

Simplified Language:

AMENDMENT 1 – a “YES” vote will approve the following changes to **Section 9.02** of the bylaws:

- 1.) Permits the co-op to pay a member’s capital credits to the member upon cancellation or bankruptcy of membership at its discretion and without future obligation. Any payment made under this provision will be discounted through a present value calculation. Accepting this early retirement of capital credits is voluntary and a member not electing this option will receive capital credits under the present system of yearly payments. 2.) For bankruptcies, permits recoupment or setoff of any amounts owed to the cooperative against any capital credits payable first, prior to the payout of capital credits.

Full strike-thru language:

SECTION 9.02. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy, the Cooperative’s operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit 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 power and energy in excess of operating costs and expenses properly chargeable against the furnishing of electric power and energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall with a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; **PROVIDED**, individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding 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 on account of property rights of members; **PROVIDED**, insofar as gains may at that time be realized from the sale of an appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportions to the amount of business done by such patrons during

that period, insofar as is practicable, as determined by the Board, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Notwithstanding any other provisions of these Bylaws, the Board shall determine the method of allocation, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital. The Board shall also have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron or each applicable fiscal year, (b) provide for separate identification of the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions 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.

Capital credited to the accounts 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 of a part of such patron's premises served by the Cooperative, unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board shall at its discretion have the power at any time upon 1) termination of membership or 2) the death of any patron, who was a natural person ~~whether the patron's membership be individual or jointly with patron's spouse (or, if as so provided for the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person),~~ if the legal ~~representatives~~representative of ~~his~~their estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board, acting under policies of general application, ~~and such legal representatives shall agree upon; PROVIDED, the;~~ provided however, that the financial condition of the Cooperative will not be impaired thereby. Any such early patronage retirement payments approved under this provision will be discounted through a present value calculation. Dissolution of a corporation, partnership, firm, association, body politic or subdivision thereof shall not be deemed to be death of a patron within the purview of this paragraph. Capital credits upon such a dissolution may be assigned on the books of the Cooperative as hereinbefore provided.

Notwithstanding any other provisions of these Bylaws, when the Cooperative receives notice of a patron filing for bankruptcy protection, the Board, at its discretion, acting upon policies of general application and otherwise upon such terms and conditions as the Board shall determine, may retire prior to the time such capital would otherwise be retired under the provisions of these Bylaws, the capital credits of such patron and pay the discounted amount to the bankruptcy estate or as otherwise directed by the bankruptcy court or applicable law.

The Cooperative, before retiring any capital credit any patron's account, shall deduct therefrom any amount owed and overdue by such patron to the Cooperative, together with interest thereon at a reasonable rate as from time to time established by the Board in effect when such amount became overdue, compounded annually.

Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the net present value amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative. Net present value shall be determined using the then- applicable discount rate for discounted capital credits in accordance with Board-approved discounting guidelines and any other terms and conditions generally published to the membership or otherwise specifically agreed upon by the Cooperative, the Patron or the Patron's legal representative."

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 Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.