

Our Vision

Central Valley Electric is a member-focused electric cooperative dedicated to personalized, quality service for its members and the economic vitality of our community.

BY-LAWS

of

CENTRAL VALLEY ELECTRIC COOPERATIVE, INC.

Article I

Membership

Section 1. **Application for Service.** Any person, firm, association, corporation or body politic or subdivision thereof located in the area served by the Central Valley Electric Cooperative, Inc., (hereinafter called the "Cooperative"), may receive electric service as a member and/or patron from the Cooperative upon request. Membership may be obtained by application to receive electric service; provided, however, that no

person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it is receiving electric service and has been accepted for membership by the Board of Trustees or the Members. No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable.

The patrons of the cooperative, by dealing with the cooperative acknowledge that the terms and provisions of the articles of incorporation and by-laws shall constitute and be a contract between the cooperative and each patron, and both the cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the cooperative by posting in a conspicuous place in the cooperative's office.

At each meeting of the members, all applications received more than ninety days prior to such meeting and which have not been accepted or which have been rejected by the Board of Trustees, shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements hereinabove set

forth, such applications or any one or more of them may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

Section 2. **Membership Certificates.** Membership in the Cooperative shall be evidenced by membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees. Such certificate shall be signed by the President and by the Secretary and the Cooperative and the corporate seal shall be affixed thereto. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor on application by the member accompanied by affidavit that original certificate has been lost, destroyed, or mutilated.

Section 3. **Joint Membership.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these by-laws 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 to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting 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, may be elected or appointed as an officer or trustee.

Section 4. **Conversion of Membership.**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws and rules and regulations adopted by the Board of Trustees. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such

manner as shall indicate the changed membership status; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 5. **Connection Fees.** The connection fee for applicants requesting electric service shall be established by the Board of Trustees subject to the approval of any regulatory agency exercising control over electric utilities.

Section 6. **Purchase of Electric Energy.** Each applicant for service shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy as specified in his application for service or service agreement, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Trustees as such rate may be modified or amended pursuant to applicable law; 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 consumer. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by patrons as capital and each patron shall be credited with the capital so furnished as provided in these by-laws. Each patron 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 subject to applicable law. Each patron shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. (Amended 03/19/2022)

Section 7. **Termination of Membership.** 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 shall have refused or failed to comply with any of the provisions of the articles of incorporation, by-laws 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 refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be

surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

Section 1. **Property Interest of Members.** Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these by-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members, unless otherwise provided by law.

Section 2. **Non-liability for Debts of the Cooperative.** The private property of the members shall be exempt from execution or other liability for debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

Section 1. **Annual Meeting.** The annual meeting of the members shall be held within ninety (90) days from December 31st of each year, commencing December 31, 1985, at such place and time in Artesia, New Mexico, as shall be determined by the Board of Trustees, said annual meeting to be 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. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. The Board of Trustees has the authority to cancel, postpone, change the Order of business or modify the manner in which a meeting of the Cooperative is conducted in circumstances where it reasonably determines that the conduct of the meeting would pose a threat to the public health, safety or welfare. (Amended 03/19/2022)

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 or more of all 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 Eddy, 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 other than that listed in Section 7 of this article is to be transacted, the purpose or purposes for which the meeting is called shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally 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. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. **Quorum.** As long as the total number of members does not exceed five hundred, ten per centum of the total number of members present in person shall constitute a quorum. In case the

total number of members shall exceed five hundred, fifty members or three per centum of the members, whichever shall be the larger, shall constitute a quorum. 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, provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

Section 5. **Voting.** Each active member shall be entitled to only one vote. An active member to be a member who is receiving service at least two weeks before the time for voting. All questions shall be decided by a vote of a majority of the active members voting thereon in person, except as otherwise provided by law, the articles of incorporation or these by-laws.

Section 6. **Voting by Spouse.** The wife or husband of a membership certificate holder, may in the absence of specific contrary instructions, vote the membership in the absence of the spouse.

Section 7. **Order of Business.** The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are present in person to determine the existence of a quorum.
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.

For good cause, the manner and order of conducting business may be altered by the Board of Trustees. (Amended 03/19/2022)

ARTICLE IV

TRUSTEES

Section 1. **General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven trustees which may exercise all of the powers of the Cooperative except such as are by

law, the articles of incorporation or these by-laws conferred upon or reserved to the members.

Section 2. **Qualifications and Tenure.** For the purpose of geographically distributing the members of the Board of Trustees, seven districts are hereby created with one trustee to be elected from each district. (Amended 3/7/2009)

No. 1 - Artesia-Lakewood - Beginning at the NW corner of Section 6, Township 17 South, Range 25 East; Thence East along the Township Line approximately 12 miles to the NE corner of Section 1, Township 17 South, Range 26 East; Thence South along the range line approximately 24 miles to the SE corner of Section 36, Township 20 South, Range 26 East; Thence West along the Township line approximately 12 miles to the Southwest Corner of Section 31, Township 20 South, Range 25 East; Thence North along the Range line approximately 24 miles to the point of Beginning the NW Corner of Section 6, Township 17 South, Range 25 East.

No. 2 - Loco Hills - Beginning at the NW Corner of Section 6, Township 16 South, Range 27 East. Thence East along the Eddy-Chaves County Line approximately 30 miles to the Northeast Corner of Section 1, Township 16 South, Range 31 East; Thence South along

Eddy-Lea County Line approximately 30 miles to the Southeast corner of Section 36, Township 20 South, Range 31 East; Thence West along the Township Line approximately 30 miles to the Southwest corner of Section 31, Township 20 South, Range 27 East; Thence North along the Range Line approximately 30 miles to the point of Beginning, the Northwest Corner of Section 6, Township 16 South, Range 27 East; together with the Area served by the Cooperative in Lea County, New Mexico.

No. 3 - Cottonwood-Lake Arthur - Beginning at the Northwest corner of Section 6, Township 15 South, Range 21 East; Thence East along the Township Line approximately 66 miles to the Northeast Corner of Section 1, Township 15 South, Range 31 East; Thence South along the Eddy-Lea County Line approximately six miles to the Southeast corner of Section 36, Township 15 South, Range 31 East; Thence West along the Eddy-Chaves County Line; approximately 33 miles to the Northeast Corner of Section 1, Township 16 South, Range 26 East; Thence South along the Range Line approximately six miles to the Southeast Corner of Section 36, Township 16 South, Range 26 East; Thence West along the Township Line approximately 18 miles to the Southwest Corner of Section 31, Township 16 South, Range 24 East; Thence North along the Range Line to Northwest Corner of Section 6, Township 16 South, Range 24 East; Thence West

along the Eddy-Chaves County Line approximately 15.5 miles to the Southwest Corner of Section 31, Township 15 South, Range 21 East; Thence North along the Range Line approximately six miles to the point of Beginning, the Northwest Corner of Section 6, Township 15 South, Range 21 East.

No. 4 - Hagerman-Dexter - Beginning at the Northwest Corner of Section 6, Township 13 South, Range 21 East; Thence East along the Township Line approximately 66 miles, to the Northeast Corner of Section 1, Township 13 South, Range 31 East; Thence South along the Chaves-Lea County Line approximately 12 miles to the Southeast corner of Section 36, Township 14 South, Range 31 East; Thence West along the Township Line approximately 66 miles to the Southwest Corner of Section 31, Township 14 South, Range 21 East; Thence North along the Range Line approximately 12 miles to the point of Beginning, the Northwest Corner of Section 6, Township 13 South, Range 21 East.

No. 5 - South Roswell - Beginning at the Northwest corner of Section 6, Township 12 South, Range 21 East; Thence East along the Township Line approximately 66 miles to the Northeast corner of Section 1, Township 12 South, Range 31 East; Thence South along the Lea-Chaves County Line approximately six miles to the Southeast

Corner of Section 36, Township 12 South, Range 31 East; Thence West along the Township Line approximately 66 miles to the Southwest Corner of Section 31, Township 12 South, Range 21 East; Thence North along the Chaves-Lincoln County line to the point of Beginning, NW corner Section 6, Township 12south, Range 21 East.

No. 6 - North Roswell - Beginning at the Southwest Corner of Section 31, Township 11 South, Range 21 East; Thence north along the Chaves-Lincoln County Line approximately 48 miles to the northwest corner of Section 6, Township 4 South, Range 20 East; Thence east along the Township Line approximately 60 miles to the northeast corner of Section 1, Township 4 South, Range 29 East; Thence south along the Chaves-Roosevelt County Line approximately 12 miles to the Southeast Corner of Section 36, Township 5 South, Range 29 East; Thence East along the Chaves-Roosevelt County Line approximately seven miles to the Northeast Corner of Section 1, Township 6 South, Range 31 East; Thence south along the range line approximately 30 miles to the Southeast Corner of Section 36, Township 10 South, Range 31 East; Thence East along the township line approximately 3.5 miles to the northeast corner of Section 1, Township 11 South, Range 31 East; Thence South along the Chaves-Lea County Line approximately six miles to the Southeast Corner of Section 36, Township 11 South, Range 31 East; Thence West along the

township line approximately 66 miles to the point of Beginning, the Southwest corner of Section 31, Township 11 South, Range 31 East.

No. 7 - Hope - Beginning at the Northwest Corner of Section 6, Township 14 South, Range 17 East; Thence East along the Lincoln-Chaves County Line approximately 24 miles to the Northeast corner of Section 1, Township 14 South, Range 20 East; Thence South along the range line approximately 12 miles to the Southeast Corner of Section 36, Township 15 South, Range 20 East; Thence East along the Chaves-Eddy County Line approximately 16 miles to the Northeast Corner of Section 1, Township 16 South, Range 23 East, Thence South along the range line approximately six miles to the Southeast Corner of Section 36, Township 16 South, Range 23 East, Thence East along the range line approximately six miles to the Southeast Corner of Section 36, Township 16 South, Range 24 East; Thence South along the range line approximately 24 miles to the Southeast Corner of Section 36, Township 20 South, Range 24 East; Thence East along the Township Line approximately 12 miles to the Northeast Corner of Section 1, Township 21 South, Range 25 East; Thence South along the range line approximately six miles to the Southeast Corner of Section 36, Township 21 South, Range 25 East; Thence West along the Township Line approximately six miles to the Southeast Corner of Section 36, Township 21 South, Range 24 East; Thence

South along the Range Line approximately 12 miles to the Southeast Corner of Section 36, Township 23 South, Range 24 East; Thence West along the Township Line approximately 24 miles to the Southwest Corner of Section 31, Township 23 South, Range 21 East; Thence North along the Eddy-Otero County Line approximately 18.5 miles to the Northwest Corner of Section 31, Township 20½ South, Range 21 East; Thence west along the Chaves-Otero County Line approximately 30 miles to the Southwest Corner of Section 31, Township 20 South, Range 16 East; Thence North along the Chaves-Otero County Line approximately 44 miles to the point of Beginning the Northwest Corner of Section 6, Township 14 South, Range 17 East; together with the area South and West in Otero County served by the Cooperative.

One trustee only to be elected from each district. At the Annual Meeting of the Cooperative following the adoption of this change in the by-laws, Trustees shall be elected by ballot for three-year terms as follows:

1986 - Area #1, Area #2, Area #5

1987 - Area #4, Area #7

1988 - Area #3, Area #6 (Amended 3/7/2009)

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 resident in the area served by the Cooperative; or
- (b) 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
- (c) is absent from three (3) or more consecutive meetings of the Board of Trustees without having a bona fide excuse, said excuse to be determined by the remaining trustees, and any trustee so removed by and under this section shall be notified by the Board of Trustees.

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

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.

Section 3. **Nominations.** It shall be the duty of the Board of Trustees to appoint, not less than thirty days nor more than sixty 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 seven members who shall be selected from different sections of the project area, as heretofore set up in Section 2, Article IV, so as to insure equitable representation on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principle office of the Cooperative at least ten days before the meeting a list of nominations for trustees. It shall be the duty of the Nominating Committee member from the area in which a trustee is to be elected, to determine willing and qualified representatives or representative from their area to be placed on the ballot for trustee.

The Secretary shall mail with the notice of the meeting or separately, but a least seven days before the date of the meeting, a statement of the number of trustees to be elected and name and address of the candidates. Nothing contained herein shall, however, prevent additional nominations from the floor at the meeting of the members as long as the person making the nomination is a member in the area from which the nominee resides. Not

withstanding anything contained in this Section, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of trustees.

Section 4. **Removal of Trustees by Members.** Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by a least ten per centum of the members and request the removal of such trustee by reason thereof. The trustee against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the 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. The question of the removal of such trustee shall be considered and voted upon at the next regular or special 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 5. **Vacancies.** Subject to the provisions of these by-laws 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 of the trustee in respect to whom the vacancy occurs.

Section 6. **Compensation.** Trustees shall not receive any salary for their services as trustees, except that by Resolution of the Board of Trustees, a fixed sum, pier 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 trustee 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 a vote of the members at an Annual Meeting or shall have been certified by the Board of Trustees as an emergency measure. (Amended 3/7/2009)

ARTICLE V

MEETING OF TRUSTEES

Section 1. **Regular Meetings.** A regular meeting of the Board

of Trustees shall be held without notice other than this by-law, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place in Eddy County, New Mexico, as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. **Special Meetings.** Special meetings of the Board of Trustees may be called by the President or 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 the service area of the Cooperative) for the holding of the meeting. Special meetings may be conducted through the use of conference electrical or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating. (Amended 3/7/2009)

Section 3. **Notice of Trustees' Meeting.** Written notice of the time, place (or telecommunications conference event) and

purpose of any special meeting of the Board of Trustees shall be delivered not less than five days previous thereto, either personally or by mail, 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, to each trustee. If mailed, 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.
(Amended 3/7/2009)

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; provided further, that the Secretary shall notify any absent trustee 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 and Treasurer, and such

other officers as may be determined by the Board of Trustees from time to time. The office 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 directly after the annual meeting of the members. If the election of officers should 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 interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against any officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum of the members

and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the 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. The question of the removal of such officer shall be considered and voted upon at the next regular or special 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 the Board of Trustees;
- (b) Sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages,

deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

- (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.

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 by-laws 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 certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keep a register of the 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 in which a record of the members is kept;

(g) keep on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative furnish a copy of the by-laws and of all amendments thereto to each member who requests such copy;

(h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 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 moneys due and payable to the Cooperative from any source whatsoever, and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these by-laws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 8. **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 9. **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 may 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. (Amended 03/19/2022)

Section 10. **Compensation.** The powers, duties and compensation of any officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these by-laws with respect to compensation for trustees and close relatives of trustees.

Section 11. **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

NON-PROFIT OPERATION

Section 1. **Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. **Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, 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 non-profit basis the Cooperative is obligated 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 a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall 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, in pursuance of 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, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least forty per centum (40%) of the total assets of the Cooperative.

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

Notwithstanding any other provisions of these By-Laws, 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 his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, 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 patron's estate shall agree upon; provided, however, that the

financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and By-Laws shall constitute and be a contract between the cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each patron by the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 3. **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 Central Valley 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.

Section 4. **Assignment by Failure to Provide Address.** Notwithstanding any other By-Law provisions, capital credits and capital credit payments, notice or delivery of which cannot be made

for failure of a patron or former patron to claim the same in person, or to furnish an effective mailing address, for a period of two 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 or payment, shall be and constitute an irrevocable gift by the patron to Central Valley Electric Education Foundation, a charitable tax exempt trust, of such credit or payment remaining after the Cooperative's prior claim for charges due has been satisfied.

Section 5. **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 Bureau of Revenue of New Mexico 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.

Section 6. **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 electric bill of the patron; only that portion of a capital credit or payment which is not needed to satisfy an unpaid balance for electric service may be transferred to the Central Valley Electric Education Foundation under the provisions hereof for the purpose of educational grants to our present active members' immediate families.

Section 7. **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.

ARTICLE VIII

DISPOSITION OF PROPERTY

Disposition of Property. The Cooperative may not sell, or otherwise dispose of all or any substantial portion of its property unless such sale, or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than

two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, or other disposition 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 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 any appropriate lending institution.

ARTICLE IX

SEAL

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 by-laws, the Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. **Checks, Drafts, etc.** Except as otherwise provided by law or in these by-laws, all checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer, officers, agent or agents of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

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

Section 4. **Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

ARTICLE XI

MISCELLANEOUS

Section 1. **Membership in Other Organizations.** The Cooperative may become a member or purchase stock in other profit or non-profit organizations, associations, partnerships, or joint ventures when the trustees find that the general or long-term interests of its membership will be served by such investments or participation. (Amended 2/24/2007)

Section 2. **Waiver of Notice.** Any member or trustee may waive in writing, any notice of a meeting required to be given by these by-laws. 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 because the meeting shall not have been lawfully called or convened.

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 by-laws, as it may deem advisable for the management, administration and regulation 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, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting systems as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. All accounts of the Cooperative may be examined by a committee of the Board of Trustees which shall render reports to the Board of Trustees at least four times a year at regular meetings of the Board of Trustees. The Board of Trustees shall cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative. Such audit reports may be submitted to the members at the following annual meeting. (Amended 03/19/2022)

Section 5. **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 members 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. (Amended 2/24/2007)

ARTLICLE XII

AMENDMENTS

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

As Amended at: February 16, 1985
February 17, 1996
February 24, 2007
March 7, 2009
March 19, 2022