



Dear Continental Divide Electric Cooperative Member:

Your governing Board of Trustees is presenting updates to our Cooperative's bylaws at CDEC's 2026 Annual Meeting on Saturday, April 25, 2026, at Grants High School.

The bylaws are rules that govern our Co-op's operations, outlining how it is run and managed. They define the Cooperative's purpose, membership rules, the structure and responsibilities of the Board of Trustees and officers, and the procedures for meetings and voting. Bylaws are considered a "living document" that can be amended and/or restated, but any changes must be approved by a vote of the Membership – you.

The attached revision primarily restates current bylaw provisions for improved readability and clarity, without altering the established meaning or intent of any existing rule. Restated language is shown in **blue**.

There are a few exceptions. **Article IV** contains two amendments: The **Amendment to Qualifications** (Section 3) would establish higher standards to become and remain a trustee on our governing board. The **Amendment to Redistrict** (Sections 1 and 7) would ensure that a reasonable number of voting districts equitably represent the Membership. The third modification, the **Amendment to Capital Credits**, is found in **Article VII** (Sections 3 and 3.1) The proposed language is on the advice of the Co-op's auditing firm. It would enable us to expand the return of patronage capital to Red Bolt Broadband accounts and other future services the Co-op might offer. Amended language is shown in **red**. Except for language that would be stricken by the amendments, the Co-op has chosen not to display language strikethroughs that would result from restatements. Instead, we have attached the current bylaws for a side-by-side comparison.

We encourage you to review the attached documents. Members will be asked to approve or reject the proposed changes in their entirety at CDEC's 2026 Annual Meeting on Saturday, April 25, 2026, at Grants High School.

Thank you for your consideration.

Keith Gottlieb
President, CDEC Board of Trustees

ARTICLE I — MEMBERSHIP

Section 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Continental Divide Electric Cooperative, Inc. (hereinafter called the Cooperative) by:

- (a) Filing a written application **or contract** agreeing to purchase **electric energy furnished by** the Cooperative as hereinafter specified; **and**
- (b) Agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees.

Section 2. MEMBERSHIP. No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws. Membership in the Cooperative shall be evidenced by a **Certificate of Membership**.

Section 3. JOINT MEMBERSHIP. The term “Member” as used in these bylaws, shall be deemed to include **the legally recognized union of two people as partners in a personal relationship (marriage)** holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally. **The specific rules for joint memberships include, but are not limited to, the following:**

- (a) **Attendance by** either or both shall **count as one (1) member for quorum purposes**. **By attending, both members jointly waive their right to formal notice of the meeting;**
- (b) **Each joint membership shall be entitled to one (1) vote;**
- (c) A waiver of notice signed by either or both shall **serve as one (1) joint waiver;**
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership **for the purpose of Article I, Section 9;**
- (f) Withdrawal of either shall terminate the joint membership **for the purpose of Article I, Section 9;**
- (g) Either, but not both, may be elected or appointed as an officer or trustee, provided that the individual meets the qualifications;
- (h) Upon the death of either **partner**, membership shall be held solely by the survivor; provided however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 1a
combines
Section 1a
and 1b of the
existing
bylaws and
is restated
for clarity.

Section 2
incorporates
Section 1d of
the existing
bylaws and
is restated
for clarity.

Section 3
language is
restated for
clarity.

Section 4. MEMBERSHIP AND SERVICE CONNECTIONS FEES. There will not be a membership fee. Any service connection fee shall be charged in accordance with the Cooperative's [approved](#) tariffs.

Section 5. PURCHASE OF ELECTRIC ENERGY. The Cooperative shall use its best efforts to furnish its Members with adequate and dependable electric [energy](#), although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each Member, for so long as such premises are owned or directly occupied or used by [the Member](#), shall purchase from the Cooperative [electric distribution energy](#) for use on all premises [specified in the Member's written application or contract](#), unless and except to the extent that the Board of Trustees may in writing waive such requirement. [The Member](#) shall pay [for service](#) in accordance with the rules, regulations and rate schedules [set](#) by the Board of Trustees (including any monthly minimum [charges](#) without regard to the amount of electric energy used and [by](#) the provisions of any supplemental contract).

Section 6. POWER PRODUCTION BY MEMBER. Production or use of electric energy on a [Member's](#) premises, regardless of the source thereof, by means of facilities which shall be interconnected with [the Cooperative's](#) facilities, shall be subject to appropriate [rules and](#) regulations as shall be fixed from time to time by the Cooperative [and New Mexico Public Regulation Commission](#). Each Member shall also pay all other amounts owed to the Cooperative as and when they become due and payable.

Section 7. APPLICATION OF PAYMENTS TO ALL ACCOUNTS. When the Member has more than one (1) service connection [with](#) the Cooperative, any payment for service shall be [split proportionately among all](#) outstanding account [debts](#).

Section 8. PROVISION OF BROADBAND INTERNET, TELECOMMUNICATIONS AND OTHER SERVICES. The Cooperative may provide broadband Internet, telecommunications and other services to Members and non-members upon acquiring state and federal approvals. The Cooperative shall use its best efforts to furnish adequate and dependable [broadband internet, telecommunications and other services](#). [Each Member and non-member](#) shall pay [for service](#) in accordance with the rules, regulations and rate schedules [set](#) by the Board of Trustees (including any fixed monthly [charges](#) without regard to the amount of bandwidth used and [by](#) the provisions of any supplemental contract).

Section 4 language is restated for clarity.

Section 5 of the existing bylaws is divided into three (3) additional segments (**Sections 6, 7 and 8**) for ease of reading. Language throughout is restated for clarity.

Section 9. TERMINATION OF MEMBERSHIP. Upon the withdrawal, death, cessation of existence or expulsion of a Member, the membership of such Member shall thereupon terminate. Termination of membership in any manner shall not release a Member or the Member's estate from any debts due the Cooperative.

ARTICLE II — RIGHTS AND LIABILITIES OF MEMBERS

Section 1. PROPERTY INTEREST OF MEMBERS. In the event of dissolution of the Cooperative there shall first be paid all debts and liabilities of the Cooperative. All capital furnished through patronage under Article VII of these bylaws shall next be paid without priority on a pro-rata basis. The remainder of its property and assets shall be distributed to the Members in proportion to the aggregate patronage of each such Member during the seven (7) years next preceding the date of the certificate of dissolution filing.

Section 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the Members shall be exempt from execution of 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 MEMBERSHIP

Section 1. ANNUAL MEETING OF THE MEMBERSHIP. The Annual Meeting of the Membership shall be held either in the month of April or May of each year as set by the Board of Trustees, in either Cibola County or McKinley County, New Mexico, as shall be designated in the notice of the meeting, for the purpose of electing trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the Members. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for the annual meeting. Failure to hold the Annual Meeting of the Membership at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. SPECIAL MEETINGS OF THE MEMBERSHIP. Special Meetings of the Membership may be called by resolution of the Board of Trustees, or upon a written request signed by any three (3) trustees, by the Board President or by ten percent (10%) or more of the Cooperative's Membership, and it shall thereupon be the duty of the Board Secretary to cause notice of such meeting to be given as hereinafter provided. Special Meetings of the Membership may be held in either Cibola County or McKinley County, New Mexico, specified in the notice of the Special Meeting.

Section 9 is Section 6 of the existing bylaws. Renumbering is the result of additional sections created above in **Article I.**

Section 1 language is restated for clarity.

Article III title is restated for clarity.

Section 1 and **2** language is restated for clarity.

Section 3. NOTICE OF MEMBERSHIP MEETINGS. Printed notice stating the place, date, hours, and purpose(s) of the Annual or Special Meetings of the Membership, at which business requiring special notice is to be transacted, shall be delivered no less than ten (10) days nor more than twenty-five (25) days before the date of the meeting by, or at the direction of the Board Secretary, or upon default in duty by the Secretary, by the persons calling the meeting. Such notice shall be deemed delivered when deposited in the U.S. Mail, bearing the Member's address of record with the Cooperative and postage thereon prepaid. The failure of any Member to receive notice of an Annual or Special Meeting shall not invalidate any action which may be taken by the Members at any such meeting.

Section 4. ORDER OF BUSINESS. The Order of Business at the Annual Meeting of the Membership and so far as possible at all other Membership meetings shall be essentially as follows:

- (a) Calling of the meeting to order by the President;
- (b) Convening registration and voting by Members;
- (c) Calling to close registration by the President;
- (d) Commencement of business session by the President;
- (e) Report by the Secretary/Treasurer to determine the existence of a meeting quorum;
- (f) Reading of the notice of the meeting and proof of the due publication and mailing thereof;
- (g) Reading of the unapproved minutes of previous meeting(s) of the Members and the taking of necessary action thereon;
- (h) Presentation and consideration of reports of officers, trustees and committees;
- (i) Election results;
- (j) Unfinished business;
- (k) New business; and
- (l) Calling for adjournment by the President.

Section 5. QUORUM. Three percent (3%) of the Members present in person shall constitute a quorum at any Annual Meeting. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. For the purpose of the election of trustees in any one district, a quorum of three percent (3%) of the Members residing in such district must be present in person. A District with a quorum shall conduct its election for trustee(s) even if the Annual Meeting (of all Districts) has no quorum.

Section 6. VOTING. Each Member shall be entitled to only one (1) vote. Questions shall be decided by a vote of a majority of the Members voting thereon in person,

Section 3 language is restated for clarity.

Section 4 is Section 6 in the existing bylaws. The section is repositioned and its language is restated for clarity.

Sections 5 and 6 are Sections 4 and 5, respectively, in the existing bylaws.

except where disposition of property is an issue, (see Article VIII), or removal of trustees is an issue, (see Article IV, Section 5).

ARTICLE IV — TRUSTEES

Section 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of ~~nine (9)~~ Trustees, one from each ~~of the eight (8)~~ Voting District as defined in Section 7 of Article IV and one of whom shall be a trustee at-large. The Board of Trustees shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these bylaws conferred upon or reserved to the Members.

Section 2. ELECTION AND TENURE OF OFFICE. Trustees shall serve for a term of three (3) years. Thereafter, at each annual meeting, the Members shall elect trustees from the districts represented by trustees whose term expires in said year. ~~If an~~ election cannot be held due to lack of a quorum in the ~~Voting~~ District holding an election ~~or at~~ the Annual Meeting ~~to elect an at-large trustee~~, the incumbent trustee shall serve the new three (3) year term, if eligible to do so. If the incumbent is ~~ineligible~~, the Board of Trustees will appoint a successor for the new three (3) year term.

Section 3. TRUSTEE QUALIFICATIONS. No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

- (a) Is not a Member and bona fide, permanent and full-time resident receiving service from the Cooperative at his or her place of abode for the past twelve (12) months preceding nomination by committee or petition. The Member's residence must be located within the Voting District that such Member represents or seeks to represent. The At-Large candidate or sitting At-Large trustee must be a Member and resident of one of the Voting Districts. Candidates and sitting trustees must provide three (3) documents as proof of residency. Documentation shall include 1) either a lease, deed or property tax bill; 2) a utility bill; and 3) a voter registration card;
- (b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or electric equipment, or broadband and telecommunications services or said equipment to the Cooperative;
- (c) Is a current employee, or former employee of the Cooperative within twelve (12) months preceding nomination by committee or petition;
- (d) Has been convicted of any felony or a crime involving moral turpitude.

The **Amendment to Redistrict** would remove the language crossed out in **Section 1** to ensure that a reasonable number of Voting Districts equitably represent the Membership. The amended language continues on **page 9**.

Section 2 language is restated for clarity. Existing bylaw language that references the sequence of trustee elections in the 1970s is now obsolete and removed.

The **Amendment to Qualifications** adds language to **Section 3** that establishes clear qualifications for serving on the governing board, thereby increasing accountability and transparency by the Co-op.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, the Board of Trustees shall remove such trustee from office.

Additionally, candidates for trustee must meet each of the following requirements:

- (a) Be at least twenty-three (23) years of age on or before the date of the Board of Trustee election;
- (b) Be a Cooperative Member in good standing. Being a Member in good standing requires that the Member not be in a state of default on any payments owed to the Cooperative for accounts or otherwise during the twelve (12) months preceding nomination by committee or petition;
- (c) Not have family members employed by the Cooperative. For purposes of this requirement, "family member" includes husband, wife, father, mother, grandfather, grandmother, son, daughter, grandson, granddaughter, brother, sister, uncle, aunt, brother-in-law, sister-in-law, nephew, niece, first cousin, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepfather, stepmother, half-brother and half-sister; and;
- (d) Not have family members employed by an energy or telecommunications contract service provider or vendor that the Cooperative has conducted business with during the 12 months preceding nomination or candidacy petition. For purposes of this requirement, "family member" includes husband, wife, father, mother, grandfather, grandmother, son, daughter, grandson, granddaughter, brother, sister, uncle, aunt, brother-in-law, sister-in-law, nephew, niece, first cousin, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, stepfather, stepmother, half-brother and half-sister.

A person seeking nomination for a trustee position (as defined in Section 4 of Article IV) must submit to the Board, or its designee, at the time nomination is made by committee or by petition, eligibility information and personal information sufficient to enable a background check.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

As stated on page 5, the **Amendment to Qualifications** adds language to **Section 3** that establishes clear qualifications for serving on the governing board, thereby increasing accountability and transparency by the Co-op.

Section 4. NOMINATION AND PROCEDURE FOR ELECTION OF TRUSTEES.

Section 4.1. NOMINATION BY COMMITTEE. It shall be the duty of the Board of Trustees to appoint a Committee on Nominations, not less than sixty (60) days, nor more than eighty (80) days before the **date on** which trustees are to be elected. The Committee shall consist of three (3) members, one from each **Voting** District from which a trustee is to be elected. No member of the Board of Trustees may serve on such Committee. The Committee shall meet at the **headquarters** office of the Cooperative at least fifty (50) days **prior to the date** at which the trustees are to be elected and shall nominate one (1) or more candidates **for each board position to be filled by election**. The names of the nominated candidates shall be posted in a conspicuous place in the Cooperative's **headquarters office and at any District office** not less than fifty (50) days **prior to the date on which the trustees are to be elected**.

Section 4.2. NOMINATION BY PETITION. Any fifteen (15) or more Members of the Cooperative, who are also bona fide residents of the **Voting** District from which a trustee is to be elected, acting together, may make other nominations **by signed, written** petition **to be** filed with the **Board** Secretary **by the petitioning candidate**, not less than thirty (30) days prior to the **date on which Members cast voting ballots for trustees**. The Secretary shall post such nominations **in a conspicuous place in the Cooperative's headquarters office and at any District office**.

The Secretary shall mail the following, at least ten (10) days **prior to the date on which Members cast voting ballots for trustees**:

- (a) Notice of the **Annual Meeting of the Membership**; and
- (b) The names and addresses of the candidates nominated by the Committee and/or by petition, designated by **Voting** District. Such statement shall also designate the candidates nominated by committee and those nominated by petition.

The Members may, at any meeting at which a trustee shall be removed, as provided by these Bylaws, elect a successor thereto without compliance with the foregoing requirements with respect to nomination, provided, however, that any such successor must reside in the same district as the trustee in respect of whom the vacancy occurs. Notwithstanding anything herein contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any election of trustees.

Section 4 of the existing bylaws is divided into three (3) additional segments (**Sections 4.1, 4.2 and 4.3**) for ease of reading. Language throughout is restated for clarity.

Section 4.3. BALLOTS AND PROCEDURE FOR ELECTION. Election of trustees shall be by printed ballot. Ballots shall list the names of the candidates nominated by committee and by petition. Separate ballots shall be used for each Voting District in which trustees are to be elected. Members, at the time of registration at the Annual Meeting, shall receive only one (1) ballot containing only the name or names of candidates for trustees to be elected from the Voting District in which such Member resides. The names of candidates for at-large trustee shall appear on all ballots. At the time of voting, the trustee candidates on the ballots shall have the option of appointing one (1) Member from their respective district to observe the election and canvassing of the ballots by designated Cooperative employees. All tie votes for trustee candidates shall be decided by flipping a coin.

Section 5. REMOVAL OF TRUSTEES BY MEMBERSHIP. Any Cooperative Member may bring charges for cause against a trustee and may, by filing with the Board Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the Membership, request the removal of such trustee by reason thereof. Such trustee shall be informed in writing of the charges at least ten (10) days prior to the Membership Meeting at which time the charges are to be considered. Both the trustee and petitioning Member shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges. The question of the removal of the trustee shall be considered and voted upon. The trustee may be removed by a two-thirds (2/3) majority vote of Cooperative Members present. Any vacancy created by such removal may be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations, provided, however, that the successor must reside in the same district as the trustee in respect of whom the vacancy occurs. Notwithstanding anything herein, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any election of trustees.

Section 6. VACANCIES. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the Members, a vacancy occurring on the Board shall be filled by majority vote of the remaining trustees. The appointed successor will complete the remainder of the term. The successor, however, must reside in the same district as the trustee whose position became vacant.

As stated on page 7, Section 4 of the existing bylaws is divided into three (3) additional segments (Sections 4.1, 4.2 and 4.3) for ease of reading. Language throughout is restated for clarity.

Section 5 and 6 language is restated for clarity.

~~**Section 7. VOTING DISTRICT.** The territory served by the Cooperative shall be divided into eight (8) districts, each of which shall be an area having, as nearly as possible, the same number of members and having service problems peculiar to the district. Each district shall be represented by one (1) trustee. There shall be one trustee at large.~~

~~The districts shall be described by reference to an official district map of the area served by the Cooperative, subdivided into a grid map bearing numbers, each being ten (10) miles square. The area embraced in the said districts is as follows:~~

~~**DISTRICT NO. 1:** The area within the limits of the incorporated City of Grants.~~

~~**DISTRICT NO. 2:** All of maps 433, 453 and 454 excepting the parts thereof within the corporate limits of the City of Grants.~~

~~**DISTRICT NO. 3:** All of maps 455 to 458 inclusive; 474 to 478 inclusive; 497, 498, 517 and 518.~~

~~**DISTRICT NO. 4:** All of maps 333 to 338 inclusive; 353 to 358 inclusive; 373 to 378 inclusive; 394 to 398 inclusive; 414 to 418 inclusive; and 434 to 438 inclusive.~~

~~**DISTRICT NO. 5:** All of maps 432, 451, 452; 471 to 473 inclusive; 491 to 496 inclusive.~~

~~**DISTRICT NO. 6:** All of maps 427, 428; 447 to 450 inclusive; 467 to 470 inclusive; and 490.~~

~~**DISTRICT NO. 7:** All of maps 331, 332; 350 to 352 inclusive; 369 to 372 inclusive; 389 to 393 inclusive; 409 to 413 inclusive; and 429 to 431 inclusive.~~

~~**DISTRICT NO. 8:** All of maps 347, 348; 366 to 368 inclusive; 386 to 388 inclusive; 405 to 408 inclusive; 425, 426; 443 to 446 inclusive; and 463 to 466 inclusive.—~~

~~Not less than sixty (60) days before any meeting of the members at which trustees are to be elected, the board of trustees shall review the composition of the several districts and, if it should be found that inequities in representation have developed which can be corrected by a redelineation of districts, the board of trustees shall reconstitute the districts so that each shall contain as nearly as possible the same number of members and/or having service problems peculiar to the district.~~

Section 7. VOTING DISTRICTS. The territory in which the Cooperative provides electric energy (“the Cooperative Service Area”) shall be divided into a reasonable number of Voting Districts that equitably represent the Membership, based on geographic, regional, population, membership, subdivision, economic development, or other equitable considerations determined by the Board of Trustees.

The **Amendment to Redistrict** replaces all of the existing bylaw language in **Section 7** with the new language in red that starts at the bottom and continues on page 10.

If the proposed amendment passes, the Board will present a resolution and a redistricting map to the Membership for its consideration during the 2026 Annual Meeting.

If the resolution is adopted, the new Voting Districts would be in effect going forward.

The boundaries of said districts shall be as defined by resolution of the Board of Trustees, which may be amended from time to time as required to ensure equity, and approved by a vote of a majority of the Members voting thereon in person.

Within thirty (30) days following a Voting District revision, and at least thirty (30) days before the next Annual Member Meeting, the Cooperative must notify, in writing or electronically, Members affected by the Voting Districts revision. Voting District revisions are effective on the date the Cooperative releases written or electronic notice of the Voting District revision. A Voting District revision may not (1) increase an existing trustee's term or (2), unless the affected trustee consents in writing, shorten an existing trustee's term.

As stated on page 9, the **Amendment to Redistrict** replaces all of the existing bylaw language in **Section 7** with the new language.

ARTICLE V — MEETINGS OF TRUSTEES

Section 1. REGULAR TRUSTEES MEETINGS. Regular meetings of the Board of Trustees shall be held monthly at such time and place in either Cibola County or McKinley County, New Mexico, as **designated by the Board**. Such meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. SPECIAL TRUSTEES MEETINGS. Special meetings of the Board of Trustees may be called by the President or by any three (3) trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the trustees calling the meeting shall fix the **meeting date**, time and place. Special board meetings may be held within or outside the State of New Mexico.

Section 3. NOTICE OF SPECIAL TRUSTEES MEETINGS. By or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or trustees calling the meeting, a written notice of the **date**, time, place and purpose of any special meeting of the Board shall be delivered to each trustee either personally, or by mail **or other electronic means at least** five (5) days **prior to** the meeting **date**. If mailed, such notice shall be deemed delivered when deposited in the U.S. Mail, **bearing** the trustee's address **of** record **with** the Cooperative and postage thereon prepaid.

Section 4. QUORUM. A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such 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 adjournment. 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.

Section 1, 2, and 3 language is restated for clarity.

Section 5. COMPENSATION. Trustees are not considered employees of the Cooperative and shall not receive any salary for their services. For each day, or portion thereof, that a trustee spends on Cooperative business, said trustee shall receive a predetermined per diem (reimbursement) for expenses. Cooperative business shall include, but is not limited to, attendance at Board of Trustee meetings, committee meetings, state organization meetings, conferences, educational training programs, and other pre-authorized assignments/meetings. Any reimbursement of mileage paid shall be based on the prevailing standard mileage rate set by the federal Internal Revenue Service.

Section 5 is currently Section 8 of Article IV in the existing bylaws. Language is restated for clarity.

ARTICLE VI — OFFICERS

Section 1. ELECTION AND TERM OF OFFICE. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board of Trustees from time to time. The offices of Secretary and of Treasurer may be held by the same person. Officers shall be elected annually by majority vote, by and from the Board at its first regular trustees meeting after the Annual Meeting. If an election of officers cannot be held at such meeting, such election shall be held as soon as conveniently possible. Each officer shall hold office until the first regular meeting of the Board of Trustees following the next succeeding Annual Meeting or until a successor shall have been elected and qualified. A vacancy in any office shall be filled by the Board for the remainder of the term.

Section 1 is a combination of Sections 1 and 2 of the existing bylaws. Language is restated for clarity.

Section 2. REMOVAL OF OFFICERS AND AGENTS BY TRUSTEES. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board when in its judgment is in the best interests of the Cooperative. In addition, any Cooperative member may bring charges against an officer, and by filing with the Board Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the Membership, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges. The person or persons bringing the charges against the officer shall have the same opportunity. In the event the board does not remove such officer, the question of the officer's removal shall be considered and voted upon at the next meeting of the Membership.

Section 2 is renumbered because of the combination mentioned above. Language is restated for clarity.

Section 3. PRESIDENT. The President shall:

- (a) Be the principal executive officer of the Cooperative and preside at all meetings of the Membership and of the Board of Trustees;
- (b) Sign with the Secretary 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 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, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees.

Section 4. VICE PRESIDENT. The Vice President shall:

- (a) In the absence of the President, or in the event of the President's inability or refusal to act, 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
- (b) In general, perform all duties incident to the office of Vice President and such other duties as may be prescribed by the Board of Trustees.

Section 5. SECRETARY. The Secretary shall:

- (a) Ensure the keeping of minutes of the Membership and the Board of Trustees meetings and ensure they are retained as required by law;
- (b) Ensure that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Ensure safekeeping of all the corporate records and seal of the Cooperative. Affix the seal 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) Ensure that Cooperative staff keep a register of the names and mailing addresses of all Cooperative members;
- (e) Have general charge of the books;
- (f) Ensure that complete copies of the Cooperative's Articles of Incorporation and Bylaws (containing all amendments thereto) are available and open to

Sections 3, 4 and 5 are renumbered because of the combination mentioned above. Language is restated for clarity.

inspection by any Member, and at the expense of the Cooperative, forward to each Cooperative member upon request; and

- (g) In general, perform all duties incident to the office of Secretary and such other duties as may be prescribed by the Board of Trustees.

Section 6. TREASURER. The Treasurer shall:

- (a) Ensure that systems and processes are in place for overseeing the custody of all funds and securities of the Cooperative;
- (b) Ensure the receipt of and the issuance of receipts for all monies due and payable to the Cooperative; and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general, perform all duties incident to the office of Treasurer and such other duties as may be prescribed by the Board of Trustees.

Section 7. CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER. The Board of Trustees may appoint a Chief Executive Officer and General Manager who may be, but who shall not be required to be, a Member of the Cooperative. The Chief Executive Officer and General Manager shall perform such duties and shall exercise such authority as the Board of Trustees vests in this position.

Section 8. BONDS OF OFFICERS. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees, at 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 9. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Trustees.

Section 10. REPORTS. The officers of the Cooperative shall submit reports at each Annual Meeting, covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Sections 6, 7, 8, 9 and 10 are renumbered because of the combination on page 10 and restated for clarity.

ARTICLE VII — DISPOSITION OF REVENUES AND RECEIPTS

Section 1. APPORTIONMENT OF REVENUES. The Board of Trustees shall apportion the revenues of the Cooperative for any fiscal year for the following purposes in the order named:

- (a) To pay or provide for the expenses of operation and maintenance of its facilities during such fiscal year;
- (b) To provide a reasonable reserve for working capital;
- (c) To pay or provide for the payment at interest due in such fiscal year;
- (d) To pay or provide for the payment of principal obligations due in such fiscal year;
- (e) To provide a reserve for the payment of indebtedness of the Cooperative;
- (f) To finance, or to provide, a reserve for the financing of the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board of Trustees;
- (g) To provide a fund for education in cooperation for the dissemination of information concerning the effective use of electric energy and other services made available by the Cooperative; and
- (h) To provide a reasonable reserve for contingencies.

Nothing herein contained shall be construed to prohibit the payment by the Cooperative of all or any part of its indebtedness prior to the date when same shall become due.

Section 2. NOT-FOR-PROFIT OPERATION. The Cooperative shall at all times be operated on a cooperative **not-for-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. **As used herein, the term “patron” means a current or former Member of the Cooperative and to whom the Cooperative is obligated to allocate patronage capital, as provided herein.**

Section 3. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY AND OTHER UTILITY SERVICES. In the furnishing of electric energy **and other utility services**, the Cooperative’s operations shall be so conducted that all patrons will, through their patronage, furnish capital for the

Language in the first paragraph of **Section 2** of the existing bylaws is restated for clarity.

The rest of Section 2 of the existing bylaws is a new topic. As such, it has been divided into a new section (**Section 3**) with subsections **3.1** and **3.2**.

Cooperative. The term “other utility services” shall include broadband internet and telecommunications services. To induce patronage and to assure that the Cooperative will operate on a not-for-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 and other utility services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and other utility services (“Patronage Sourced Net Margins”). All such Patronage Sourced Net Margins at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

For purposes of allocating patronage capital, the Board of Trustees, acting through policy, has the authority to determine the kind, timing, method and type of allocation. Such authority also includes the ability to determine the Patronage Sourced Net Margins allocable to the patrons, including:

- 1) whether such Patronage Sourced Net Margins are computed on an aggregate basis, treating the provision of electric and each other utility service as a single allocation unit;
- 2) whether such Patronage Sourced Net Margins are computed on a separate basis, treating the provision of electric and each other utility service as different allocation units;
- 3) how such Patronage Sourced Net Margins are to be fairly and reasonably allocated among patrons on the basis of patronage for each allocation unit, including whether the allocation is based on volume, value of patronage or other factors, such as weighted patronage of electric and other utility services, when a single allocation unit is used; and if applicable, the allocation of expenses between each allocation unit.

If operating costs and expenses exceed the amounts received and receivable from the furnishing of electric energy and other utility services, hereinafter referred to as “Patronage Sourced Net Loss”, then the Board of Trustees shall have the authority, under accepted accounting practices, loan covenants, and federal cooperative tax law, to prescribe the manner in which such Patronage Sourced Net Loss shall be handled in determining patronage capital separately for each allocation unit as determined above by the Board of Trustees.

The Cooperative is obligated to equitably allocate and pay by credits to a capital account for each patron all such Patronage Sourced Net Margins. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each calendar year the amount of capital, if any so allocated to and contributed by each patron, is clearly reflected and credited in an appropriate record to the capital

The Amendment to Capital Credits is on the advice of the Co-op’s auditing firm. It addresses patronage capital in connection with other utility services, such as the Co-op’s broadband internet and digital phone services.

account of each patron. **These records should reflect the patronage account by each allocation unit as determined above by the Board of Trustees.** Any patron may inspect the capital credited to **the patron's** account any time during business hours at the Cooperative's headquarters **office**. 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, **other than from Patronage Sourced Net Margins, may in the discretion of the Board of Trustees and** shall insofar as permitted by law, be:

- (a) Used to offset any **Patronage Sourced Net Loss or other** losses incurred during the current or any prior fiscal year;
- (b) **Used to establish unallocated reserves and retained capital not currently distributable to the patrons except upon dissolution of the Cooperative, and**
- (c) To the extent not needed for **these** purposes, 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.

As stated on page 15, the **Amendment to Capital Credits** is on the advice of the Co-op's auditing firm. It addresses patronage capital in connection with other utility services, such as the Co-op's broadband internet and digital phone services.

Section 3.1. RETIREMENT OF CAPITAL CREDITS. If at any time, prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron accounts may be retired in full, or in part, as determined by the Board, so long as after the proposed retirement, the capital of the Cooperative shall equal at least twenty percent (20%) of the total assets of the Cooperative. **In retiring such capital, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any for all amounts furnished as capital. To the extent more than one allocation unit is established by the Board of Trustees, such decisions shall be made separately for each allocation unit.** **A retirement payable to the patron of record shall be in the form of a check delivered by U.S. Mail to the last address provided by the patron to the Cooperative.**

Notwithstanding any other provisions of these bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of **the patron's** 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 patron immediately upon such terms and conditions, as the Board of Trustees, acting under policies of general application, and the legal representatives of such patrons' estate

As stated on page 14, most of **Section 2** of the existing bylaws is a new topic. As such, it has been divided into a new section (**Section 3**) with subsections **3.1** and **3.2**. Language is restated for clarity.

shall agree upon; provided however, that the financial condition of the Cooperative will not be impaired thereby.

The Board of Trustees, acting under policies of general application to situations of like kind or as may be negotiated from time to time, may approve an early retirement prior to when such capital credited to patron accounts would generally be retired; provided, however, that the financial condition of the Cooperative will not be impaired thereby. The payment portion of such early retirement shall be on a discounted and net present value basis in order to reflect the time value of money due to the early retirement of such capital credited to patron accounts. Such policies shall establish the criteria used in determining the discounted and net present value of early retirements and shall take into considerations market-based discount rates. The difference between the total amount of capital credited to patron accounts being retired and the cash payment of such early retirement shall be considered a contribution of capital to and part of the net savings of the Cooperative.

Section 3.2. ASSIGNMENT OF CAPITAL CREDITS. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise. 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.

Section 3.2.1. PRIORITY OF COOPERATIVE'S CLAIM FOR AMOUNTS DUE FROM PATRON. The Cooperative retains a first lien on any capital credits to satisfy any unpaid account of the patron.

Section 3.2.2. SPECIAL RIGHT TO ASSIGN. Any patron may assign all or any portion of their patronage capital earned, credited, expected to be earned, or credited in the future to the Continental Divide Electric Education Foundation, effective as of the date assignment, subject in all cases to the Cooperative's first lien for unpaid charges. The Education Foundation is a charitable trust established in 1989 by the Board of Trustees to provide educational grants to eligible the Cooperative members or their qualifying dependent children. Only that portion of capital credits not required to settle an unpaid account may be transferred to the Education Foundation.

As stated on page 15, the **Amendment to Capital Credits** is on the advice of the Co-op's auditing firm. It addresses patronage capital in connection with other utility services, such as the Co-op's broadband internet and digital phone services.

As stated on page 14, most of **Section 2** of the existing bylaws is a new topic. As such, it has been divided into a new section (**Section 3**) with subsections **3.1** and **3.2**.

Sections 3.2.1 and **3.2.2** are Sections 2d and 2a, respectively, of the existing bylaws. Language is restated for clarity.

Section 3.2.3. ASSIGNMENT OF UNCLAIMED CAPITAL CREDITS. If any patron or former patron fails to claim any check representing retirement of capital credits by the Cooperative within two (2) years after payment has been attempted by mail to the last address provided by the patron to the Cooperative, such failure shall be and constitute an irrevocable assignment and gift by such patron of such credits to the Continental Divide Electric Education Foundation. Such credits are any amount remaining after the Cooperative's first claim for unpaid charges.

Section 6. SAVINGS CLAUSE. If any portion of this article shall be held invalid or not effective to accomplish its purposes, the remaining portions of the article shall not be affected thereby and in no event shall this article be construed to adversely affect the exemption of the Cooperative from liability for payment of income taxes on its revenues from the distribution of electricity to its patrons.

Section 7. EFFECTIVE DATE. The benefits accruing members under the capital credits plan of operation under this article shall be retroactive and effective as of the first calendar year in which the records of the Cooperative show that its members and consumers for said year paid for electric service a sum in excess of the operating costs and expenses properly chargeable against the furnishing of such service.

ARTICLE VIII — DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the Members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the Members of the Cooperative and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, 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 or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America, or any instrumentality or agency thereof, or the Cooperative Finance Corporation and any other lending agency.

Section 3.2.3 is Section 2b of the existing bylaws. Language is restated for clarity.

Section 2c of the existing bylaws has been rolled into **Section 3.2.2** on page 17.

Section 6 is Section 2e of the existing bylaws.

Section 7 is Section 3 of the existing bylaws.

ARTICLE IX — 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, State of New Mexico.”

ARTICLE X — FINANCIAL TRANSACTIONS

Section 1. CONTRACTS. Except as otherwise provided in these bylaws, the Board of Trustees may authorize any officer(s) or agent(s) to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and countersigned by such officer(s), agent(s) or employee(s) 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 except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as authorized by the Board of Trustees.

Section 4. CHANGE IN RATES. When required by law or contract, written notice shall be given to applicable financial institutions of any proposed change in the rates charged by the Cooperative for electric energy.

Section 5. FISCAL YEAR. The fiscal year of the Cooperative shall be the calendar year beginning January 1st of each year and ending on the 31st day of December of the same year.

ARTICLE XI — MISCELLANEOUS

Section 1. MEMBERSHIP IN OTHER ORGANIZATIONS. An affirmative vote of the Members at a duly held meeting is required for the Cooperative to become a member of, or purchase stock in any other organization. The official notice for this meeting shall specify that action is to be taken regarding the proposed membership or stock purchase.

The Board of Trustees, however, may authorize the following actions without a Membership vote:

Section 1, 2, 3, and 4 language is restated for clarity.

Section 1 language is restated for clarity.

- (a) Purchasing stock in or become a member of a [not-for-profit](#) corporation that engages in or furthers rural electrification.
- (b) Purchasing stock in or becoming a member of any other corporation, [provided it is](#) for the purpose of acquiring electric facilities and has the approval of the [U.S. Department of Agriculture's Rural Utilities Service](#).

Section 2. WAIVER OF NOTICES. Any Member or trustee may waive, in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a Member or trustee at any meeting shall constitute a waiver of notice of such meeting by such Member or trustee, except in case a Member or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

Section 3. RULES AND REGULATIONS. The Board of Trustees shall have power to make and adopt rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4. ACCOUNTING SYSTEM AND REPORTS. The Board of Trustees shall cause to be established and maintained a complete accounting system [in conformance with Generally Accepted Accounting Principles \(GAAP\) and any regulatory authority, as applicable](#), which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may, from time to time, be designated by the [U.S. Department of Agriculture's Rural Utilities Service](#). The Board of Trustees shall after the close of the fiscal year cause to be made [by a certified public accountant](#) a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. [A summary of the fiscal year financials shall be made available](#) to the Members at the next Annual Meeting.

Section 5. AUTHORIZATION FOR U.S. POSTAL MAILING OF *enchantment* MAGAZINE. The Board of Trustees 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.

The approving body in **Section 1b** has been updated.

Section 4 language is restated for clarity. Regulatory names are updated.

ARTICLE XII — AMENDMENTS

These bylaws may be altered, amended or repealed by a majority [vote](#) of [Cooperative](#) members present at any regular, special or [Annual Meeting of the Membership](#), provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Article XII
language is
restated for
clarity.