAN COUNTY REA

Your Touchstone Energy® Cooperative
The power of human connections





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MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

RESTATED ARTICLES OF INCORPORATION

Morgan County Rural Electric Association, a Colorado Cooperative Association, now governed by the provisions of the Colorado Cooperative Association Act (Article 55 of Title 7, C.R.S.), pursuant to the authority thereof, hereby sets forth its revised and restated Articles of Incorporation, as follows:

ARTICLE 1 NAME

The name of the corporation shall be “Morgan County Rural Electric Association.”

ARTICLE 2 DURATION

The association shall exist in perpetuity.

ARTICLE 3 PURPOSE

The association is organized as a non-profit cooperative association to generate, manufacture, acquire and accumulate electric energy for its members and customers, and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and customers and to engage in any lawful business for which corporations may be incorporated in the State of Colorado.

ARTICLE 4 PRINCIPAL PLACE OF BUSINESS, REGISTERED ADDRESS AND REGISTERED AGENT

The office and principal place of transacting business of the association shall be in Fort Morgan, Colorado. The address of the current registered office of the corporation is 20169 U.S. Highway 34, Fort Morgan, Colorado 80701. The name of the registered agent of the association at such address is Robert D. Pflager.

ARTICLE 5 BOARD OF DIRECTORS

The exercise of the corporate powers of the association and management of its affairs shall be vested in nine (9) directors, who shall be elected by and from the members of the association, for three year terms in accordance with

qualifications and procedures which shall be set forth in the bylaws of the association. The personal liability of a director may be limited or eliminated to the extent permitted by law. The names and addresses of the persons who now serve as directors of the corporation and who will serve until their successors shall have been elected and qualified are:

David E. Arndt
12611 Highway 144, Weldona, CO 80653

Marguerite D. Baugh
24185 1st Street, Weldona, CO 80653

Timothy W. Hoffner
7513 County Road 6, Wiggins, CO 80654

Casper Hergenreter, Jr.
34979 County Road X.5, Hillrose, CO 80733

William Grant Midcap
20625 County Road T.5, Fort Morgan, CO 80701

Donald E. Neb
17485 County Road 11, Fort Morgan, CO 80701

Brian D. Schlager
15646 Headlight Mile Road, Strasburg, CO 80736

Arven N. Vondy
P.O. Box 260, Woodrow, CO 80757

G. Allyn Wind
17200 Beaver Creek Drive, Brush, CO 80723

ARTICLE 6 MEMBERSHIPS, CAPITAL REQUIREMENTS, MEMBERSHIP INTERESTS

The association is a non-profit membership corporation carried on for the mutual benefit of all the members and patrons and there is no capital stock. The number of authorized memberships is five hundred thousand. The capital requirements of the association are met by aggregating the annual margins of gross revenue of the association in excess of the actual cost and expense to sell electric power and energy to the members or patrons. Property rights and interests of each member and patron are determined by the allocation or distribution of margins of annual revenues in excess of expenses to members and patrons wholly, or in part, on the basis of or in proportion to the amount of electric power and energy sold to said member or patron in the manner anticipated by statute, and in such manner as shall be specifically set forth in the bylaws of the association. The board of directors, in addition, may require that an applicant for membership pay a membership fee in order to be admitted and qualified as a member of the association. No other capital

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subscription or contribution shall be required of a member or patron.

ARTICLE 7 BYLAWS OF THE ASSOCIATION

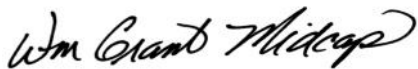
The board of directors shall have the power to make, alter, amend, or repeal the bylaws of the association, but any bylaws so made may be altered, amended or repealed by the affirmative vote of a majority of the members of the association at any annual meeting or special meeting of the members.

ARTICLE 8 AMENDMENT OF RESTATED ARTICLES OF INCORPORATION

Unless the bylaws shall provide for the vote or concurrence of the holders of a greater proportion or number of shares, these Restated Articles of Incorporation may be amended by the vote or concurrence of a majority of the members of the association at any annual meeting or special meeting of the members.

EXECUTED as of the 22nd day of March, 1997 (following approval and adoption at the regular annual meeting of the members of Morgan County Rural Electric Association; filed with the Secretary of State of the State of Colorado March 26, 1997).

ATTEST:



William Grant Midcap, Secretary
Morgan County Rural Electric Association



G. Allyn Wind, President
Morgan County Rural Electric Association

The object of Morgan County Rural Electric Association is to make electric energy available to the members of the cooperative at the lowest possible cost consistent with sound economic and business practices.

COOPERATIVE BYLAWS

With Amendments to December 18, 2017

ARTICLE I MEMBERS

Section 1 QUALIFICATIONS AND OBLIGATIONS

Any person, firm, corporation or body politic may become a member in the Cooperative by

- a) making written application for membership;
- b) paying the membership fee hereinafter specified;
- c) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- d) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors, provided, however, that no person, firm, corporation, or body politic shall become a member until accepted for membership by the board of directors or by the members.

No membership in the Cooperative shall be transferable except as provided in these bylaws, and no person, firm, corporation or body politic may own more than one membership in the Cooperative.

Membership in the Cooperative shall be conditioned upon purchase of electric energy from the Cooperative, and if any member shall become permanently disconnected from the distribution facilities of the Cooperative, thereby ceasing to purchase any electric energy from the Cooperative, such member's right to continued membership in the Cooperative shall end and his membership shall be terminated and cancelled.

Section 2 MEMBERSHIP FEE

The membership fee shall be \$5.00, which after April 20, 1992, shall be considered a non-refundable charge to process the membership application. The payment of the membership fee shall make a member eligible for one or more service connections, subject to the applicable service

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rules and regulations of the Cooperative. Only one membership certificate shall be issued to a member, regardless of the number of service connections such member may request or have.

Section 3 JOINT MEMBERSHIP

Two or more persons may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The term "member," as used in these bylaws, shall be deemed to include the persons holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a) The presence at a meeting of one or more of the joint tenants shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting.
- b) The vote of any joint tenant separately or all of them jointly shall constitute one joint vote.
- c) A waiver of notice signed by any joint tenant shall constitute a joint waiver.
- d) Notice to any joint tenant shall constitute notice to all joint tenants.
- e) Expulsion of any joint tenant shall terminate the joint membership.
- f) Withdrawal of any joint tenant shall terminate the joint membership.
- g) Any joint tenant may be elected or appointed as an officer or board member, provided that he or she shall meet the qualifications for such office.

Section 4 CONVERSION OF MEMBERSHIP

A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the other joint tenants to comply with the Articles of Incorporation, bylaws, and rules and regulations adopted by the board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

Upon the death of a joint tenant, such membership shall be held solely by the survivor or survivors. The outstanding membership certificate shall be surrendered, and shall be reissued 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 5 TERMINATION OF MEMBERSHIP

Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe. The board may, by the affirmative vote of not less than two-thirds of all the members of the board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws or rules and regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting. The membership of a member who, for a period of six 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, may be cancelled by resolution of the board.

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 or such member's estate from any debts due the Cooperative.

ARTICLE II 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 bylaws, 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 ten years next preceding the date of the filing of the certificate of dissolution.

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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 member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 1 ANNUAL MEETING

The annual meeting of the members shall be held during the month of March of each year, at such time and place as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting.

Section 2 SPECIAL MEETINGS

A special meeting of the members may be called by three directors or upon a written request signed by at least ten percent of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Morgan, in the State of Colorado, specified in the Notice of the Special Meeting.

Section 3 NOTICE OF MEMBERS' MEETINGS

Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered at least twenty days before the date of the meeting, either personally or by mail by or at the direction of the secretary, or by the persons calling the meeting, to each member, and no business shall be transacted at such special meeting except as shall be mentioned in the notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail and addressed to the member at the address which appears in the records of the Cooperative, with postage thereon prepaid.

Section 4 QUORUM

Except as provided in Article XI of these bylaws pertaining to the sale, exchange, or lease of the principal part or all the business, assets, property or franchises of the Cooperative not in the usual course of its business, five percent of the total number of members or fifty members present in person, including those voting by mail, shall constitute a quorum for the transaction of business; provided that mail votes shall be considered in attendance for quorum purposes only for the transaction of such business upon which a vote is intended or permitted on the mail ballot. If less than a quorum is present at the meeting, a majority of those present may adjourn the meeting from time to time without further notice.

Section 5 VOTING

Each member shall be entitled to one vote and no more upon each matter submitted to a vote of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these bylaws. Joint tenants shall jointly be entitled to one vote and no more upon each matter submitted to a vote of the members.

Each member of the Cooperative shall be entitled to vote in the election of directors either at the annual meeting of the members of the Cooperative or by mail. Mail voting shall be in writing on ballots provided by the Cooperative, and the ballots must be signed by the member casting the ballot. Mail ballots which have not been received by the Secretary of the Cooperative on or before the last business day prior to the day of the annual meeting of the members, and ballots not properly signed by the member casting the same by a signature which can be read and identified as the signature of a bona fide member, will not be counted and will be considered void. A member who has voted by mail is not entitled to vote at the annual meeting.

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Section 6

CREREDENTIALS AND ELECTION COMMITTEE

The board of directors shall, at least thirty days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of not less than nine or more than eighteen members of the Cooperative who are not Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. In appointing the Committee, the board shall have regard for the equitable representation of the several areas served by the Cooperative.

It shall be the responsibility of the Committee:

- a) to approve or establish the manner of conducting member registration and any ballot or other voting;
- b) to pass upon all questions that may arise with respect to the registration of members;
- c) to count all ballots or other votes cast in any election or in any other matter;
- d) to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast;
- e) to rule upon all other questions that may arise relating to member voting and the election of directors; and
- f) to pass upon any protest of objection filed with respect to any election or to conduct affecting the results of any election.

In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three business days following the counting of the ballots and the declaration of the results of the election. The Committee shall thereupon be reconvened, not less than seven days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside.

The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

If at any regular or special meeting of the members there is no ballot matter, issue or question to be submitted to and decided by the members by a written ballot, it shall not be necessary that a Credentials and Election Committee be appointed prior to the meeting.

ARTICLE IV DIRECTORS

Section 1 GENERAL POWERS

The business and affairs of the Cooperative shall be managed by a board of nine directors which shall exercise all of the powers of the Cooperative except such as are by law, or by the Articles of Incorporation of the Cooperative, or by these bylaws conferred upon or reserved to the members

Section 2 ELECTION BY DISTRICTS

For the purpose of electing directors, the territory served by the Cooperative is hereby divided into three separate districts designated as Districts 1, 2, and 3. District No. 1 shall include all territory lying west of a north and south line drawn through the center of Range 59; District No. 2 shall include all territory lying east of a north south line drawn through the center of Range 59, extending to and including all of Range 58 and 57; District No. 3 shall include all territory lying east of the easterly boundary line of Range 57. There shall be elected from each of the aforesaid districts three directors in the manner hereinafter set forth.

Section 3 QUALIFICATION AND TENURE

- a) No person shall be eligible to become or remain a director who is not a member of the Cooperative in good standing and whose principal place of residence is not located within the director district from which he or she has been nominated, elected or appointed.
- b) Further, no person shall be eligible to be nominated or elected or appointed to the office of director unless such person is a natural person who, in his or her name and capacity, shall have been a member of the Cooperative for not less than three years prior to the day of the election or appointment.

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c) No person who is an employee of the cooperative or former employee of the cooperative whose employment has been ended by retirement or termination less than four years prior to the date of his or her nomination, election or appointment as director shall be eligible to become or remain a director. This paragraph c) shall be fully applicable to also disqualify the spouse of an employee or former employee to the same extent that it disqualifies an employee or former employee.

d) Neither shall any person be eligible to become or remain a director, who is or has been previously employed or retained by the cooperative in a professional capacity as a professional advisor to the cooperative or to its employees or to its board of directors. This paragraph d) shall also be fully applicable to disqualify the spouse of a person who has been previously employed or retained by the cooperative its employees or its board of directors in a professional capacity.

e) No person shall be eligible to become a director who is closely related to an incumbent director or an employee of the cooperative. As used here, "closely related" means the person who is related to the principal person by consanguinity or affinity to the second degree or less – that is, a person who is either a spouse, child, parent, brother, sister, grandparent or grandchild of the principal individual; or a person who resides in the same residence as the principal individual.

However, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he or she becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he or she was not a party.

Neither shall an employee lose eligibility to continue in the employment of the cooperative if he or she becomes a close relative of a director because of a marriage to which he or she was not a party.

f) Further, no member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is in any way employed by, or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative.

g) When a membership is held jointly, so long as one of the joint members shall serve as a director, the other joint member or members shall be ineligible to be elected or appointed to the office of director.

h) At each annual meeting following the year 1960, one

director shall be elected by ballot from each district, by and from the members of the Cooperative, not voting by district, to serve for a term of three years or until his or her successor has been elected and has qualified. Each member shall have the right to cast one vote for each director to be elected at any annual meeting and the number of candidates to be elected from each district equal to the number of directors to be elected from each district who receive the highest number of votes shall be elected for the term hereinabove specified.

i) The election of directors shall be done by written or printed ballot, except that election by voice vote by and from the members at the annual meeting shall be allowed to elect a director for any election district if, for that district, only one candidate has been nominated for election. Nothing contained in this section shall be construed to affect, in any manner whatsoever, the validity of any action taken at any meeting of the board of directors.

Section 4 NOMINATION OF DIRECTORS

Nominations for the office of director shall be made by any fifteen or more members in writing over their signatures affixed to nominating petitions not earlier than sixty-five days prior to the meeting at which the election is to be held. Such nominating petitions shall be filed with the board of directors no later than forty-five days prior to the meeting at which the election is to be held.

Section 5 VACANCIES

Subject to the provisions of these bylaws, with respect to the removal and replacement of directors by the members, a vacancy occurring in the board of directors shall be filled by a majority vote of the remaining directors, and the director thus elected shall serve for the unexpired portion of the term.

Section 6 COMPENSATION

Directors and officers as such shall not receive any salary for their services, but by resolution of the board of directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of directors or for otherwise representing the Cooperative in his or her capacity as such director or officer upon the business of the Cooperative or in the pursuit of its objectives, and a director shall have the option of participating in the Cooperative's group

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insurance plans upon such terms and conditions as the board shall specify. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his or her close relative shall have been certified by the board as an emergency measure.

Every director, officer or employee of the Cooperative shall be defended and indemnified by the Cooperative against all expenses and liabilities, including reasonable counsel fees, incurred by or imposed upon him or her in connection with any action, suit or proceeding, civil or criminal, to which he or she may be made a party, or in which he or she may become involved, by reason of being or having been a director, officer or employee of the Cooperative, or any settlement thereof, whether or not he or she is a director, officer or employee at the time such expenses are incurred, except in relation to matters as to which he or she is adjudged, in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Cooperative. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or employee may be entitled.

Section 7

ACCOUNTING SYSTEM AND REPORTS

The board of directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may be designated by the Administrator of the Rural Electrification Administration of the United States of America. The board of directors, after the close of each fiscal year, shall cause to be made, by an independent certified public accounting firm, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year.

Section 8

REMOVAL OF DIRECTORS

Any member may bring charges against a director by filing them in writing with the Secretary of the Cooperative, together with a petition signed by members equal in number to ten percent of the entire membership of the Cooperative or three hundred members, whichever is the lesser, which requests the removal of such board member by reason thereof.

A director of the Cooperative may be removed only for cause, and cause, as defined in the context, means malfeasance, misfeasance or nonfeasance adversely affecting the corporate interests. Cause does not mean action taken or decisions made in the exercise of the office in matters of a discretionary nature, or good faith acts of a director exercising honest business judgment on behalf of the Cooperative.

Each petition presented pursuant to this section shall contain a statement of the charges against the director and the request for such director's removal, and the signatures of members of the Cooperative as of the date such petitions are filed with the Secretary, and each signature shall be affixed before a notary public who shall acknowledge the signing thereof.

The Secretary shall, upon receipt of the charges and petition or petitions against a director, transmit them with all convenient haste, to an arbitrator chosen jointly by the member or members bringing the charges and the Secretary under the Commercial Arbitration Rules of the American Arbitration Association on the question of whether or not cause has been stated in the charges under the definition of cause which has been stated in this section, and on any other issue or matter concerning the recall request.

In the event that the arbitrator determines that the charges set forth cause as herein defined, the removal shall be voted upon at the next regular meeting of the members or at any special meeting of the members convened prior to the date of the next regular meeting. Any vacancy created by such removal may be filled by the members at such meeting without compliance with the foregoing provisions with respect to nomination. In the event that the arbitrator determines that cause has not been stated, the question of removal shall not be presented to the membership, and all expenses of the arbitration shall be borne by the member or members submitting the request for removal.

The director against whom such charges have been brought shall be informed in writing of the charges thirty days prior to the meeting and shall be given the opportunity to be heard at the meeting in person or by counsel or both, and to present evidence; and the member or members bringing the charges against him shall have the same opportunity.

Section 9

LIMITATION OF LIABILITY

A director shall not be liable to the corporation or to its members for breach of fiduciary duty as a director,

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provided that such exemption from liability for breach of fiduciary duty shall not be construed to eliminate or limit the liability of a director to the corporation or to its members for monetary damages for:

- a) a breach of the director's duty of loyalty to the Cooperative or to its members; or,
- b) an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law; or,
- c) an act or omission of the director for which the statutes of the State of Colorado have specified as being an act which may give rise to the liability of a director; or,
- d) a transaction from which the director derived an improper personal benefit; or,
- e) an act or omission of a director occurring prior to March 19, 1988.

No person shall be liable to the Cooperative for any loss or damage suffered by it on account of any action taken or omitted to be taken by him or her as director, officer, agent, or employee of the Cooperative in good faith, if this person:

- a) relied upon financial statements of the Cooperative represented to him or her to be correct by the President or other officer of the Cooperative having charge of its books of account, or stated in a written report by an independent public or certified public accountant or firm of accountants, fairly to reflect the financial condition of the Cooperative; or considered the assets to be of their book value; or,
- b) relied upon the advice of legal counsel for the Cooperative.

ARTICLE V 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 Fort Morgan, Colorado, as the board of directors may provide by resolution. Such regular monthly meetings may be held without notice other than the resolution fixing the time and place thereof.

Section 2 SPECIAL MEETINGS

Special meetings of the board of directors may be called by the President or any three directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place, within the service

territory of the Cooperative, for the holding of any special meeting of the board of directors called by them.

Section 3 NOTICE

Unless waived, notice of the time, place and purpose of any special meeting of the board of directors shall be given at least ten days before the special meeting, by notice, delivered personally, which may be by telephone, or by mail, to each director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid, at least ten days before the date of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4 QUORUM

A majority of the nine directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time. Absent members shall be notified, as provided in Section 3, above, of the time and place of such adjourned meeting.

ARTICLE VI OFFICERS

Section 1 NUMBER

The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer, and such other officers as may be provided by the board of directors. The offices of Secretary and Treasurer may be held by the same person.

Section 2 ELECTION AND TERM OF OFFICE

The board of directors, at the first regular meeting after the annual meeting of the members, shall elect by ballot, from the membership of the board, a President, Vice President, and Treasurer. The board shall also, at the

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same meeting, elect a Secretary, who shall be a member of the Cooperative, but need not be a director to qualify for the office of Secretary. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until the next regular election of officers or until his or her successor shall have been elected.

Section 3 REMOVAL

Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever, in its judgment, such removal will serve the best interests of the Cooperative.

Section 4 VACANCIES

Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the directors for the unexpired portion of the term.

Section 5 PRESIDENT

The President:

- a) shall be the principal executive officer of the Cooperative and, unless otherwise determined by the President or the board, shall preside at all meetings of the members and of the board of directors;
- b) shall sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the board of directors; and may sign any deed 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 bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and,
- c) in general, shall perform all duties incident to the office of President and such other duties as shall be prescribed by the board.

Section 6 VICE PRESIDENT

In the absence of the President, or in the event of the President's 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 office of President. The Vice President shall perform such other duties as shall be assigned by the board.

Section 7 SECRETARY

The Secretary shall:

- a) keep the minutes of the members and the board of directors in one or more books provided for that purpose;
- b) see that all notices are duly given in accordance with these bylaws or as required by law;
- c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue 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 bylaws;
- d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the board of directors;
- f) have general charge of the books of the Cooperative in which a record of the members is kept;
- g) keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member; and
- h) in general, perform all duties as shall be assigned by the board.

Section 8 TREASURER

The Treasurer shall:

- a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- c) in general, perform all the duties incident to the office of Treasurer and such other duties as shall be assigned by the board.

Section 9 MANAGER

The board of directors 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 have such authority as the board of directors shall, from time to time, specify.

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Section 10 BONDS OF OFFICERS

The board of directors may require the Treasurer and any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property to 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 necessary and proper.

Section 11 COMPENSATION

The 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. Included therein shall be reports showing the financial condition of the Cooperative as of the date of the last audit by an independent certified public accounting firm.

ARTICLE VII CONTRACTS, CHECKS AND DEPOSITS

Section 1 CONTRACTS

Except as otherwise provided in these bylaws, the board of directors may authorize any officer or agent 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 made general or be 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 be specified by resolution of the board of directors.

Section 3 DEPOSITS

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

ARTICLE VIII MEMBERSHIP CERTIFICATES

Section 1 CERTIFICATES OF MEMBERSHIP

Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the board of directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2 ISSUE OF MEMBERSHIP CERTIFICATES

No membership certificated shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid, the membership application approved by the board of directors and any and all easements and rights-of-way for the Cooperative's facilities from the applicant deemed necessary by the board of directors have been executed and delivered.

Section 3 LOST CERTIFICATE

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued upon such terms and upon such indemnity to the Cooperative as the board of directors may prescribe.

ARTICLE IX REVENUES AND RECEIPTS

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

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Section 2 PATRONAGE CAPITAL

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 (which may be referred to as "operating margins") 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 attributable to the purchase and sale of electric energy by the Cooperative. 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. Further, such books and records of the Cooperative shall, in addition, separately identify that portion of capital credited to a patron's account which corresponds to such patron's pro-rata share of capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative (which is hereinafter called "power supply capital" or "power supply capital credits" as distinguished from a patron's "electric energy capital credits").

The Cooperative shall, within a reasonable time after the close of the fiscal year, notify each electric energy patron of the amount of capital so credited to such patron's account, separately designating that portion of electric energy capital credits which is credited as power supply capital credits. All amounts credited to a capital account of any patron shall have the same status as though such amounts had been paid to the patron in cash, pursuant to 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 (which may be referred to as "non-operating margins") 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 patrons on a patronage basis in accordance with the provisions of this Article IX, or set aside in whole or in part for contingencies or future replacement of plant facilities. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits, including power supply 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 directors shall determine that the financial condition of the Cooperative will not be impaired thereby, capital credits, including power supply capital, then credited to patrons' accounts may be retired in full or in part; provided that, no power supply capital for any given year shall be retired prior to a general retirement of other capital credited to patrons for that year or any year prior thereto.

Any such retirements of capital credits 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 first retired, provided, however, that cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year, subject to the requirements that at least fifty percent of such cash shall be applied to the retirement of the oldest outstanding capital credits or delayed patronage credits as hereinabove provided. In any case, however, the board of directors shall have the power to adopt from time to time rules providing for the separate retirement of power supply capital credits, so long as such rules are consistent with the foregoing prohibition that precludes a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

Notwithstanding any other provision of these bylaws, the board of directors, at its discretion, shall have the power at any time upon the death of any natural person who was a member and patron, if the legal representatives 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 bylaws, to retire capital credited to any such person immediately upon the terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such person's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. In making retirement of capital credited to the account of the estate of a deceased person, any power supply capital credits not previously retired by payment thereof by the power supplier to the Cooperative may be separately treated, and, under policies of general application, may be withheld and not paid over until the Cooperative makes a general retirement of such power supply capital under the provisions of this article and section.

To secure the payment of an indebtedness of a member or patron to the Cooperative, the Cooperative shall have a first lien upon all properties, interests, capital investments, net margins and any and all capital or capital credits allocated to and held for the benefit or account of any such member or patron. As a means of enforcing its lien, the cooperative shall be entitled to offset or recoup any debt of a patron to the cooperative with a corresponding amount of the patron's capital credits and with any other of patron's property rights and interests in the cooperative.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons 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.

ARTICLE X WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meeting required to be given by these bylaws.

ARTICLE XI DISPOSITION OF PROPERTY

The board of directors shall have power to sell, lease, exchange, mortgage, pledge or to make other disposition of the business, property, assets or franchises of the Cooperative upon such terms and conditions and for such considerations, which may consist in whole or in part of money or property, real or personal, as shall be authorized by said board.

Whenever it is proposed that the Cooperative sell, exchange, lease or make any other disposition of a principal part or all of the business, assets, property or franchises of the Cooperative not in the usual course of the business of the Cooperative, such sale, exchange, lease or other disposition shall not be made unless and until authorized at a meeting of the members of the Cooperative by an affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless notice of such proposed sale, exchange, lease or other disposition shall have been contained in a notice of said meeting delivered personally or mailed at least forty-five days prior to the day of said meeting.

ARTICLE XII 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, Colorado."

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

ARTICLE XIII

AMENDMENTS

These bylaws may be altered, amended or replaced by the directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

MORGAN COUNTY RURAL ELECTRIC ASSOCIATION

STATEMENT OF NONDISCRIMINATION

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at How to File a Program Discrimination Complaint and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture; Office of the Assistant Secretary for Civil Rights; 1400 Independence Avenue, SW; Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

This institution is an equal opportunity provider and employer.

Morgan County Rural Electric Association
P.O. Box 738
Fort Morgan, Colorado 80701-0738

ROLL OF CORPORATE DIRECTORS 1937 to Present

(*denotes Charter Director)

DISTRICT 1

Ernest Rosener* 1937-1956
William J. Kammerer 1956-1985
Marguerite D. Baugh 1985-2010
Cary L. Wickstrom 2011-Present

H.W. Bigler* 1937-1961
Roy C. Johnson 1962-1984
Timothy Hoffner 1984-2003
Timothy Peggram 2003-Present

O.E. Kinnaman* 1937-1941
Charles Sargent 1941-1944
Vester Carder 1944-1962
Merl E. Dunham 1962-1977
Edwin L. Weickum 1977-1990
Brian D. Schlagel 1990-Present

DISTRICT 2

W.F. Tormohlen* 1937-1972
Jacob Kosman, Jr. 1972-1993
David E. Arndt 1993-Present

G.E. Trewet* 1937-1952
Joe Southard 1952-1956
Edward Pumphrey, Jr. 1956-1966
William M. Work 1967-1971
Elmer Sagel 1971-1985
Edwin C. Jess 1985-1991
William Grant Midcap 1991-2017
Terry W. Tormohlen 2018-Present

J.R. Henderson* 1937-1950
Arthur Westhoff 1950-1951
J. R. Christensen 1952-1957
Harold Schocke 1958-1974
Edwin C. Jess 1974-1983
Donald E. Neb 1983-2004
Ronald Hocheder 2004-2010
Randolph D. Graff 2010-Present

DISTRICT 3

N.C. Wagers* 1937-1968
Wesley K. Swan 1968-1989
Arven N. Vondy 1989-2002
Larry Hoozee 2002-Present

George T. White* 1937-1970
George R. White 1970-1985
G. Allyn Wind 1985-2015
Brian Pabst 2015-Present

C.C. Daily* 1937-1972
Martin H. Krueger 1972-1996
Casper Hergenreter, Jr. 1996-2017
Terry Linker 2017-Present