

BYLAWS

of the
Lea County
Electric Cooperative, Inc.

As Adopted May 22, 1946

and

(Amended June 4, 1951)

(Amended June 7, 1954)

(Amended June 7, 1957)

(Amended June 14, 1960)

(Amended June 3, 1963)

(Amended May 25, 1971)

(Amended April 30, 1979)

(Amended April 17, 1984)

(Amended April 22, 1986)

(Amended April 17, 1998)

(Amended April 22, 2005)

(Amended April 18, 2008)

(Amended April 26, 2019)

LOVINGTON, NEW MEXICO

ARTICLE I

MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Lea County Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric energy, provided he or it has first:

- (a) made an application for membership therein;
- (b) agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and all Rules, Regulations and Rate Schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended by the Board of Trustees; and
- (d) agreed to pay the membership fee required.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative will be transferable, except as provided in these Bylaws. (Amended April 17, 1984 and April 26, 2019)

SECTION 2. JOINT MEMBERSHIP. Either one of the people in marriage may apply for a joint membership for both and, subject to compliance with the requirements set forth in Section 1 of the Article, such an application by either shall be deemed a joint membership, unless the spouse who did not sign the application notifies the Cooperative in writing to the contrary within ten (10) days from the date such application is made for membership or within ten (10) days after electric energy is provided by the Cooperative pursuant to such membership application, or, for such application made prior to April 18, 1984, or within ten (10) days after this Bylaw provision becomes effective, whichever occurs last in time. Any one of the foregoing events is constructive notice of the application and joint membership to the non-signing spouse and no other or actual notice of the application or resulting joint membership is necessary to bind the non-signing spouse. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at the meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either, but not both concurrently, shall be eligible to be elected or appointed as an Officer or Trustee, but only if both meet the qualifications required for such office. (Amended April 17, 1984 and April 26, 2019)

SECTION 3. CONVERSION OF MEMBERSHIP. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and spouse to comply with the Articles of Incorporation, Bylaws and all Rules, Regulations and Rate Schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended by the Board of Trustees. (Amended April 17, 1984 and April 26, 2019)

SECTION 4. MEMBERSHIP AND SERVICE CONNECTION FEES. The membership fee shall be fixed from time to time by the Board of Trustees, upon the payment of which (together with any service security deposit or service connection fee, facilities extension deposit or a contribution in aid of construction or any combination thereof, is required by the Cooperative) a member shall be eligible for one or more service connections.

A service connection fee in such amount as shall be prescribed by the Cooperative shall be charged for each additional service connection. (Amended April 17, 1984)

SECTION 5. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all purchased electric energy used on the premises specified in his Application for Membership, and shall pay therefore 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 Bylaws. 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. (Amended June 4, 1951 and April 26, 2019)

SECTION 6. TERMINATION OF MEMBERSHIP.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or Rules or Regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by a vote of the members at any Annual or Special Meeting. 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 a member who has ceased to purchase energy from the Cooperative, may be canceled by Resolution of the Board of Trustees.
- (b) 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 his estate from any debts due to the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative will repay to the member the amount of membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the members to the Cooperative; and provided, further, however, that any membership fee which has been paid in whole or in part, by the application of capital credited to the account of a non-member patron as provided in these Bylaws, shall be repaid to the member only in accordance with the provisions of these Bylaws, with respect to the retirement of patronage capital. (Amended June 4, 1951, and April 26, 2019)

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in proportion to the amount of business done by such members during that period, insofar as is practicable as determined by the Board of Trustees and not inconsistently with law. (Amended June 4, 1951, and April 17, 1984)

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEETING. The Annual Meeting of the Members shall be held between the fifteenth day of April and fifteenth day of June of each year, beginning with the year 1964, at the office or at the plant of the Cooperative, or at such other place, in one of the counties served by the Cooperative, in New Mexico, as may be designated by the Board of Trustees, for the purpose of electing Trustees, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. 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 at the designated time shall not work a forfeiture or dissolution of the Cooperative. (Amended June 4, 1957; June 3, 1963; and April 26, 2019)

SECTION 2. SPECIAL MEETINGS. Special Meetings of the Members may be called by Resolution of the Board of Trustees, or upon a written request signed by any three Trustees, by the President, or by ten per centum (10%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special Meetings of the Members may be held at any place within the County of Lea, State of New Mexico, specified in the Notice of the Special Meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a Special Meeting or an Annual Meeting at which business requiring special notice is to be transacted, 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, electronically or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, 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 on the records of the Cooperative, with postage thereon prepaid or if electronic when sent. The failure of any member to receive Notice of such an Annual or Special Meeting of the Members shall not invalidate any action which may be taken by the members at any such meeting. (Amended April 26, 2019)

SECTION 4. QUORUM. A quorum shall be met when five per centum (5%) of the members, as reflected on the membership rolls of the Cooperative on the record date which will be the end of the month prior to the Annual Meeting day of the Member Meeting, have registered during the registration period, which shall be determined by the board but which shall not be any longer than seven (7) days prior to the annual meeting. If less than a quorum is registered for any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting. (Amended April 25, 2003 and April 26, 2019)

SECTION 5. VOTING. Each person who otherwise qualifies and who wishes to vote shall register for the member meeting and shall be entitled to only one vote on each matter submitted to a vote at a Meeting of the Members. Voting persons other than members who are natural persons shall be allowed by the presentation to the Cooperative, prior to or upon registration at each Member Meeting, of satisfactory evidence entitling the person presenting the same to vote. 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 or these Bylaws. Members and other persons may not accumulate their votes or vote by proxy or mail. (Amended April 25, 2003 and April 26, 2019)

SECTION 6. CREDENTIALS AND ELECTION COMMITTEE. The Board of Trustees shall, at least sixty (60) days before any Meeting of the Members appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of members, not less than five (5), who are not existing Cooperative employees, Agents, Officers, Trustees or known candidates for Trustee, and who are not members of the same household of existing Cooperative Employees, Agents, Officers, Trustees or known candidates for Trustee. In appointing the Committee, the Board shall have regard for the equitable representation of the several Districts served by the Cooperative. The Committee shall elect its own Chairman and Secretary prior to the Member Meeting. It shall be the responsibility of the Committee to establish and approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in an election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of Trustees (including, but not limited to, the validity of Petitions of Nomination or the qualification of candidates and the regularity of the nomination and the election of Trustees) and to pass upon any protest or objection filed with respect to any election or to conduct affecting the result of any election. In the exercise all of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest of objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protester(s) or objector(s) who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of its members present and voting, shall, within a reasonable time, but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the elections, to change the outcome thereof, or to set it aside. The Committee's decision (as reflected by a majority of its members actually present and voting) on all matter covered by this section shall be final. (Amended April 17, 1984 and April 26, 2019)

SECTION 7. NO PROXIES. Voting by proxy shall not be permitted. (Amended June 4, 1951)

SECTION 8. 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) Report as to which members are registered in order to determine the existence of a quorum. (Amended April 17, 1984)
- (2) Reading of the Notice of the 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 Meetings of the Members and the taking of necessary action thereon.
- (4) Presentation and consideration of reports of Officers, Trustees and Committees.
- (5) Election of Trustees.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

(Amended April 26, 2019)

ARTICLE IV TRUSTEES

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Trustees which shall exercise all of 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. (Amended June 7, 1954 and April 18, 2008)

SECTION 2. ELECTION AND TENURE OF OFFICE. All Trustees shall be elected by secret ballot at each Annual Meeting of the Members by and from the members, to serve during the term for which they were elected and shall have qualified; provided, however, that when the number of nominees do not exceed the number of Trustees to be elected from a particular Trustee District, and if there is no objection, balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Beginning with the 1957 Annual Meeting, the Trustees of the Cooperative shall be elected for the following terms of office: Two for five-year terms each, one for a four-year term, one for a three-year term and one for a two-year term. At the 1958 Annual Meeting, Trustees shall be elected for the following terms of office: Two for five-year terms each, one for a three-year term, and one for a two-year term and one for a one-year term; at each Annual Meeting thereafter, a number of Trustees equal to the number whose terms of office expire at such time shall be elected for terms of five-years. If an election of Trustees shall not be held on the day designated herein for the Annual Meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a Special Meeting of the Members as soon thereafter as conveniently may be, Trustees may be elected by a plurality vote of the members. (Amended June 4, 1951; June 7, 1954; June 7, 1957; April 17, 1984; and April 26, 2019)

SECTION 3. QUALIFICATIONS AND AREA REPRESENTATION.

- (a) To insure area representation on the Board of Trustees, the service area of the Cooperative, following the Annual Meeting in the year 1963, shall be divided into seven (7) Districts and Trustees, although voted on at large, shall be designated as representatives of a designated District, with each such District being entitled to the number of Trustees on the said Board as hereinafter provided. In addition to the qualification hereinafter set forth in the following subparagraph, no person shall be eligible to become a Trustee who is not a bona fide resident of the designated District for which elected or appointed. The said Districts and the number of Trustees to which each shall be entitled are described and set forth as follows:

DISTRICT ONE - Three (3) Trustees

That portion of Lea County, New Mexico, served by Lea County Electric and located South and West of a line described as beginning at a point on the New Mexico-Texas State line, on the township line between Township 15 South and Township 16 South, being the Southeast corner of Section 35, Township 15 South, Range 38 East, thence West approximately 15 miles along the township line to the Southeast corner of Section 32, Township 15 South, Range 36 East, thence North along section line approximately one mile to the Southeast corner of Section 29, Township 15 South, Range 36 East, thence West along the section line approximately five miles to the Southeast corner of Section 28, Township 15 South, Range 35 East, thence South approximately one mile to the Southwest Corner of Section 34, being the South boundary of Township 15 South, thence East approximately 300 feet to the Northwest corner of Section 6, Township 16 South, Range 36 East, thence South along the section line approximately four and one-half miles to the Southwest corner of Section 19, Township 16 South, Range 36 East, thence East along the section line approximately three miles to the Northeast corner of Section 28, Township 16 South, Range 36 East, and thence South along the center line of State Highway 483 and continuing on South ad infinitum so far as necessary to embrace any service to the East thereof in said Lea County, said District One including all the City of Lovington, New Mexico, as same presently exists. (Amended April 17, 1998)

DISTRICT TWO

MERGED INTO DISTRICTS FOUR and FIVE (Amended April 18, 2008)

DISTRICT THREE - One (1) Trustee

Beginning at a point in the center of Highway 380 at the Northeast Section corner of Section 25, Township 12 South, Range 36 East, thence South approximately three miles along Section lines to the Southeast corner of Section 1, Township 13 South, Range 36 East, thence West approximately ten miles along section lines to the Southwest corner of Section 4, Township 13 South, Range 35 East, thence North approximately six miles along section lines to the Northwest corner of Section 9, Township 12 South, Range 35 East, thence East approximately ten miles along section lines to the Northeast corner of Section 12, Township 12 South, Range 36 East, thence South approximately three miles along section line to the point of beginning in the center of Highway 380 at the Northeast corner of Section 25, Township 12 South, Range 36 East. (Effective for the next election of a Trustee for this District or appointment if a vacancy occurs prior to said election). (Amended April 17, 1984 and April 17, 1998)

DISTRICT FOUR - One (1) Trustee

Beginning at the Northeast corner of District One, being the Southeast corner of Section 35, Township 15 South, Range 38 East, thence West, thence North, thence West and thence South along the boundary line of District One, to the township line between Township 15 South, and Township 16 South, being the Southwest corner of Section 34, Township 15 South, Range 35 East, thence West along the township line to State Highway 457 (Saunders Road), thence generally northerly along the center line of Highway 457 to Highway 380, thence East along the centerline of Highway 380 to the boundary of District Three, thence South, thence East, thence North along the boundary of District Three to a point of Highway 380, thence East along the centerline of Highway 380 to the Texas-New Mexico State Line, thence South to a point of the beginning. (Amended April 17, 1998 and April 18, 2008)

DISTRICT FIVE - One (1) Trustee

Beginning at a point outside the service area of Lea County Electric at a point center of Highway 483 coinciding with the West boundary line of District One to the intersection of the

South boundary line of District Four, being the Southwest corner of Section 34, Township 15 South, Range 35 East, thence West and North along the South and West boundary line of District Four, which is the centerline of Highway 457 (Saunders Road) to State Highway 380, thence West along the centerline of Highway 380 continuing on ad infinitum so far as is necessary to embrace all service South of the District Six boundary same being the township line of Township 13 South and Township 14 South and all service West of the District One boundary same being the center line of State Highway 483 and continuing South ad infinitum. (Amended April 17, 1998, and April 18, 2008)

DISTRICT SIX - One (1) Trustee

Beginning at a point outside the service area of Lea County Electric along the Texas-New Mexico border then South to a point in the center of Highway 380 at the Northeast corner of Section 26, Township 12 South, Range 38 East, thence West approximately eleven miles to the Northeast corner of Section 25, Township 12 South, Range 36 East, thence North approximately three miles to the Northeast corner of Section 12, Township 12 South, Range 36 East, thence West approximately ten miles to the Northwest corner of Section 9, Township 12 South, Range 35 East, thence South approximately one and one-half miles to the center of Highway 380 on the East section line of Section 17, Township 12 South, Range 35 East, thence approximately twenty-one and one-half miles in a West, North and West direction along the center line of Highway 380 to the Northeast corner of Section 34, Township 10 South, Range 31 East, thence West along the North boundary of Districts Three, Four, and Five and continuing West ad infinitum so far as is necessary to embrace all service North of the District Five North boundary and West of the District Eight West boundary same being the New Mexico and Texas State line. (Effective for the next election of a Trustee for this District or appointment if a vacancy occurs prior to said election). (Amended April 17, 1984, April 17, 1998, and April 18, 2008)

DISTRICT SEVEN - One (1) Trustee

All that portion of Texas South of the Gaines County - Yoakum County line. (Amended April 17, 1998)

DISTRICT EIGHT - One (1) Trustee

All that portion of Texas North of the Gaines County - Yoakum County line. (Amended April 17, 1998)

SECTION 3 (a) CONTINUED:

At the Annual Meeting for the year 1964 and every fifth year thereafter, one Trustee shall be elected for District Four and one Trustee for District Seven; at the Annual Meeting for the year 1965 and every fifth year thereafter, one Trustee shall be elected for District One and one Trustee for District Six; at the Annual Meeting for the year 1966 and every fifth year thereafter, one Trustee shall be elected for District Two and one Trustee for District Five; except after 2008, only the Trustee for District Five will be subject to election as the position of Trustee for District Two will have been abolished; at the Annual Meeting for the year 1967 and every fifth year thereafter, two Trustees shall be elected for District One; at the Annual Meeting for the year 1968 and every fifth year thereafter, one Trustee shall be elected for District Three and one Trustee for District Eight. Any Trustee who is elected or appointed to the Board of Trustees after the 1963 election and who shall thereafter move his bona fide residence from the District for which elected or appointed shall thereupon be disqualified from continuing to serve as such Trustee.

- (b) In addition to the residence requirement for the Trustee contained in (a) above, no person shall be eligible to become or remain a Trustee or to hold any position of trust in the Cooperative who:

- (1) is not a member and bona fide resident in the area served or to be served by the Cooperative; or
 - (2) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or in business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative.
- (c) 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.
- (d) 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. (Amended June 3, 1963; April 18, 2008 and April 26, 2019).

SECTION 4. NOMINATIONS. It shall be the duty of the Board of Trustees to appoint, not less than forty (40) days nor more than seventy (70) days before the date of a Meeting of the Members at which Trustees are to be elected, a Committee on Nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from members residing in the District or Districts from which trustees are to be elected at the ensuing Annual Meeting. No member of the Board of Trustees may serve on such committee. The Committee shall prepare and post at the principal office of the Cooperative, at least thirty (30) days before the meeting, a list of nominations for Trustees which shall include at least one candidate for each Trustee to be elected. Any fifteen (15) or more members acting together may make other nominations by petition not less than twenty (20) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall be responsible for serving with the Notice of the Meeting or separately, but at least ten (10) days before the date of the meeting, a Statement of the Number of Trustees to Be Elected and the names and addresses of the candidates specifying separately the nominations made by the Committee and the names of the candidates nominated by petition, if any. (Amended April 26, 2002 and April 26, 2019)

SECTION 5. REMOVAL OF TRUSTEE BY MEMBERS. Any member may bring charges against a Trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members, may 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 Meeting of the Members 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; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee shall be considered and voted upon at the Meeting of the Members and 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.

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 in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term.

SECTION 7. COMPENSATION. Trustees shall not receive any salary for their services as Trustees, except that by Resolution of the Board of Trustees a fixed sum, per diem, insurance, and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees, any cooperative or organization of which the Cooperative is a member or any other Cooperative related Business. No Trustees shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by vote of the members or the service by such Trustee or close relative shall have been certified by the Board of

Trustees as an emergency measure. (Amended April 18, 2008)

SECTION 8. LIMITATION ON LIABILITY OF TRUSTEES AND INDEMNIFICATION OF OFFICERS AND TRUSTEES.

- (a) No Trustee shall be personally liable to the Cooperative or to its members for monetary damages for breach of fiduciary duty as a Trustee, unless:
 - (1) the Trustee has breached or failed to perform the duties of his office in compliance with S62-15-9.1, N.M.S.A., 1978; and,
 - (2) the breach or failure to perform constitutes willful misconduct or recklessness.
- (b) To the fullest extent permitted by law, the Cooperative shall indemnify any Trustee or Officer or former Trustee or Officer of the Cooperative or any person serving or having served at the request of the Cooperative as a Director, Trustee, Officer, Partner, Employee or Agent of any Cooperative, Corporation, Non-profit corporation, Partnership, Joint Venture, Trust, Unincorporated Association, or other Incorporated or Unincorporated Enterprise or Employee Benefit Plan or Trust against reasonable expenses, costs and attorney fees actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made a party by reason of holding or having held such an office or position, except as hereinafter specifically set forth. Indemnification may include any amounts paid to satisfy a judgment or to compromise or settle a claim. The Trustee, Officer or other person shall not be indemnified if he shall be adjudged to be liable on the basis that he breached or failed to perform the duties of his office or position and the breach or failure to perform constitutes willful misconduct or recklessness. Advance indemnification to such persons may be allowed for reasonable expenses to be incurred in connection with the defense of the action, suit or proceeding, provided that the Trustee, Officer or other person shall reimburse the Cooperative if it is subsequently determined that he was not entitled to indemnification. The Cooperative may purchase insurance to cover such indemnification. (Approved April 21, 1987 and April 26, 2019)

ARTICLE V MEETINGS OF TRUSTEES

SECTION 1. REGULAR MEETINGS. A Regular Meeting of the Board of Trustees shall be held without notice, 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 a county served by the Cooperative, as the Board of Trustees may provide by Resolution. Such regular monthly meetings may be held without notice other than Resolution fixing the time and place thereof. (Amended April 26, 2019)

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Trustees may be called by the President or by any three 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 time and place (which shall be in a county served by the Cooperative) for the holding of the meeting. (Amended April 26, 2019)

SECTION 3. NOTICE OF TRUSTEES' MEETINGS. Notice of the time, place and purpose of any Special Meeting of the Board of Trustees shall be delivered to each Trustee not less than five (5) days previous thereto, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting. Such Notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid or sent electronically. (Amended April 26, 2019)

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 adjourned meeting. 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 VI OFFICERS

SECTION 1: NUMBER. 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.

SECTION 2: ELECTION AND TERM OF OFFICE. The Officers shall be elected by ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held immediately after the 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 elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 3: 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 of Trustees whenever, in its judgment, the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an Officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) of the members, 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; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such Officer, the question of his removal shall be considered and voted upon at the next Meeting of the Members.

SECTION 4: PRESIDENT. The President shall:

- (a) be the principal Executive Officer of the Cooperative and, unless otherwise determined by the members of the Board of Trustees, shall preside at all Meetings of the Members and Board of Trustees;
- (b) 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 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 from time to time. (Amended April 26, 2019)

SECTION 5: 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. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 6: SECRETARY. The Secretary shall:

- (a) keep the Minutes of the Meetings of the Members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all Notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the Seal of the Cooperative and affix the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, Certificates of Membership, the issue of which shall have been authorized by the Board of Trustees or the members;
- (f) have general charge of the books of the Cooperative;
- (g) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws 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 Bylaws and of all amendments thereof to such 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. (Amended April 26, 2019)

SECTION 7: TREASURER. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for 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 provision of these Bylaws; and
- (c) in general, perform all the duties incident to the Office of the Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 8: DELEGATION OF SECRETARY'S AND TREASURER'S RESPONSIBILITIES. Notwithstanding the duties, responsibilities, and authorities of the Secretary and Treasurer hereinbefore provided, the Board of Trustees by Resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such Officer's duties to one or more Agents, other Officers or Employees of the Cooperative who are not Trustees. To the extent that the Board does so delegate with respect to any such Officers, that Officer as such shall be released from such duties, responsibilities, and authorities. (Amended April 17, 1984)

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 Manager shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

SECTION 10: 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 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 powers, duties, and compensation of Officers, Agents and the manager shall be fixed by the Board of Trustees, subject to the provision of these Bylaws with respect to compensation for Trustees and close relatives of Trustees. (Amended April 26, 2019)

SECTION 12: REPORTS. The Officers of the Cooperative shall submit at each Annual Meeting of the Members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NONPROFIT OPERATION

SECTION 1. INTEREST OR DIVIDEND ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit 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. (Amended June 4, 1951)

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy, the Cooperative's operation shall be so conducted that all patrons, members and non-members alike, 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 obliged to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, 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 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 within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. 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 pursuant to a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts for capital.

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. 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's accounts may be retired in full or in part. Any such retirements of capital 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. In no event, however, shall any such capital be retired, unless the proposed retirements would be in compliance with the applicable requirements in any agreement between the Cooperative and its lenders. (Amended June 14, 1960 and April 26, 2019)

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 a part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative, the capital credited to the account of such non-member patron may be

applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon death of any natural patron, if the legal representatives of his estate shall request in writing that the capital credited to any such person 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 natural patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such natural person's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby. If at any time the Board of Trustees determines, in its opinion, this Bylaw provision is not in the best interest of the Cooperative or this capital retirement program places in jeopardy the tax-exempt status of Lea County Electric Cooperative, Inc., the Board may terminate this Bylaw provision and its effectiveness upon adopting a Resolution so stating. (Amended April 22, 1986)

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, subject to the condition hereinafter set forth, shall have the power to retire capital credited to any natural member or patron who has attained the age of sixty-six (66) years, prior to the time such capital would otherwise be returned under the provision of these Bylaws, upon such terms and conditions as the Board of Trustees, acting under policies of general application, and such member or patron shall agree upon: provided, however, each of the following conditions is met:

- (a) After this Bylaw provision becomes effective, a written request for the retirement of such capital credited is made by such member or patron joined by such person's spouse, if any, together with a certified copy of birth certificate or other acceptable proof of age and is delivered to the Cooperative;
- (b) Retirement of capital credited for years prior to 1979 to such member or patron shall be made in order of priority according to the year in which the capital was furnished and credited in the normal rotation for retiring capital credit;
 - (1) Retirement of capital credited during the period of time defined as commencing after 1978 to the year such member or patron attains the age of sixty-six (66) shall not exceed an amount of \$300.00 per year. (Amended April 30, 1979 and April 22, 1986)
 - (2) Retirement of capital credited for the year in which such member or patron attains the age of sixty-six (66) and subsequent years thereto shall be paid in full each year.
- (c) The financial condition of the Cooperative will not be impaired by such retirement of capital credited; and
- (d) This Bylaw provision shall not become effective until first: a letter of opinion is obtained from the Internal Revenue Service stating that this capital requirement program will not jeopardize the tax-exempt status of Lea County Electric Cooperative, Inc.; and secondly: a Resolution is adopted by the Board of Trustees establishing an effective date for this Bylaw provision. If at any time after the effective date of this Bylaw provision, the Board of Trustees determines, in its opinion, this Bylaw provision is not in the best interest of the Cooperative or this capital retirement program places in jeopardy the tax-exempt status of Lea County Electric Cooperative, Inc., the Board may terminate this Bylaw provision and its effectiveness upon adopting a Resolution so stating. (Amended April 30, 1979)

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 office. (Amended June 4, 1951)

SECTION 3. PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services, shall, insofar as permitted by the law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike from whom such amounts were obtained. (Amended June 4, 1951)

SECTION 4. SPECIAL RIGHT TO ASSIGN. Any member or patron may assign all or any portion of his patronage capital earned or credited or expected to be earned or credited in the future to the Lea County Electric Education Foundation, a charitable tax-exempt trust, effective as of the date of assignment, subject in all cases to the Cooperative's prior lien for unpaid charges. (Amended April 22, 1986)

SECTION 5. ASSIGNMENT BY FAILURE TO PROVIDE ADDRESS. Notwithstanding any other Bylaw provisions, capital credits and capital credit payments, notice or delivery of which cannot be made for the failure of a patron or former patron to claim the same in person, or to furnish an effective mailing address, for a period of five (5) years after the Cooperative has mailed the same with sufficient postage to the last known address and to the last address provided to the Cooperative, or after the Cooperative has in good faith attempted to deliver such notice of payment, shall be and constitute an irrevocable gift by the patron to the Lea County Electric Education Foundation, a charitable tax-exempt trust, of such credit or payment remaining after the Cooperative's prior claim for charges due have been satisfied. (Amended April 22, 1986)

SECTION 6. CHARITABLE TRUST. It shall be the duty of the Cooperative to take the necessary steps to establish said tax-exempt charitable trust and to obtain approval of the Internal Revenue Service of the United States and the New Mexico Taxation and Revenue Department and to cause to be named as Trustees the Officers from time to time of the Cooperative, being the President, Vice President, the Secretary and Treasurer, who are to serve as Trustees without compensation. (Amended April 22, 1986)

SECTION 7. PRIORITY OF COOPERATIVE'S CLAIM FOR AMOUNTS DUE FROM PATRON. Nothing contained in this Article shall be construed to deprive the Cooperative of its first lien against any capital credits to satisfy any unpaid bill of the patron; only that portion of a capital credit or payment which is not needed to satisfy any unpaid balance for electric service may be transferred to the Lea County Electric Education Foundation under the provisions hereof for the purpose of educational grants to our present, active members' immediate families. (Amended April 22, 1986)

SECTION 8. 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. (Amended April 22, 1986)

ARTICLE VIII 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 (2/3) 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 provision 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 deed 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 therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative. (Amended May 25, 1971)

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, (New Mexico)."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided in these Bylaws, 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 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 payments of money, and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative shall be signed or authorized by such Officer or Officers, Agent or Agents, Employee or Employees of the Cooperative and in such manner as shall from time to time be determined by Resolution of the Board of Trustees. (Amended April 26, 2019)

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.

SECTION 4. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Utilities Service of the United State of America not less than ninety (90) days prior to the date upon which any proposed change in the rate charged by the Cooperative for electric energy becomes effective.

SECTION 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of or purchase stock in any other organization including for profit, without approval of the Board of Trustees, and the Cooperative may upon the authorization of the Board of Trustees, purchase stock in or become a member of any corporation or organization or organized on a nonprofit basis for the purpose of engaging in or furthering in the cause of rural electrification, or with the approval of the Administrator of Rural Utilities Service of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. WAIVER OF NOTICE. Any member or Trustee may waive 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 ground that the meeting has not been lawfully called or convened. (Amended April 26, 2019)

SECTION 3. 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, 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 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 Administrator of the Rural Utilities Service of the United States of America. The books of the Cooperative shall be examined by a committee of the Board of Trustees which shall 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 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 next following Annual Meeting of Members.

ARTICLE XII AMENDMENTS

These Bylaws 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.