

**BY-LAWS of
KIT CARSON ELECTRIC COOPERATIVE, INC.
(Hereinafter called the "Cooperative")
ARTICLE I.**

SECTION 1. Eligibility, Terms and Requirements of Membership. Except as otherwise provided in these By-Laws, any person, association, corporation, partnership, limited liability company or body politic (each hereinafter referred to as "Person" or "Entity") may become and remain a member of Kit Carson Electric Cooperative, Inc., ("Cooperative") only if: (1) the Person or Entity has the capacity or ability to enter into legally binding contracts; and (2) the Person or Entity receives or purchases electric energy or other electrical distribution services (collectively, "Cooperative Services") from the Cooperative. The purpose of this section is to assure that all Persons and Entities being served by the Cooperative, are members with full voting rights and privileges and subject to all the duties and obligations of membership.

Except as otherwise provided in these By-Laws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies ("Occupies") a residence, office, building, facility or other location ("Location"):

- (a) Occupied by a second Person, other than a landlord, tenant or similarly related Person, who: (i) is a Member, other than a Joint Member; or (ii) owes the Cooperative for a Cooperative Service provided to or for the Location, if the first Person occupied the Location when the Cooperative provided the Cooperative Service; or
- (b) Previously occupied by an Entity, owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service provided to or for the Location.

A Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one membership in the Cooperative. Persons occupying a Location to or for which the Cooperative provides a Cooperative Service may not hold more than one membership in the Cooperative.

When a member only has need for seasonal electric service, the member shall not cease being a member upon seasonally ceasing to receive and use such service unless such cessation is intended thereafter to be permanent. A legal representative of an estate of a deceased natural person who was a member, or a Person in bankruptcy proceedings, shall be eligible for membership during all times that the Cooperative serves the estate or Person.

SECTION 2. Joint Membership.

(a) If service is or has been applied for by either spouse of a married couple, or held in the name of either spouse, the two of them shall constitute one joint membership, unless both sign a written request that only one of them shall be a member. Joint memberships shall be subject to the provisions of these By-laws. All provisions relating to the rights, terms, obligations, and liabilities of membership shall apply equally, severally and jointly to them.

(b) The presence at a meeting of either or both shall constitute the presence of one member, and a joint waiver of notice of the meeting.

(c) The vote of either or both shall constitute one joint vote. If the vote is at a meeting or a polling place, the first to vote will be counted, but if there is a dispute as to which may vote, the right to vote will be suspended until the dispute is resolved between the spouses.

- (d) Notice to, or waiver of notice signed by either or both shall constitute, respectively, a joint notice or waiver of notice.
- (e) Termination of service shall constitute termination of the membership as a joint membership.
- (f) Either, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if the person serving meets the qualifications for such office.
- (g) The presence at a meeting of either shall constitute the presence of a member for the purposes of establishing the presence of a quorum.
- (h) Upon the death of either of the spouses of a joint membership or their legal separation or divorce, such membership shall continue to be held solely by the survivor or by the separated or divorced one, whichever be the case, who continues to occupy or use the premises served by the Cooperative, in the same matter and to the same effect as though such membership has never been joint; provided, the estate of the deceased spouse or the other separated or divorced spouse shall not be released from any debts due the Cooperative.
- (i) Upon the death of either spouse without leaving a surviving spouse, the membership of such joint member shall terminate when the Cooperative is advised in writing of the death of the surviving spouse, and the consumer taking service at the same location or through the same facilities, is required to make application for membership and service, or the Cooperative may terminate service.

SECTION 3. APPLICATION FOR MEMBERSHIP, RENEWAL OF PRIOR MEMBERSHIPS. There shall be no membership fee, but persons and entities desiring to receive Cooperative Services shall complete an application for service which shall be in writing on such form as is provided by the Cooperative. Membership shall commence on the date the person or entity begins to receive service(s) from the Cooperative. The legal representative of an estate of a deceased natural person or a member in bankruptcy shall continue as a member during the time that the estate or entity received Cooperative Services.

SECTION 4. RECOGNITION OF MEMBERS. Upon discovery that the Cooperative is furnishing electric and/or other services to any person or entity other than the one who has made written application therefore, the Cooperative shall cease furnishing such service unless such person or entity makes application, in which case the applicant shall be recognized as being a member from the date such person or entity first began receiving such service(s). The Cooperative, to the extent practicable, and if necessary, shall correct its membership and related records accordingly. By receiving service and becoming a member of the Cooperative, applicants for service agree to be bound by the Cooperative's Articles of Incorporation, By-Laws and all rules, regulations, policies, rate classifications and rate schedules as the same may exist or may thereafter be adopted, repealed or

ARTICLE IX DISPOSITION OF PROPERTY

The Cooperative may not sell, convey, lease, exchange, transfer or otherwise dispose of all or any substantial portion of its property unless such sale, conveyance, lease, exchange, transfer or other disposition is authorized at a duly held 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; provided, however, that notwithstanding anything herein contained, or any other provisions of law, the Board of Trustees of the Cooperative, without authorization by the Members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging, assignment for security purposes 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 there from, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative.

ARTICLE X FISCAL YEAR

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

ARTICLE XI MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member in one (1) or more other Cooperatives or corporations, or own stock therein, if and when such membership or owning of stock be authorized by a Resolution duly adopted by the Board of Trustees at any regular or special meeting of such Board of Trustees.

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, New Mexico."

ARTICLE XIII AMENDMENTS

These By-Laws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration amendment or repeal.

June 08, 2019, As Amended

account shall deduct there from any amount owing by such member to the Cooperative, together with interest thereon at the New Mexico legal rate on judgments in effect when such amount became overdue, compounded annually; and, the Cooperative shall have a lien on such Capital Credits.

Regardless of a statute of limitation or other time limitation, after allocating Capital Credits to a member or former member, the Cooperative may recoup, offset, or set off an amount owed to the Cooperative by the member or former member, including any compounded interest, by reducing the net present value amount of the Capital Credits allocated to the member or former member by the amount owed to the Cooperative.

SECTION 3. CHARITABLE ASSIGNMENT OF PATRONAGE CAPI-TAL. The Board of Trustees may cause the establishment of a charitable trust, foundation or not-for-profit corporation ("charity") for the purpose of receiving transfers of patronage capital in accordance with these By-Laws and using the same for educational scholarships and other charitable uses. The declaration, charter or other organizational instruments approved by the Board shall set forth specifically the duties and purposes of the charity. The trustees, officers and employees of the Cooperative who administer such funds shall be entitled to indemnification from the Cooperative to the same extent as if such service was to the Cooperative itself. If a charity is established:

(a) Any member may assign in writing in a form acceptable to the Cooperative all or any portion of that member's Capital Credits, vested or expected, or any other monies to such a charity, effective as of the date of assignment,

(b) Any distribution of Capital Credits or other member monies or deposits which has become vested after 1995 to a member or former member who has not claimed it, or corresponded in writing with the Cooperative concerning it, within two (2) years after the date prescribed for the distribution shall be deemed to have been irrevocably assigned and donated to such charity, provided that the Cooperative shall give such member or former members at least sixty (60) days notice, either by mailing to the last address shown in the Cooperative's records or by publication at least once each week for two (2) successive weeks in a newspaper or general circulation in the county in this state in which is located such last known address, that such assignment and gifts shall be effective if that person does not claim the same before the expiration of the two-year period;

(c) Any assignment and donation under these By-Laws shall be first offset, by way of deduction, against any unpaid amounts owed to the Cooperative.

(d) The Board of Directors of the Charity shall be composed of members from the Cooperative's Sections, as defined in the Cooperative's By-Laws, appointed by the Cooperative Board of Trustees. No member of the Board of Trustees shall be eligible to serve on the Board of Directors of the Charity.

ARTICLE VIII WAIVER OF NOTICE

Any member or trustee may waive, in writing, any notice of meeting required to be given by these By-Laws. In case of joint membership, a waiver of notice signed by either husband or wife, spouse or spouses, shall be deemed a waiver of notice of such meeting by both joint members.

amended (the obligations embraced by such agreement being hereinafter called "membership obligations"). Any person or entity who before adoption or amendment of these By-Laws was a member of the Cooperative because of service there from, except for such persons or entities that purchased only propane from the Cooperative, shall continue to be a member while receiving services, subject to other provisions of these By-Laws, with full voting rights and privileges and subject to all the duties and obligations of membership. The Cooperative may refuse to furnish service upon determination that the person or entity is not willing or is not able to abide by the membership obligations or for other good cause.

SECTION 5. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the member's premises within the Cooperative service area and shall pay therefor monthly, at rates which shall, from time to time, be fixed by the Board of Trustees; provided, however, that the Board of Trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished, as provided in these By-Laws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees, from time to time. Each member shall, also, pay all amounts owed by him to the Cooperative, as and when the same shall become due and payable.

SECTION 6. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE.

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

SECTION 7. PROPERTY INTEREST OF MEMBERS. In the event of dissolution, after (a) all debts and liabilities of the Cooperative have been paid or adequate provision has been made therefore, and (b) all Capital Credits furnished through patronage shall have been retired on a pro rata basis as provided by the By-Laws in Article VII, the remaining property and assets of the Cooperative shall be distributed among the members and former members, to the extent practicable as determined by the Board of Trustees, in proportion to the aggregate patronage of each member or former member during the seven years next preceding the date of filing of the certificate of dissolution.

SECTION 8. EXPULSION OF MEMBERS. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative, or these By-Laws, or any rules or regulations adopted, from time to time, by the Board of Trustees, provided, however, that such member shall have been given written notice by the Secretary of the Cooperative that such violation or refusal subjects him to such expulsion, and at least ten days thereafter shall have elapsed and such violation or refusal shall have continued for at least ten days after such notice. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with

respect to any such reinstatement shall be final. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase electric energy from the Cooperative for a period of six (6) months/may be cancelled without notice by resolution of the Board.

SECTION 9. TERMINATION OF MEMBERSHIP. No membership shall be terminated during the time that a member is receiving service from the Cooperative: provided, however, that the Cooperative may terminate service pursuant to its rules and regulations if the member is delinquent in payment of amount due the Cooperative. The membership of any member who has ceased to receive service from the Cooperative shall be terminated without further action by either the member or the Cooperative. Upon the termination of membership, the former member shall be entitled to a refund of the security deposit, if any was paid to the Cooperative less any amounts due the Cooperative. The former member shall not be released from any debts or other obligations then due the Cooperative.

The cessation of the legal existence of any other type of member shall automatically terminate such membership; provided, upon the dissolution of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining partner and/or new partner or partners and who continue to own, lease as lessor or lessee, or directly to occupy or use the premises being furnished services pursuant to such membership, in the same manner and to the same effect as though such membership has never been held by different partners. Neither a withdrawing partner nor his/her estate shall be released from any debts then due the Cooperative by the partnership.

SECTION 10. REMOVAL OF TRUSTEES AND OFFICERS. Any member may bring one or more charges ("charge") against a trustee and may request the removal of such trustee by reason thereof by filing with the Secretary such charge in writing together with a petition signed by not less than three percent (3%) of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge and, if one or more trustees are recalled, to elect their successors, and which specifies the place, time and date thereof not more than forty-five (45) days after the filing of such petition or requests the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty-five (45) days after the filing of such petition. Each page of the petition shall in the forepart thereof, state the name, and address of each member filing such charge, a verbatim statement of such charge and the name of each trustee against whom such charge is being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. A notice setting forth the charge, the name of the trustee against which the charge has been made, the name(s) of the member(s) filing the charge, and the date, place and purpose of the meeting shall be mailed to each member not less than twenty (20) days before the meeting at which the matter will be acted upon. Provided, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing the charge if twenty (20) or more members file the same charge against the same trustee. Such trustee shall be informed, in writing, of the

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 before any payments are made in distribution of assets. If, at any time before dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the Capital Credits may be retired in full or in part. Any such retirement of capital furnished before January 1, 1997, 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. As to capital furnished on or after January 1, 1997, the Board shall determine the method, amount, priority, timing and order of making such retirements, if any, for all amounts therefore and thereafter furnished as capital. As reasonable and fair, the Board may allocate capital credits to classes of similarly situated members under different methods, priority, timing and order; provided the Board allocates capital credits to similarly situated members under the same method, priority, timing and order; provided, the Board shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric energy or any other service, product or commodity to the Cooperative ("Affiliated Capital Credits"). Such rules shall (a) establish a method for determining the portion of such Affiliated Capital Credits to each member for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such Affiliated Capital Credits to the Cooperative's members, (c) provide for appropriate notifications to members with respect to such Affiliated Capital Credits, and (d) preclude a general retirement of such Affiliated Capital Credits to members for any fiscal year before the general retirement of other Capital Credits to members from the same year or of any Capital Credits for any prior fiscal year.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative only pursuant to written instruction from the assignor, unless the Board, acting under policies of general application, shall determine otherwise; however, members shall be freely permitted to assign their Capital Credits to the Cooperative as a donation.

Notwithstanding any other provision of these By-Laws, the Board, at its discretion, shall have the power at any time upon death of any member who was a natural person or upon the bankruptcy, termination, liquidation or dissolution of an entity, if the legal representatives of his/her estate or of the entity request, in writing, that the Capital Credits to any such member be retired before the time such capital would otherwise be retired under the provisions of these By-Laws, to retire Capital Credits to such members upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby; provided further however, that the aggregate amounts so retired in any one (1) year shall not exceed Five Hundred Dollars and 00/100 Dollars (\$500.00); and provided further however, that if acting under policies of general application, the amount mentioned above is not sufficient to retire the Capital Credits to any such member(s), such member(s) shall have said sums retired in the next succeeding year before any other retirements are made in such succeeding year.

The Cooperative, before retiring any Capital Credits to any member's

SECTION 2. PATRONAGE CAPITAL. The Cooperative's operations shall be so conducted that all members will, through their patronage, furnish Capital for the Cooperative. The Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of Cooperative Services in excess of operating costs and expenses properly chargeable against the furnishing of Cooperative Services as determined by a cost of service study or other means by the Board ("Operating Margins"). For each Cooperative Service, the Cooperative shall annually allocate to each member Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service used, received or purchased by each member during the applicable fiscal year ("Capital Credits"). All amounts in excess of operating costs and expenses are received with the understanding that they are furnished by the members-as capital. 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 capital, if any, so furnished by each member is credited in an appropriate record to that member's capital account, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the Capital Credits' provided, individual notices of such Capital Credits shall not be required if the Cooperative notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine for himself/herself/itself the specific amount of Capital Credits which 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 corresponding amounts for capital. (All other amounts received by the Cooperative from its operations other than in the furnishing of Cooperative services in excess of costs and expenses may in the discretion of the Board of Trustees and insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year as may be determined above for each Cooperative service,(b) charged to the reserve account of each Cooperative Service, and (c) to the extent not needed for these purposes, allocated to its members on a patronage basis, and any amount so allocated shall be included as part of the Capital Credits of members as herein provided for each Cooperative service.)

If the operating costs and expenses exceed the amount received and receivable from the furnishing of Cooperative Services ("loss"), the Board of Trustees shall have the authority to prescribe a fair and equitable manner in which such loss shall be handled, including but not limited to, (1) the cancellation of prior year capital credits of the loss year members, (2) the carrying forward of the loss to offset the allocation to be made from the Operating Margins resulting from the furnishing of Cooperative Services in future years, and/or (3) the offsetting of the loss against revenue received other than from the furnishing of Cooperative Services. The cancellation of prior year capital credits will be done in the order of priority against capital first received by the Cooperative from those members who were active members of the Cooperative in the year of the loss. Losses subject to this paragraph will be determined in the same manner and method that Capital Credits are calculated and allocated to members under a pre-existing obligation as provided above for each Cooperative Service.

charge after it has been validly filed at least (20) days prior to the meeting of the members at which the charge is to be considered, and shall have the opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charges; and the person bringing the charge shall have the same opportunity, but must be heard first. The question of the removal of such trustee shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that the question of the removal of a trustee shall not be voted upon at all unless some evidence in support of the charge against him shall be presented during the meeting through oral statements, documents or otherwise. A newly elected trustee shall be from the same district as was the trustee whose office he succeeds and shall serve the unexpired portion of the removed trustee's term.

ARTICLE II MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING. The Annual Meeting of the Members shall be held on a Saturday in April of each year, except if such meeting, for any reason, cannot be held on that day, the date of the meeting shall be set by the Board of Trustees. The Annual Meeting shall be a meeting to conduct the business of the Cooperative. District meetings shall be held solely for electing Trustees; no business of the Cooperative shall be conducted at District Meetings. Elections shall take place at the time determined by Board policy in the respective Districts on the dates for the District meetings set forth below:

DISTRICT ONE (1) meeting shall be held in the Town of Taos, New Mexico on the second Tuesday of May each year when a Trustee is to be elected from that District.

DISTRICT TWO (2) meeting shall be held in the Town of Questa, New Mexico on the second Thursday of May of each year when a Trustee is to be elected from that District.

DISTRICT THREE (3) meeting shall be held in the Town of Ojo Caliente, New Mexico on the third Monday of May of each year when a Trustee is to be elected from that District.

DISTRICT FOUR (4) meeting shall be held in the Town of Penasco, New Mexico on the third Wednesday of May of each year when a Trustee is to be elected from that District.

DISTRICT FIVE (5) meeting shall be held in the Village of Angel Fire, New Mexico on the third Friday of May of each year when a Trustee is to be elected from that District.

The areas contained in the above-mentioned Districts are more particularly set forth in Article III, Section 3, of these By-Laws.

The place of meeting shall be designated in the notice of the meetings for the purpose of electing Trustees and the annual meeting. If the election of Trustees shall not be held on the day designated herein for any meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members in that particular District as soon thereafter as conveniently may

be done. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by the Board of Trustees, by any three (3) trustees, by the President, or upon a written request signed by at least ten per centum (10%) of all members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meeting of the Members may be held at any place within the territory served by the Cooperative, as 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 special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days, nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, by or at the discretion of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address, as it appears upon the records of the Cooperative, with the postage thereon prepaid. In case of a joint membership notice given to either husband or wife, spouse or spouses shall be deemed notice to both joint members. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action, which may be taken by the members at any such meeting. The attendance of any member or members without notice or the signing by them of a waiver of notice will obviate the necessity of giving the notice provided for in this section.

SECTION 4. QUORUM. Two percent (2%) of the members of the Cooperative shall constitute a quorum for the transaction of business at all meetings. In case of a joint membership the presence at a meeting of husband or wife, spouse or spouses or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, the majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING BY MEMBERS. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the articles of incorporation of the Cooperative, or these By-Laws. If a husband and wife, spouse or spouses hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At the meetings to be held in the various districts for the purpose of electing Trustees, the members from those districts shall vote only for the candidates from their particular district. There shall be no voting by Proxy.

A corporation, association, body politic or multiple ownership-type business structure may vote through any officer, director, or manager of its organization or business enterprise (herein the "authorized representative"). Should a question arise as to what individual may vote for any such entity, the right of said member to vote shall be suspended until such time as the Cooperative shall have received, in writing, a designation of the person entitled to vote by the governing board or proper authority of the member entity.

manager shall perform such duties as the Board of Trustees may, from time to time, require of him, and shall have such authority as the Board of Trustees may, from time to time, vest in him.

SECTION 10. BONDS OF OFFICERS. The Board of Trustees shall require the Treasurer or 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 Trustees shall determine. The Board of Trustees in its discretion may, also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. COMPENSATION. The compensation, if any, of an officer, agent or employee who is, also a Trustee, or close relative of a Trustee, shall be determined by the members, as provided elsewhere in these By-Laws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Trustees.

SECTION 12. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the member's reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. Except as otherwise provided in these By-Laws, the Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and 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 of the Cooperative and in such manner as shall from time to time be determined by Resolution of the Board of Trustees.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited, from time to time, to the credit of the Cooperative in such bank, or banks, as the Board of Trustees may select.

ARTICLE VII 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 members. No interest or dividends shall be paid or payable by the Cooperative on any capital by its members.

(c) In general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 6. 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 and shall perform such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 7. SECRETARY. The Secretary shall:

- (a) Keep the minutes of the meetings of the members and the Board of Trustees in one or more books provided for the purpose;
- (b) See that all notices are duly given in accordance with these By-Laws, or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative, and 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 By-Laws;
- (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 Trustees;
- (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 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
- (h) 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 Trustees.

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 those By-Laws; and
- (c) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 9. MANAGER. The Board of Trustees may appoint a Manager who may be, but who shall not be required to be, a member of the Cooperative. The

SECTION 6. VOTING LIST. The Secretary of the Cooperative shall cause to be made, and kept current, a complete list of the members entitled to vote at any meeting of members, arranged in alphabetical order, which list shall contain the mailing address of each member to be kept on file at the principal office of the Cooperative which shall be subject to inspection pursuant to policies of the Cooperative. Such lists shall also be produced and kept open at the time and place of any meeting of members and be subject to the inspection of any member during the meeting. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at such meeting. The Cooperative may require, before a member is authorized to inspect a list of members' names and addresses, that the member requesting such inspection furnish an affidavit that such inspection is not desired for a purpose which is in the interest of a business or object other than the business of the Cooperative; and, that the member has not at any time sold or offered for sale any list of members, will not use the list for any purpose contrary to the interests of the Cooperative, or has aided or abetted any person in procuring any such list of members for any such purposes.

SECTION 7. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially, as follows:

1. Call of the Roll.
2. Reading of the Notice of meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, trustees and committees.
5. Election of trustees.
6. Announcement of the Trustee election results.
7. Unfinished business
8. New business
9. Adjournment

ARTICLE III TRUSTEES

SECTION 1 (a). GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of Eleven (11) Trustees, which shall exercise all of the powers of the Cooperative, except such as are by Law or by the Articles of Incorporation of the Cooperative, or by these By-Laws conferred upon or reserved to the members.

SECTION 1 (b). The Board of Directors shall be empowered and authorized to subscribe to enchantment magazine on behalf of and for circulation to the individual consumers of the Cooperative at an annual subscription rate which shall not be less than \$4.00 nor more than \$8.00 and such subscription shall be paid for each member by the Cooperative from any funds accruing in favor of each member so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 2. QUALIFICATIONS AND TENURE. Beginning with the year 1968, the Trustees of the Cooperative shall be divided into two (2) classes. The first class shall consist of four (4) Trustees, two (2) from Section One and two (2) from Section Two. The second class shall consist of seven (7) Trustees, two (2) from Section One, one

1) from Section Three, two (2) from Section Four, and two (2) from Section Five. All Trustees of the second class, whose term of office expires on the date of the Annual Meeting in 1968, shall be elected for a term of four (4) years. Trustees of the first class, whose term of office expires at the date of the Annual Meeting in 1969, shall be elected for a term of four (4) years. Thereafter in each year in which Trustees are to be elected, a number of Trustees shall be elected equal to the number whose terms expire on the date of the Annual Meeting of that year, and shall be installed to hold office until the fourth (4) succeeding Annual Meeting or until their successors shall have been elected and shall have qualified, subject to the provisions of these By-Laws, with respect to the removal of Trustees. A Trustee shall be elected by a plurality vote of the members of the Section which he/she represents. No person shall be eligible to become or remain a Trustee of the Cooperative who:

- (a) Is not a bona fide resident in the District in which he/she is seeking election or is elected; or;
- (b) has been adjudged to be guilty of a felony and has not been pardoned by federal or state authorities; or
- (c) Is a Close Relative (as defined below) of an incumbent Trustee or of an employee of the Cooperative; or
- (d) Has been employed by the Cooperative in the past three (3) years; or
- (e) Has not been, for at least sixty (60) days before his/her election, or who ceases after his/her election to be, a Member in Good Standing of the Cooperative. "Good Standing" means that a person has not consistently been, more than sixty (60) days, delinquent in paying his/her undisputed obligations during the twelve (12) months preceding his/her election, whether at Kit Carson Electric Cooperative, Inc., or a previous utility company; and, does not at that time or during his/her incumbency become so delinquent or refuse or decline to fulfill any of his/her Membership Obligations; or
- (f) Has not been a member of the Cooperative for the immediately preceding twelve (12) months; or
- (g) Is not, a natural person, at least eighteen (18) years of age; or
- (h) Is employed by or has a fiduciary relationship in a competing enterprise; or
- (i) Has been debarred or suspended under applicable law.

A "close relative" means an individual who

- (a) Is, either by blood, law or marriage, defined as self, step, foster, and adoptive relations, a spouse, child, grandchild, parent, brother or sister or in-law of a Trustee or employee.
- (b) An employee shall not lose eligibility to continue in the employment of the Cooperative if he or she becomes a Close Relative of a Trustee or an employee because of a marriage or adoption to which he or she was not a party. A "spouse" as defined includes persons who are not legally married, but are living together as if they were married.

If a Trustee is holding office in violation of any of the foregoing provisions the Board shall remove such Trustee from office after a hearing duly called to consider such issue, at which hearing the Trustee in question shall be entitled to present his/her side of the issue. When a membership is held jointly by a husband and wife, spouse or spouses either one, but not both may be elected a Trustee. Nothing in this Section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any

provided, however, that said Trustees or any of them may waive in writing the notice provided in this Section.

SECTION 4. QUORUM. A majority of the Board of trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, provided, that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting.

SECTION 5. MANNER OF ACTING. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE V OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot, annually by and from the Board of Trustees, at the first meeting of the Board of Trustees held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding Annual Meeting of the Members, or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws with respect to the removal of officers.

SECTION 3. REMOVAL. Any officer or agent selected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Cooperative will be served hereby.

SECTION 4. VACANCIES. Except as otherwise provided in these By-Laws, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President:

- (a) Shall be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Trustees;
- (b) Shall sign, with the Secretary certificates of membership, the issue of which shall have been authorized by Resolution of the Board of Trustees, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-Laws to some other officer or agent of the Cooperative, or shall be, required by law to be otherwise signed or executed; and

made (1) by the Board of Trustee by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable and a quorum of disinterested Trustees so directs, by independent legal counsel, or (3) by the Members at any annual or special meeting.

The foregoing right of indemnification is not exclusive of any other rights to which a person seeking indemnification may be entitled under any agreement, vote of members or trustees or otherwise, and shall inure to the benefit of the heirs and personal representatives of the person. In addition, the Board may, in the discretion of the Board of Trustees, authorize the purchase of a policy or policies of insurance against any liability of the Cooperative to indemnify any person as provided in this Article, containing such terms and conditions as the Board may deem appropriate. The policy and policies may include provisions for the direct indemnification of trustees, officers or other persons and for expenses of a kind not specifically subject to indemnification as provided in this Article.

ARTICLE IV MEETING OF TRUSTEES

SECTION 1. REGULAR MEETINGS, NON-FUNCTIONING TRUS-TEE. A regular meeting Of the Board of Trustees shall be held without notice other than this By-Law immediately after, and at the same place as the Annual Meeting of the Members. A regular meeting of the Board of Trustees shall, also, be held monthly at such time and place in Taos County, New Mexico, as the Board of Trustees may provide by Resolution. Such regular monthly meetings may be held without notice other than such Resolution fixing the time and place thereof.

If a Trustee is absent from three (3) consecutive regular Board meetings, without leave, granted by the Board before, during or after at least one of such absences, the Board shall declare the office vacant, provided that written notice of such action has been given to all of the Trustees before the meeting at which the vacancy is declared.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by the President or any three (3) Trustees. A regular meeting of the Board of Trustees shall be held monthly at such time and place in the Cooperative service area as the Board of Trustees may provide by resolution.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least five (5) days previous there to, by written notice, delivered personally or mailed, to each Trustee at his 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. The attendance of a Trustee at any meeting shall constitute a Waiver of Notice of such meeting, except in case a Trustee 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;

action taken at any meeting of the Board of Trustees.

In order for a newly elected Trustee to be qualified to run for re-election to the Board of Trustees, he or she must be certified within the first four (4) years after his or her election to the Board, under the credentialed cooperative director (CCD) program of the National Rural Electric Cooperative Association, unless because of circumstances beyond the reasonable control of the Trustee such certification could not be accomplished, in which event certification must be completed within the next four (4) year term of his or her re-election, otherwise the Trustee cannot again stand for re-election to the Board of Trustees.

SECTION 3. ELECTION OF TRUSTEES FROM DIFFERENT AREAS

(a) The area served by the Kit Carson Electric Cooperative, Inc., shall for the purpose of representation by Trustees on the Board of Trustees of said Cooperative, be divided into areas or sections as follows:

1. District One (1) shall embrace the area, including the Town of Taos, and all communities and members included within an area lying within a fifteen mile radius, from the center of the Plaza of Taos on the South and East, to Garrapata Canyon on the North West Rim of the Rio Grande River on the West, and this District shall be represented by Four (4) Trustees, who shall be members residing within said District.

2. District Two (2) shall embrace the area served by the Cooperative, lying north of Garrapata Canyon, and East by the Rio Grande River, and this District shall be represented by Two (2) Trustees, who shall be members residing in the District.

3. District Three (3) shall embrace the area served by the Cooperative lying West of the West Rim of the Rio Grande River, and this area shall be represented by One (1) Trustee, who shall be a member residing in the District.

4. District Four (4) shall embrace the area of the Cooperative lying South of U.S. Hill and East of the Rio Grande River, except for any area within District One, and this District shall be represented by Two (2) Trustees, who shall be members residing within this District.

5. District Five (5) shall embrace the area served by the Cooperative east of Palo Flechado Hill including the Moreno Valley, but excluding the areas embraced in Districts One, Two, and Four, and this District shall be represented by Two (2) Trustees, who shall be a member residing within this District.

6. No numerical quorum of members is required to conduct an election of Trustees in each District. Trustees shall be elected by a majority of the eligible members who vote in a District election.

(b) All Nominations for a position on the Board of Trustees shall be made by written Petition signed by fifty (50) or more Members residing in the District in which the election is to be held. The Petition shall be delivered to the Cooperative headquarters in Taos at least twenty-five (25) days before the date of the District meeting in order for the Cooperative to verify the validity of the signatures on the Petition and to confirm that the nominee meets the qualifications set forth in Article III, Section 2 of the By-Laws.

(c) The Cooperative shall prepare and post at the principal office of the Cooperative, and at the Cooperative District Office, at least fifteen (15) days before the Meeting of the Members in a particular District, a list of the Nominees to be voted upon to represent the District. The Secretary shall mail, with the Notice of Meeting, or separately, but at least seven (7) days before the date of the Meeting, a statement of the

number of Trustees to be elected, showing the nominations made by Petition. The Cooperative shall post the notice online and on social media sites. No Trustee shall be elected to represent any District other than that in which he or she resides, and the number of Trustees to be elected to represent a District is set forth in Article III, Section (3) (a). The Members may, at any meeting at which a Trustee(s) is to be removed, as hereinbefore provided, elect a successor(s), without compliance with the foregoing provisions regarding nominations.

(d) The Board may establish polling places in each District at other sites than the place where the District meeting is being held. Polling shall be conducted by such person(s) as the Board may designate. All ballots cast by members for the election of Trustees at district meetings shall be delivered to the person conducting the polling and shall be placed in one (1) of two (2) sealed containers; and shall be opened and counted at the close of elections, unless voting machines are used. The Board shall appoint three (3) or more officials at each polling place before the meeting and designate one (1) individual, to serve as chairman of the election officials. Election officials, who must be members of the districts from which the Trustees are to be elected, shall supervise the election to include counting of the ballots and safe guarding all voting material. The chairman will certify the election and tally the votes cast.

(e) The Board may establish by policy an early voting procedure for the election of Trustees.

(f) If a Member presents identification or proof of Cooperative Membership as reasonably required by the Cooperative, and if the Member is not suspended on the Record Date and remains unsuspended after the Record Date, the Member may cast one vote on a matter for which a Member is entitled to vote. To vote on behalf of an Entity (as defined in Article I, Section 1), an individual must present written evidence satisfactory to the Cooperative that the individual is authorized to vote on behalf of an Entity.

(g) A Record Date is the date for determining the total membership of the Cooperative and the Members entitled to: (1) sign a Petition or similar document; (2) receive a notice of a Member meeting or similar document; or (3) vote at a Member meeting. If a Member is suspended after the Record Date, then the Member may not sign a Petition, receive a notice or vote. The Board shall fix the Record Date, but the Record Date must not be less than thirty (30) days before the date: (1) a Member signs a Petition or similar document; (2) receives a notice of a Member meeting, or similar document; or (3) votes at a Member meeting.

SECTION 4. VACANCIES. Subject to the provisions of these By-Laws, with respect to the removal of Trustees, vacancies occurring in the Board of Trustees shall be filled by the affirmative vote of majority of the remaining Trustees and the Trustee, thus elected, shall serve for the unexpired portion of the term.

SECTION 5. COMPENSATION. A Trustee shall not receive a salary for his service as such unless approved by the members. Regardless of whether a salary is approved, the Board of Trustees may by resolution authorize a fixed per diem fee for each day or portion thereof spent by a Trustee in attendance at meetings of the Board and its committees and for the performance of other Cooperative business, including without limitation, meetings, conferences and training programs, when such has had prior approval by the Board. In connection with the performance of Cooperative business for which a fixed per diem fee is allowed, the Board, at its discretion, may

provide for the advancement or reimbursement of Trustees reasonably incurred expenses or a per diem amount in lieu of all or a portion thereof, or a combination of the foregoing.

SECTION 6. RULES AND REGULATIONS. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative, or these By-Laws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 7. ACCOUNTING SYSTEM AND REPORTS. The Board of Trustees 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 from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. All accounts of the Cooperative shall be examined by a Committee of the Board of Trustees which render reports to the Board of Trustees, at least four (4) times a year, at regular meetings of the Board of Trustees. The Board of Trustees shall, also, within thirty (30) days 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. Such audit reports shall be submitted to the members at the following Annual Meeting.

SECTION 8. CHANGES IN RATES. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 9. LIABILITY AND INDEMNIFICATION.

(a) Board Members' Limited Liability. A Board Member shall not be personally liable to the Cooperative or to its Members for monetary damages for breach of fiduciary duty as a trustee unless: (1) the Board Member has breached or failed to perform the duties of his office in compliance with Section 62-15-9.1, NMSA 1978; and (ii) the breach or failure to perform constitutes willful misconduct or recklessness.

(b) Indemnification. The Cooperative shall indemnify any person made or threatened to be made a party or a witness to any proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a trustee, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, officer, employee or agent of another cooperative, corporation, partnership, joint venture, employee benefit plan, unincorporated association, trust or other enterprise, against reasonable expenses (including costs and attorneys' fees), judgments, penalties, fines, or amounts paid in settlement actually and reasonably incurred by the person in connection with the proceeding, to the fullest extent and under the circumstances permitted by the New Mexico Rural Electric Cooperative Act. Indemnification and the amount thereof shall be made as authorized in a specific case upon a determination that indemnification of the trustee, officer, employee or agent is proper under the circumstances, in accordance with the New Mexico Rural Electric Cooperative Act. Such determination shall be