



BOARD OF DIRECTORS REGULAR MEETING

Thursday, October 17, 2019 8:30 a.m.

Friday Harbor OPALCO Office

TRAVEL

Via Island Air (378-2376)

To:

Leave	LZ	7:45 a.m.	Arrive	FH	8:00 a.m.
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Return:

Leave	FH	2:00 p.m.	Arrive	LZ	2:15 p.m.
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Via Ferry:

To:

Leave	Lopez	6:55 a.m.	Arrive	FH	8:15 a.m.
	Shaw	7:15 a.m.			
	Orcas	7:35 a.m.			

Return:

Leave	FH	2:20 p.m.	Arrive	Orcas	3:10 p.m.
				Shaw	3:25 p.m.
				Lopez	3:45 p.m.

Sequence of Events

- Board Meeting

**Orcas Power & Light Cooperative
Board of Directors
Regular Board Meeting
Friday Harbor OPALCO Office
October 17, 2019 8:30 A.M.***

**Time is approximate; meetings are scheduled around the ferry schedule; if all Board members are present, the meeting may begin earlier or later than advertised.*

WELCOME GUESTS/MEMBERS

Member attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO's website.

- Member Comment Period
 - *Members are expected to conduct themselves with civility and decorum, consistent with Member Service Policy 17. If you would like answers to specific questions, please fill out Q&A card for post-meeting follow-up.*

ACTION ITEMS

- Consent Agenda
- 2018 Form 990 (Board vote subsequent to review in Executive Session)
- Board Meetings 2020

DISCUSSION ITEMS

- Election and Governance Update
- Response to Member Communication

REPORTS

- General Manager
- Rock Island Snapshot

APPENDIX

- Member Communications

EXECUTIVE SESSION

Legal, Personnel, and Competitive

ADJOURNMENT

MEMORANDUM

October 11, 2019

TO: Board of Directors

FROM: Foster Hildreth

RE: Consent Agenda

All matters listed with the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item by request of a Board member. The minutes will reflect the approved consent agenda.

The Consent Agenda includes:

- **Minutes** of the previous meeting – attached.
- **Approval of New Members** – attached {as required by Bylaws Article I Section 2 (d)}

NEW MEMBERS – September 2019

District 1 (San Juan, Pearl, Henry, Brown, Spieden)

1. Anderson, Amanda
2. Atomic Ventures LLC
3. Bell, Fabiola
4. Bremer, Jill
5. Burns, Carlton
6. Chambers, Roy
7. Champlin, Jan
8. Connor, Kelly
9. Czaja, David
10. Daniels, Sam
11. Debruyn, Anthony
12. Dent, Molly
13. Freeauf, Juelianna
14. Garner, Daniel
15. GMAC LLC
16. Gow, David and Mueller, Heather
17. Kelly, Rob
18. Meyer, Jill
19. Otis, Lance
20. Price, Vincent and Annette
21. Read, Kaytlyn
22. Reynolds, Tammy and Girard, Guy

23. Smith, Duane
24. Soares, David and Howells, Susan
25. Storm, Lauren
26. Stringer, Pamela
27. Stuart, Laura
28. Swafford, Grady

District 2 (Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn)

29. Barmundo LLC
30. Barrett, Cindy and Jim
31. Gray, Gregory
32. Haeuser, Matt
33. Jones, Brittany and Kemp, Jonathan
34. Lorsung, Emily and James
35. Newton, Sydney
36. Nunez, Benjamin
37. Orcas Land LLC
38. Roche, Patrick
39. Turner, Esther
40. Woods, David

District 3 (Lopez, Center, Decatur, Center, Charles)

- 41. Fant, Deborah and Lung, Cary
- 42. Gemperline, Patrick and Dwight, Janet
- 43. Magnuson, Riley and Turunen, Risto
- 44. Rider, Britton and Patterson, Melissa

45. Warner, Bret

District 4 (Shaw, Crane, Canoe, Bell)

- 46. Peinert, John

- **Capital Credit** payments to estates of deceased members and/or organizations no longer in business as shown below:

October	
Customer #	Amount
6625	\$ 1,070.98
84977	433.21
67352	1,039.41
5597	2,082.59
65924	1,044.64
27010	316.61
60297	480.64
Total	\$ 6,468.08

- **RUS 219s** *Inventory of Work Orders* of projects completed from the Construction Work Plan totaling \$645,914.47. These forms are submitted to RUS for approval of loan funds.
 - Inventory 201908 - \$300,313.19 for projects associated with transmission pole replacements and replacement of underground lines.
 - Inventory 201909 - \$320,049.37 for projects associated with transformer replacements, underground replacements, and AMR installation in Olga substation.
 - Inventory AS1909 - \$25,551.91 for projects associated with local opportunities for transclosure and underground replacements.

Staff requests a motion to approve the Consent Agenda.

Orcas Power & Light Cooperative

Minutes of the Board of Directors Meeting Thursday, September 19, 2019

President Vince Dauciunas called the meeting to order at 8:15 a.m. in the Lopez Fire Hall. Board members present were Vince Dauciunas, Mark Madsen, Jeffrey Struthers, Rick Christmas and Brian Silverstein. Jerry Whitfield and Peter Garlock participated via a video connection. Staff present were General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerry, Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal and Public Relations Administrator Suzanne Olson (serving as recording secretary).

Members/Guests

Kent Lopez – General Manager, WRECA; Ashley Slater – Vice President of Government Affairs & Policy, PNGC Power; Greg Mendonca – Vice President of Power Supply, PNGC Power; EGC members Bill Severson (Chair), Rob Thesman, Ray Glaze and Chom Greacen; Members Julianne Battalia, Allan Tamm, Giacomo Sturniolo, Cynthia Dillon and Steve Horn

MEMBER COMMENTS

- Julianne Battalia re: wireless technology
- Rob Thesman re: EGC process
- Chom Greacen re: IRP, LSRD resolution and EGC process

CONSENT AGENDA

- **Motion** was made and seconded to approve Consent Agenda, including August 2019 minutes, new members as listed with the Board materials, capital credit payments totaling \$7,384.18 and RUS 219s totaling \$363,731.42. Motion carried by voice vote.

NRECA REGION 9 VOTING DELEGATE

- **Motion** was made and seconded to ratify an earlier email vote to approve Foster Hildreth as voting delegate and Rick Christmas as the alternate. Motion carried by voice vote.

SUPPORT OF FEDERAL POWER SYSTEM AND SNAKE RIVER DAMS

Discussion continued from the August Board meeting on the myriad issues involved with balancing clean, reliable power supply with ecosystem health. Discussion covered a wide range of topics including ocean health (rising water temperatures and ocean acidification); salmon recovery and whale survival; and the NEPA study in progress. Hydro system capacity constraints, regional generation deficiencies and demand pressures caused by the new carbon legislation were also discussed. A number of members present shared their thoughts.

- **Motion** was made and seconded to approve Resolution 2-2019. Motion carried by voice vote.

RESP LOAN – MEMBER ON-BILL FINANCING

Discussion ensued on Co-op finances and the separation of these funds from debt on the balance sheet. Further discussion on what measures would be included in the new round of funding, how the funding would support objectives of the IRP and member demand for the program.

- **Motion** was made and seconded to approve Resolution 3-2019: RESP 2.0 loan submittal. Motion carried by voice vote.
- **Motion** was made and seconded to approve Resolution 4-2019: Corporate Debt Limit Increase. Motion carried by voice vote.

EASEMENT RELINQUISHMENT

Staff presented the details of this easement relinquishment as a result of the County's Orcas Road relocation project.

- **Motion** was made and seconded to approve the Easement Relinquishment as presented. Motion carried by voice vote.

President Vince Daucinas called a break from 9:10 – 9:20am

CLEAN ENERGY TRANSFORMATION ACT (CETA) SB 5116 UPDATE – KENT, ASHLEY AND GREG

Kent Lopez updated the Board on legislative affairs and focused on the Clean Energy Transformation Act (CETA). Discussion ensued on the timeline for requirements. Ashley Slater gave an overview of PNGC as OPALCO's power supplier and their role in future power planning. Greg Mendonca discussed available resources, compliance issues and BPA. He applauded OPALCO's IRP and process stating, "OPALCO is ahead of the curve." Discussion ensued on costs, low-income programs and timeline.

ELECTION & GOVERNANCE COMMITTEE (EGC) REVIEW OF DIRECTOR QUALIFICATIONS

Hildreth thanked the members who volunteered their time for this review and recapped the process and timeline. EGC Chair Bill Severson outlined the three issues reviewed by the committee including 1) term of residence, 2) relationship with public office and 3) employment with OPALCO. Discussion ensued on board candidate qualifications and member outreach. Staff and Legal Counsel will incorporate EGC and Board discussion points into policy and procedural documents at the next meeting.

President Vince Daucinas called a break from 10:50 – 11:00am

INTEGRATED RESOURCE PLAN (IRP)

Hildreth recognized the team that worked on the 2020-2040 update to the IRP. The Board reviewed the updates and discussion ensued on industry trends, climate change, technology, resources, capacity constraints, costs, communication to members and strategic planning.

- **Motion** was made and seconded to approve the Updated 2020-2040 Integrated Resource Plan as presented. Motion carried by voice vote.

GENERAL MANGER

General Manager's report was reviewed.

EXECUTIVE SESSION 12:15 - 12:45p.m.

ADJOURNMENT

Meeting was adjourned at 12:50 p.m.

Vince Dauciunas, President

Brian Silverstein, Secretary-Treasurer

09/17/2019 3:49:16 pm

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RUS Form 219 Inventory Of Work Orders

Period: AUG 2019

System Designation: WA AH O9

Inventory: 201908

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
					Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
Project	Year	Construction (1)	Retirement (2)							
1011	2018	2724		1	24,687.57	0.00	0.00	0.00	0.00	24,655.29
								AFUDC: 32.28		
					24,687.57	0.00	0.00	0.00	0.00	24,655.29
608 - 31	2018	1695	1695	1	345,566.67	2,610.91	0.00	0.00	67,971.93	275,657.90
								AFUDC: 4,547.75		
					345,566.67	2,610.91	0.00	0.00	67,971.93	275,657.90
Grand Totals:					\$ 370,254.24	\$ 2,610.91	\$ 0.00	\$ 0.00	\$ 67,971.93	\$ 300,313.19

09/17/2019 3:49:16 pm

RUS Form 219 Inventory Of Work Orders

Page: 2

Period: AUG 2019

System Designation: WA AH O9

Inventory : 201908

Budget

Loan	Project	Amount
1	1011	24,655.29
1	608 - 31	275,657.90
Total:		300,313.19

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)_____
DATE_____
SIGNATURE (BOARD APPROVAL)_____
DATE**ENGINEERING CERTIFICATION**

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY_____
FIRM_____
LICENSE NUMBER_____
DATE_____
SIGNATURE OF LICENSED ENGINEER

10/10/2019 11:42:36 am

Page: 2

RUS Form 219 Inventory Of Work Orders

Period: SEP 2019

System Designation: WA AH O9

Inventory: 201909

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions		Contrib In Aid Of Constr and Previous Advances (8)	Loan Funds Subject To Advance By RUS (9)
					Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)		
Project	Year	Construction (1)	Retirement (2)							
601	2018	3126	3126	1	2,998.84	0.00	0.00	0.00	0.00	2,976.98
								AFUDC: 21.86		
					2,998.84	0.00	0.00	0.00	0.00	2,976.98
608 - 24	2018	2689	2689	1	89,741.12	0.00	0.00	0.00	18,924.53	70,539.19
								AFUDC: 277.40		
					89,741.12	0.00	0.00	0.00	18,924.53	70,539.19
608 - 9	2018	2675	2675	1	135,422.22	1,445.97	721.38	0.00	21,508.11	113,190.33
								AFUDC: 1,448.37		
					135,422.22	1,445.97	721.38	0.00	21,508.11	113,190.33
705 - 3	2018	2862		1	136,816.51	0.00	0.00	0.00	0.00	133,342.87
								AFUDC: 3,473.64		
					136,816.51	0.00	0.00	0.00	0.00	133,342.87
Grand Totals:					\$ 364,978.69	\$ 1,445.97	\$ 721.38	\$ 0.00	\$ 40,432.64	\$ 320,049.37

10/10/2019 11:42:36 am

RUS Form 219 Inventory Of Work Orders

Page: 5

Period: SEP 2019

System Designation: WA AH O9

Inventory : 201909

Budget

Loan	Project	Amount
1	601	2,976.98
1	608 - 24	70,539.19
1	608 - 9	113,190.33
1	705 - 3	133,342.87
Total:		320,049.37

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)_____
DATE_____
SIGNATURE (BOARD APPROVAL)_____
DATE**ENGINEERING CERTIFICATION**

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INSPECTION PERFORMED BY_____
FIRM_____
LICENSE NUMBER_____
DATE_____
SIGNATURE OF LICENSED ENGINEER

10/10/2019 11:42:36 am

Page: 3

RUS Form 219 Inventory Of Work Orders

Period: SEP 2019

System Designation: WA AH O9

Inventory: AS1909

Loan		Work Order		Bdgt (3)	Gross Funds Required		Deductions			Loan Funds Subject To Advance By RUS (9)
					Cost Of Construction: New Constr Or Replacements (4)	Cost Of Removal: New Constr Or Replacements (5)	Salvage Relating To New Construction Or Replacements (6)	Retirements Without Replacements (7)	Contrib In Aid Of Constr and Previous Advances (8)	
Project	Year	Construction (1)	Retirement (2)							
1600	2018	2408	2408	1	22,407.91	0.00	0.00	0.00	0.00	21,434.45
								AFUDC: 973.46		
1600	2018	2950		1	4,163.99	0.00	0.00	0.00	0.00	4,117.46
								AFUDC: 46.53		
					26,571.90	0.00	0.00	0.00	0.00	25,551.91
Grand Totals:					\$ 26,571.90	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 25,551.91

Minor Construction Work Orders

Work Order: 2408 - REPLACE 2 RANCH RUNNERS WITH 1 NEW SHRUB LINE REMOVE A RADIAL TAP THAT WAS 1 FT DEEP

Work Order: 2950 - TRENCH AND INSTALL CONDUIT PRIOR TO CHIPSEAL OF ROADWAY

10/10/2019 11:42:36 am

Page: 6

RUS Form 219 Inventory Of Work Orders

Period: SEP 2019

System Designation: WA AH O9

Inventory : AS1909

Budget

Loan	Project	Amount
1	1600	25,551.91
Total:		25,551.91

ENVIRONMENTAL CERTIFICATION

- 1 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON THE LISTED WORK ORDERS (EXCEPT CERTIFICATION "2" BELOW), IS A CATEGORICAL EXCLUSION OF A TYPE DESCRIBED IN 7 CFR 1970 WHICH NORMALLY DOES NOT REQUIRE PREPARATION OF A BORROWER'S ENVIRONMENTAL REPORT.
- 2 ☐ WE CERTIFY THAT CONSTRUCTION REPORTED ON WORK ORDERS _____, IS A CATEGORICAL EXCLUSION OF A TYPE THAT NORMALLY REQUIRES A BORROWER'S ENVIRONMENTAL REPORT WHICH IS ATTACHED.

SIGNATURE (MANAGER)

DATE

BORROWER CERTIFICATION

WE CERTIFY THAT THE COSTS OF CONSTRUCTION SHOWN ARE THE ACTUAL COSTS AND ARE REFLECTED IN THE GENERAL ACCOUNTING RECORDS. WE FURTHER CERTIFY THAT FUNDS REPRESENTED BY ADVANCES REQUESTED HAVE BEEN EXPENDED IN ACCORDANCE WITH THE PURPOSES ON THE LOAN, THE PROVISIONS OF THE LOAN CONTRACT AND MORTGAGE, RUS BULLETINS, AND THE CODE OF FEDERAL REGULATIONS RELATIVE TO THE ADVANCE OF FUNDS FOR WORK ORDER PURPOSES. WE CERTIFY THAT NO FUNDS ARE BEING REQUESTED FOR REIMBURSEMENT OF CONSTRUCTION WORK IN A CBRA AREA.

SIGNATURE (MANAGER)

DATE

SIGNATURE (BOARD APPROVAL)

DATE

ENGINEERING CERTIFICATION

I HEREBY CERTIFY THAT SUFFICIENT INSPECTION HAS BEEN MADE OF THE CONSTRUCTION REPORTED BY THIS INVENTORY TO GIVE ME REASONABLE ASSURANCE THAT THE CONSTRUCTION COMPLIES WITH APPLICABLE SPECIFICATIONS AND STANDARDS AND MEETS APPROPRIATE CODE REQUIREMENTS AS TO STRENGTH AND SAFETY. THIS CERTIFICATION IS IN ACCORDANCE WITH ACCEPTABLE ENGINEERING PRACTICE.

INSPECTION PERFORMED BY

FIRM

LICENSE NUMBER

DATE

SIGNATURE OF LICENSED ENGINEER

MEMORANDUM

October 11, 2019

To: Board of Directors

From: Foster Hildreth, General Manager

Re: 2018 Form 990

The draft 2018 federal Form 990 will be reviewed during Executive Session.

Note, these figures have been reviewed multiple times. The 2018 return is consistent with last year's filings and is based on the 2018 financial statements (including quarterly reviews), were audited by Moss Adams and approved by the Board of Directors at the May 16th board meeting. No material adjustments have been made in the compilation of this tax filing.

NRECA has published a useful infographic for how to read a co-op Form 990:
<https://www.electric.coop/990-2/>

Please note that Staff will post the Form 990 on OPALCO's website once it's officially filed and made available on the web.

Upon review in executive session and concurrence, staff requests the Board make a motion to approve the submittal of the 2018 Form 990 during regular session.

MEMORANDUM

October 11, 2019

TO: Board of Directors

FROM: Foster Hildreth

RE: Board Meetings 2020

Staff is proposing the following dates and locations for 2020 Board Meetings:

- January 23.....Friday Harbor (fourth Thursday)
- February 20Lopez
- March 18Eastsound (Rock Island Quarterly)
- March 19Eastsound
- April 18ANNUAL MEETING
- April 23Friday Harbor (fourth Thursday Officer Elections)
- May 14.....Eastsound (Rock Island Quarterly)
- May 15.....Eastsound
- June 18.....Lopez
- JulyNO MEETING
- August 19Eastsound (Rock Island Quarterly)
- August 20Eastsound
- September 17Eastsound
- October 15.....Eastsound
- November 18Eastsound (Rock Island Quarterly)
- November 19.....Eastsound
- December 17Eastsound

Staff recommends the Board make a motion for the approval of the above 2020 Board meeting dates and locations.

MEMORANDUM

October 11, 2019

TO: Board of Directors

FROM: Foster Hildreth

RE: Election and Governance Updates

Since 2016, staff, board and legal counsel have been reviewing examples of peer bylaws, policies and guidelines for board governance with the goal of bringing OPALCO's policy and practices up to date. There have been several rounds of updates since then with input from members, member committees, board and legal counsel.

In February 2019, the Board committed to review OPALCO's director election process with the goal of developing clear policy and guidance. The Elections and Governance Committee (EGC) met over the summer, under the guidance of OPALCO's legal team, to review Director Qualifications with the goal of making recommendations to the Board.

During the same timeframe, legal counsel provided updated governance language for board review. Topics included board functions, conflict of interest, qualifications and election procedures.

Staff incorporated recommendations from the EGC and legal counsel into updates as presented in following documents:

- Bylaws – Compliance with laws and regulations; adherence to mission
- Policy – Board direction, roles and responsibilities
- Guidelines – Implementation Manual
- Director Qualification Form

At the September meeting, the Board reviewed the EGC recommendations. Staff recommends the Board accept these recommendations with one modification to candidate qualifications:

Topic	Existing	EGC	Staff
Employee eligibility	5 Years	3 Years	Not allowed

This is a first reading on the Bylaw adjustments and Policy.



BYLAWS

And

ARTICLES OF INCORPORATION

ORCAS POWER & LIGHT COOPERATIVE

183 Mt. Baker Road

Eastsound, Washington 98245

Established 1937

Articles of Incorporation amended March 19, 1998

Bylaws amended ~~May 16, 2019~~ November 17, 2019

STATEMENT OF NONDISCRIMINATION

Orcas Power & Light Cooperative is the recipient of Federal financial assistance from the Rural Utilities Service (RUS), an agency of the US Department of Agriculture, and is subject to the provision of Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; and the rules and regulations of the US Department of Agriculture. This institution is an equal opportunity provider and employer.

The objective of the ORCAS POWER AND LIGHT COOPERATIVE is to serve San Juan County by providing electrical utility service that is efficient, economical and adequate for our members.

Including amendments adopted by the Board of Directors

~~May 17, 2018~~ November 17, 2019

ARTICLE I - MEMBERS

Section 1.

Any person residing and/or owning, leasing or possessing real property in San Juan County, Washington or other counties in Washington, and desiring to become an ENERGY MEMBER of the Cooperative and receive electrical energy and service from it by connection to its physical system is eligible for energy membership and may apply therefor. Such applicant may become an energy member upon approval of his/her application, agreeing to purchase energy services from the cooperative, and to be bound by the articles of incorporation, bylaws, tariffs and rules of the Cooperative, together with any future amendments thereto, and payment of the current fee fixed by the Board of Directors. Energy members may also purchase and receive communications and other services from the cooperative's communications subsidiary where they are available and the member is connected to the subsidiary's communications system.

Membership in any class may be assigned to another member or reacquired by the Cooperative by following the procedure established by the Board of Directors.

Every member shall be responsible for payment of any and all services received from the cooperative and its communications subsidiary, and failure to pay for any of the services will be grounds for termination of all services received from the cooperative and for termination and/or forfeiture of membership.

No member shall ever become the holder or owner of more than one membership in any class, and memberships held by a member in excess of one shall be redeemed by the Cooperative by repayment of the membership fee.

Section 2. Qualifications and Obligations.

Any person, partnership, corporation or body politic may become an energy member in the Cooperative by:

- a) signing and submitting an application for membership form;
- b) paying the membership fee hereinafter specified or as adopted by the Board of Directors;
- c) agreeing to purchase from the Cooperative electric energy and service as hereinafter specified by the Cooperative; and
- d) agreeing to comply with and be bound by the articles of incorporation, bylaws, tariffs and rules of the Cooperative and any future amendments thereto; provided, however, that no person, partnership, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors. Each member agrees to grant any necessary access to real property in order to allow the cooperative to provide electric energy and its communications subsidiary to provide communications and other services requested by the member and others, and further agrees to provide written easements recorded in favor of the cooperative and its communications subsidiary, as necessary.

Section 3. Membership Fee.

The membership fee shall be set by the Board of Directors. Upon payment of the membership fee and approval of the membership application by the board, the member shall be eligible for services. Fees for providing connections shall be established by the regulations adopted by the cooperative that are applicable at the time the connections are made.

Section 4. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy for use on the premises specified in his or her application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of cost of service are furnished by energy members as capital, and each member shall be credited with the capital so furnished as provided by these bylaws. Each member shall pay to the Cooperative a facility charge, which shall be a minimum amount per month as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed, but in no case less than said minimum amount. Energy members may also purchase communications and other services from the Cooperative's communications subsidiary where such services are available and the member is connected to the subsidiary's communication system. Members purchasing communications or other services shall pay at rates and on terms and conditions which shall from time to time be fixed by the Cooperative's communications subsidiary. Each member shall pay all obligations that may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable. The Cooperative and its communications subsidiary reserve the right to discontinue any or all service, including but not limited to electric service, to any member who has not paid the amounts owed by the member.

Section 5. Non-Liability for Debts of the Cooperative.

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

Section 6. Expulsion of Members.

The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who has violated or refused to comply with any of the provisions of the articles of incorporation, the bylaws, the tariffs or any rules or regulations adopted from time to time by the Board of Directors or any future amendments thereto. Any member so expelled may be reinstated as a member by a vote of the energy members at any annual or special meeting of the energy members. The action of the members with respect to any such reinstatement shall be final.

Section 7. Withdrawal of Membership.

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and its communications subsidiary and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 8. Transfer and Termination of Membership.

- a) Membership in the Cooperative shall not be transferred except as hereinafter otherwise provided; and upon the death, cessation of existence, expulsion or withdrawal of a member, or if a member has received no electrical service for a continuous period of twelve (12) months when it was available to him or her, the membership of such member shall thereupon terminate. Termination of membership shall not release the member or the member's estate from the debts or liabilities of such member to the Cooperative.
- b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by the spouse jointly

with the provisions of subdivisions (b) and (c) of Section 2 of this article. Such transfer shall be made and recorded on the books of the Cooperative.

- c) When a membership is held jointly by a married couple, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to the surviving spouse, as the case may be, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.
- d) One whose membership has been terminated for any reason, but who requires service again, may again become a member by complying with the procedure outlined in Article 1, Section 2. Such a reinstated member, however, shall be required to pay a connection fee equivalent to that required of an existing member, in addition to the membership fee.

Section 9. New Classes of Memberships.

The Board of Directors, by majority vote of a quorum of the board, may adopt, by resolution, additional classes of memberships, together with the rights, responsibilities and duties of such additional classes of members.

ARTICLE II - MEETINGS OF ENERGY MEMBERS

Section 1. Annual Meeting of the Energy Members.

The Annual meeting of the energy members shall be held on the first Saturday of May, or on another date selected by the directors each year, at such place as the directors shall designate, for the purpose of electing directors and transacting such other business as shall come before the meeting. Unless the laws of the State of Washington, the Articles of Incorporation of the Cooperative, or these bylaws provide otherwise, no business requiring a vote of the members shall be acted upon at the Annual meeting unless a clear statement of any resolution and other business to be transacted is provided to members in advance, as well as any properly noticed ballots, all in accordance with notice provisions contained in Article II of these bylaws. If the election of directors is not held at the Annual Meeting, the Board of Directors shall cause the election to be held at a Special meeting of the energy members as soon thereafter as conveniently may be set. Failure to hold the Annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings of the Energy Members.

Special meetings of the energy members may be called by at least three (3) directors or the president, or upon a written request signed by at least 10 percent (10%) of all the energy members entitled to vote, accompanied by a clear written statement of the subject matter of the Special meeting, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as provided in Article II of the bylaws. Any Special meeting where a membership vote is to occur (whether requested by the Board of Directors or by a ten percent (10%) petition of the membership) shall be accompanied by a clear written statement of the matter to be voted upon. The notice provided to the membership shall be consistent with the notice provisions of Article II and ballots shall be provided in advance of the Special meeting. A quorum shall be based upon ballots submitted. The results of the vote shall be ratified at the Special meeting. A Special meeting may be held where no vote is to occur, as long as a clear statement of the subject matter of the meeting is provided to the membership consistent with the notice provisions of Article II. Special meetings of the energy members may be held at any place in the County of San Juan, in the State of Washington, specified in the notice of the special meeting.

Section 3. Notice of System Energy Members' Meetings.

Written notice stating the place, day and hour of an Annual meeting or Special meeting, shall be delivered not less than twenty-one (21) days nor more than fifty (50) days before the date of the Annual or Special

meeting. The meeting notice will be sent either by mail or electronic transmission, and the notice is deemed to be delivered upon it being posted on OPALCO's website. The failure of any energy 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. Each member shall be responsible to provide advance written notice to the Cooperative of any address change. The purpose of the Special meeting shall be clearly stated in all meeting notices.

Section 4. Quorum.

At all meetings of the energy members, whether at an Annual or Special meeting, a quorum shall be met when at least ten percent (10%) of all energy members have cast their ballots. If less than a quorum has cast ballots, at any meeting, a majority of those present in person may adjourn the meeting, provided that the secretary shall notify any absent energy members of the time and place of such reconvened adjourned meeting, pursuant to Article II of the bylaws, in order to obtain a quorum. At any such reconvened meeting, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 5. Voting.

Each energy member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the energy members at which a quorum is present, all questions shall be decided by a vote of a majority of the energy members voting thereon by ballot, provided all proper notices have been provided pursuant to Article II, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these bylaws. If an energy membership is represented by more than one person, they shall jointly be entitled to only one (1) vote and no more upon each matter submitted to a vote at a meeting of the energy members. Issues submitted to the energy membership for vote will be objectively stated and as free from bias as possible. In addition, a Voting Guide may be prepared and distributed by the Cooperative to include statements for and against any matter placed before the membership for a vote, as well as rebuttal statements.

Section 6. Ballot.

All voting shall be conducted by mail or electronic balloting (Ballot), in advance. Any energy member may vote electronically or by written ballot. At an Annual or Special meeting, only motions regarding procedural matters involving the conduct of the meeting will be properly considered, such as approval of the minutes, and may be made from the floor, and shall be acted upon solely by the energy members in attendance at the meeting.

The secretary shall distribute a notice of meeting and ballot to all energy members in advance of the Annual or Special meeting. The ballot must contain any motions or resolutions to be acted upon. Ballots for the election of directors, shall include a list of all candidates for director provided for in Article III, Section 3 of the Bylaws. The Cooperative shall include written instructions for completing all ballots. A member may elect not to vote on a particular matter, without invalidating the rest of the ballot. Any ballot shall be submitted by such date and hour set by the Board of Directors and described in the written instructions. All ballots must be submitted by noon Pacific Time three (3) calendar days before the Annual or Special meeting. (For example, if the Annual meeting is on Saturday, all ballots are to be submitted by noon on the previous Wednesday.)

Only one ballot shall be returned and counted on behalf of a membership. OPALCO staff shall post balloting information on OPALCO's website. The failure of any energy member to receive a copy by mail or electronically, of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting. In the event electronic voting procedures are adopted, the Board shall provide advance notice of those procedures in the manner provided for in this Article II, and as provided by law.

Section 7. Order of Business.

The order of business at the annual meeting of the energy members, and, so far as possible, at all other meetings of the energy members, shall be essentially as follows:

1. Call of the roll;
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. Report of the Elections and Governance Committee and election of directors;
4. Reading of unapproved minutes of previous meetings of the energy members and the taking of necessary action thereon;
5. Presentation and consideration of, and acting upon, reports of officers, directors and committees;
6. Unfinished business;
7. New business. Any new business raised at the annual or special meeting may be continued until the next member meeting set according to these bylaws;
8. Adjournments.

Section 8. Robert's Rules of Order.

The most recent edition of Robert's Rules of Order shall serve as the governing rules for any official meeting of the energy members, unless inconsistent with the bylaws. The Cooperative is not required and has specifically chosen not to follow the Washington State RCW 42.30 *Open Public Meetings Act*.

ARTICLE III - DIRECTORS

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

Section 2. Qualifications.

Director Districts. The territory served by the Cooperative shall be divided into four districts, and the directors shall be energy member **Residents** of one district, as evidenced by an OPALCO membership with a residential meter in their name **for which such energy member has financial responsibility**, and as hereafter provided. **For purposes of this Section 2, an energy member shall be a "Resident" of an address in the district where he or she physically resides and maintains his or her abode and is served by an OPALCO residential meter for which such energy member has financial responsibility. The intent of this section is to ensure full representation for each district, and prevent candidates from using multiple residential meters to deprive a district from the proper representation provided under this section.**

District No. 1 shall include all territory lying South and West of a line beginning at the boundary between the United States and Canada, Northeast of Stuart Island; thence running in a Southeasterly direction to the East of Stuart and Spieden Islands through San Juan Channel; thence proceeding Southerly between Cattle and Davis Points through Middle Channel. {San Juan, Pearl, Henry, Brown and Speiden islands}

District No. 2 shall include all territory lying East and North of a line beginning on the boundary between the United States and Canada Northeast of Stuart Island and running thence Southeasterly to the East of Stuart and Spieden Islands and West of Flattop Island to a point West of Jones Island; thence Easterly to the North of Jones Island through Spring Passage and thence Easterly through North Pass and Pole Pass to the South of Orcas Island through Harney Channel; thence Southeasterly to the West of Blakely Island and through Thatcher Pass to the Skagit County line. {Orcas, Armitage, Blakely, Obstruction, Big Double, Little Double and Fawn islands}

District No. 3 shall include all territory lying West of the Skagit County line and North of the Island County line and East of the East boundary of District No.1, with the North boundary thereof commencing at the Skagit County line East of Blakely Island and running thence Westerly through Thatcher Pass; thence Northwesterly to the intersection of Harney Channel and Upright Channel North of Upright Head; thence Southwesterly through Upright Channel to its intersection with San Juan Channel. {Lopez, Decatur, Center and Charles islands}

District No. 4 shall include all territory, which is bounded on the South and West of District No. 1, on the North by District No. 2 and on the Southeast by District No. 3. {Shaw, Crane, Canoe and Bell islands}

For implementation of staggered board terms only:

Beginning with the election year 2019 and continuing through 2021, the Director Candidate with the highest number of votes in the election for Districts 1, 2 and 3 shall serve a three-year term (District position A). The Director Candidate with the second-highest number of votes in the election for Districts 1, 2 and 3 shall serve a two-year term (District position B). Upon completion of the staggered election cycle in years 2019-2021, and beginning in the election year 2022, the Director Candidate with the highest number of votes in the election from each district on the ballot shall serve a term of three years. Thereafter, each director shall serve for a term of three years, or until his successor shall have been elected and qualified, subject to the provisions of these bylaws with respect to the removal of directors. A director-Director Candidate (as defined below) shall be a part-time or a full-time Resident of the OPALCO District he or she is seeking to represent and shall declare either a home or business a physical residential address served by an OPALCO residential meter for which such energy member has financial responsibility as the primary residence in that District but not both. "Director Candidate" shall mean an energy member seeking to be considered for a director position on the Board of Directors, whether by petition, nomination, or any other means permissible under these bylaws.

~~The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission of the Cooperative and practice good stewardship of member resources in service to the Cooperative by putting forward the best, most qualified and effective Director Candidates. In this spirit, conflicts of interest that would disqualify a potential candidate for a board position are herein defined.~~

Conflicts of Interest. Nominations for directors shall be made each year as hereafter provided from persons residing in the respective districts from which directors are to be elected in that year. To be considered for as a Director position ~~(whether by petition, write-in or nomination),~~ Candidate, an individual must complete an Independent Director Qualifications form as provided in the Cooperative's Election Policies, and ~~will be found ineligible for a board position if any of the following conflict conditions apply, regardless of the method of candidacy:~~ 1) ~~unless currently serving as a director on the date these bylaw amendments are approved, or reelected to the same position, new energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is employed by the Cooperative within the five (5) years immediately prior to becoming a director. Additionally, prior terminated employees are ineligible as a director candidate;~~ 2) ~~a member who is in any way employed by or has non-de minimis financial interest in a competing or supporting enterprise or business, or whose immediate family member is employed by a competing or supporting enterprise or business of the Cooperative, a subsidiary or affiliate of the Cooperative;~~ 3) ~~a member who currently holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates, or whose immediate family member holds public office or serves on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates;~~ 4) ~~a director candidate, or their immediate family member, should not be or have been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperation or a subsidiary or affiliate of the Cooperative; OR~~ 5) ~~a member who has been convicted of a felony crime.~~ free of any of the following conflict conditions apply, regardless conflicts of interests. In addition to other qualifications, the EGC shall evaluate each Director Candidate to identify potential conflicts of interest , and forward to the Board of Directors for final determination. The Board of

Directors will make the final determination, with the advice of OPALCO's general counsel, whether a Director Candidate is disqualified based upon the conflicts of interest set forth below in this section.

Unless currently serving as a director on the date these bylaw amendments are approved, or reelected to the same position, no The members of the Board of Directors, and any Director Candidates shall be free of any of the following conflicts of interest:

1. Cooperative Employment. No energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who has been employed by the Cooperative, a subsidiary or affiliate of the Cooperative.

1.2. Termination of Employment. No energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is employed by the Cooperative, a subsidiary or affiliate of the Cooperative within the five (5) years immediately prior to becoming a director. Additionally, prior terminated employees are ineligible as a director candidate;

2. A member who is in any way employed by or has non de minimis financial interest in a competing or supporting enterprise or business, or whose immediate family member is employed by a competing or supporting enterprise or business of the Cooperative, a subsidiary or affiliate of the Cooperative;

2. A member Competing and Supporting Enterprises.

No energy member or their immediate family member shall be eligible to become a director of the Cooperative who: (i) is in any way employed by or has a material financial interest in a competing enterprise or business; (ii) is in any way employed by or has a material financial interest in a vendor, consultant, or supplier of the Cooperative that is material to the Cooperative (as determined by the Board of Directors); or (iii) is in any way employed by or has a material financial interest in a vendor, consultant, or supplier of the Cooperative in which the business performed by or for the Cooperative by such vendor, consultant, or supplier is a material part of such vendor, consultant, or supplier's business (as determined by the Board of Directors).

2.3. Public Office. No energy member or their immediate family member shall be eligible to become a director of the Cooperative who currently holds public office or serves on a governmental appointment or commission whose charter, duties, or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates, or whose immediate family member holds public office or serves on a governmental appointment or commission whose charter or scope of influence materially intersects with the business of the Cooperative or its subsidiaries or affiliates; an affiliated company the Cooperative has an ownership interest in, if any.

3.4. A director candidate, Cooperative Disputes. No energy member or their immediate family member, shall not be eligible to become or have remain a director of the Cooperative who is or has been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 final ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative; or.

The following are additional qualifications for serving as a Board Director and being a Director Candidate:

1. Felony Crime. No energy member shall be eligible to become or remain a director of the Cooperative who has been convicted of a felony crime.

2. Age. No energy member shall be eligible to become or remain a director of the Cooperative who is below the age of 21 years at the time the election is held.

3. Good Standing. No energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is not a member in good standing by having met and adhered to the Cooperative's and its subsidiaries' payment policies, in accordance with credit requirements contained in the Cooperative's Tariffs, as amended from time to time, and any other requirements for membership in good standing established by Board resolution.

4. Educational Attainment. No energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who has not earned a high school diploma, or a recognized equivalent.

5. Residency. No energy member or their immediate family member shall be eligible to become or remain a director of the Cooperative who is not or is no longer a Resident of the applicable OPALCO director district to which he or she was elected, as defined above:

6. Joint Membership. No energy member shall be eligible to become or remain a director of the Cooperative when another member of a joint membership already serves as a director of the Cooperative.

Director Candidates must comply with all other policies regarding qualifications and conflicts of interest which may be established by the Board of Directors from time to time, and complete and sign an Independent Director Qualifications form, consistent with the bylaws and approved by the Board of Directors.

~~When a membership is held jointly, either one, but not both, may be elected a director, provided, however that neither one shall be eligible to become or remain a director nor to hold a position of trust in the Cooperative unless both shall meet the qualifications herein set forth.~~

Section 3. Nominations and Election of Directors.

Nominations: It shall be the duty of the Board of Directors to appoint a standing Elections and Governance Committee (EGC), made up of nine (9) members consisting of three (3) energy members from each of the residency districts approved for the election of the San Juan County Council in San Juan County, Washington. No current officer or member of the Board of Directors shall be appointed a member of such committee, although former officers and directors may serve. No employee of the Cooperative or its subsidiaries may serve on the Committee, although the Committee may request that staff support be provided to act under the direction of the Committee. Once the transitional period has concluded, each member of the Committee shall serve a three (3) year term. During the transitional period, the initial terms of the Committee members in each district shall be staggered such that Position A Committee members shall serve a one (1) year term, Position B Committee members shall serve a two (2) year term, and Position C Committee members shall serve a three (3) year term. The reference to Districts 1, 2, and 3 are to the residency districts approved for the election of the San Juan County Council.

- a) The Committee shall have prepared and posted on the OPALCO website or in the lobby at the principal office of the Cooperative at least eighty (80) calendar days before the meeting a list of its nominations for directors. Any twenty (20) or more members may make other nominations of qualified members from the OPALCO district that the Director will be elected from, by petition with their signatures, filed with the General Manager at the principal office of the Cooperative at Eastsound, Washington, not less than fifty-five (55) days prior to the meeting. The secretary shall cause the same to be posted at the place where a list of nominations made by the committee is posted, including electronic postings on the Cooperative's website. The Cooperative shall post the list of director candidates on its website in order to provide the notice required in this section. The committee, if possible, should nominate at least two (2) candidates for a single open position. The secretary shall post on OPALCO's website with the notice of the meeting a statement of the number of directors to be elected from each district all nominations, including those made by petition, if any.
- b) The EGC is responsible for selecting candidates and nominating those candidates to stand for election to serve on the Board of Directors as successors or replacements for then-current board members. At

the request of the Board of Directors, the Committee may also be asked to review bylaws, policies and/or cooperative governance procedures on an as-needed basis.

- c) As provided in Article II of the bylaws, the secretary of the Cooperative shall mail to each energy member a printed ballot marked "Ballot for Directors" containing the names of all nominees for the respective districts to be arranged alphabetically, together with a notice of said meeting, containing appropriate information and instructions relative to voting. The ballot shall indicate thereon the number of directors to be elected from each district. In the alternative, the Cooperative may provide ballots to each energy member electronically. All voting by each energy member of the Cooperative entitled to cast a vote for the election of directors shall be completed by a ballot, either provided in the mail or electronically by the Cooperative. Voting shall be conducted by the procedures established in Article II.
- d) Each energy member is entitled to vote for each position for which a director is to be elected, and the candidate receiving the most votes in each position is deemed to be elected as outlined in Article III Section 2.

Section 4. Vacancies.

A vacancy occurring in the Board of Directors shall be filled by the election of an energy member resident of the same district as the director whose office is vacated, by a majority vote of the remaining directors, and a director thus elected shall serve for an unexpired portion of the term or until his or her successor shall have been elected and shall have qualified.

Section 5. Compensation.

From time to time director compensation shall be reviewed by the Elections and Governance Committee, and any recommendations regarding director compensation shall be presented to the Board of Directors. The Board of Directors shall either accept or reject the recommendations of the Committee, except that the Board may approve a reduction in the compensation amounts recommended by the Committee. Directors shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for serving as a director at meetings on behalf of the Cooperative. Close relatives of a director shall not receive compensation for serving the Cooperative, unless such compensation is recommended by the EGC and approved by the Board of Directors.

Section 6. Removal of Directors and Officers.

There are two ways that Directors and Officers may be removed from the Board of Directors: by action of an energy member in good standing; and/or by action of the Board President, or other board member.

a) Removal by Energy Member

1) Any energy member may seek removal of a director or officer by bringing written charges of malfeasance or misfeasance against an officer or director by filing them in writing with the secretary. Any filing of written charges shall meet the Notice requirements in Article II of the bylaws, together with a petition signed by ten percent (10%) of the energy members, requesting the removal of the officer or director in question. The secretary shall provide a copy of the charges to the director or officer being charged within five (5) business days of their filing with the secretary. To be considered, the removal request must state sufficient facts in writing to support the charge of malfeasance or misfeasance. The Board of Directors, excluding the director or officer subject to the charges, with the advice of the cooperative's counsel, shall determine whether the removal request states sufficient facts to support the charges.

2) In the event all members of the Board of Directors are subject to petitions charging malfeasance or misfeasance at the same time, the President shall appoint an independent committee made up of seven (7) energy members from the Districts established in Article III, Section 2 of these Bylaws, reflecting the same District representation as the then current Board of Directors. The independent committee, with the

advice of the cooperative's counsel, shall determine whether the removal request states sufficient facts to support the charges by a majority vote.

3) A removal request that has been found to be sufficient shall be considered at a Special meeting of the energy members at which a quorum is present. The director or officer against whom such charges have been brought shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity. Following the presentations, all members shall be entitled to vote on the requested removal, based upon the factual allegations in the removal request presented. Voting procedures on the removal petition shall be conducted pursuant to Article II of the bylaws, and notice shall be provided consistent with Article II of the bylaws. The secretary shall arrange for distribution of ballots to the membership after the presentations at the Special meeting of the energy members, and shall include a transcript of the meeting, written materials from the members charging malfeasance or misfeasance in the removal petition, and the written response from the director or officer who is the subject of the petition. Ballots shall be marked "Yes" or "No" on whether the director or officer shall be removed. Voting shall be concluded thirty (30) days after the date ballots were distributed to the membership. Members may complete ballots either by mailing them to the cooperative or returning them electronically to the cooperative, within the thirty (30) day period set for voting. Votes shall be tabulated by an independently hired accountant selected solely for that purpose, who will certify the results to the Board of Directors. A director will be removed, after a quorum has been established, and a majority of members constituting the quorum vote to remove the director or office.

4) In the event a director or officer is removed, a replacement director shall be appointed pursuant to Article III, Section 4 to complete any of the removed director's or officer's unexpired term. In the event all directors are removed, the membership shall immediately call for an election of replacement directors, for the remainder of the term each prior director was serving.

b) **Removal by Board President or Board Member**

1. The Board of Directors shall develop a policy regarding conduct of its meetings, decorum, and respect each director grants to other directors, staff and members. ~~The Policy shall also address disorderly conduct, harassment of any kind, or actions that will inhibit the orderly conduct of the Cooperative's business.~~ Such policy shall be reviewed and approved by the Board of Directors from time to time. Such a policy will assist the Board of Directors in its conduct of the Cooperative's business and maintain a collegial approach to governance.

2. A director who is found to be in violation of the board policy adopted pursuant to Section 1 above, as may be amended may, in addition to any other disciplinary action taken in accordance with these policies, be removed as a Director of the Cooperative following completion of the process set forth in this section, and a majority vote by the Directors for removal as provided herein.

3. In the event that the President of the Board of Directors or any member of the Board of Directors determines that a sitting director violated any of the above referenced policies, and such violations are serious enough to warrant removal of that individual as a Director of the Cooperative for the good of the Cooperative, and in good faith, he/she may make a motion to consider removal. That motion shall specify the grounds for removal, and upon adoption of said motion by the Board of Directors, the director against whom such motion has been made shall be informed in writing of the specific grounds for the motion for removal, and be given at least 30 days' notice prior to a meeting of the Board, at which further action by the Board could be taken. At a subsequent meeting of the Board held to take any possible action, the director against whom the motion is directed shall be entitled to be present in person, with counsel of his/her choice and at his/her expense, and to present evidence to the Board of Director to address, rebut

or mitigate the specific charges, and/or to set forth facts against his/her removal. The Director or Directors who have made the motion to consider removal of the Director shall have the opportunity to present additional evidence in support of the original motion for removal. Once the Director against whom the motion has been made and the Director who has made the motion have completed their presentations, the President of the Board shall call for a motion to remove the Director. The Director against whom the motion has been made may not vote on the motion to remove. If at least 2/3 (two thirds) of the remaining current Directors excluding the exception of the Director against whom the motion has been made are in favor of such a motion to remove, then the motion shall be considered approved, and the Director's position shall be considered vacant, and the members of the Director's district shall be notified in writing of such removal. Filling the vacant position shall be pursuant to these bylaws.

Section 7. Rules and Regulations.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 8. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The board shall also, after the close of each fiscal year, cause to be made an audit of the accounts, books, records and the financial condition of the Cooperative. Said audit is to be conducted by a certified public accounting firm that is acceptable to the Rural Utilities Service.

A summary of such audit report shall be submitted to the members at the following annual meeting. Accounts of the Cooperative may be examined by a committee of the Board of Directors at any time it feels it advantageous to do so.

Section 9. Changes in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America within ninety (90) days after board approval of any change in the rates charged by the Cooperative for electric energy.

Section 10. Absences of Directors.

In the event that any director shall miss three (3) consecutive regular meetings without a valid excuse, at the discretion of the remaining directors, the seat of the absent director may be declared vacant and a replacement named by the remaining directors.

ARTICLE IV - MEETINGS OF DIRECTORS

Section 1. Regular Meetings.

~~A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as the annual meeting of the members.~~ A regular meeting of the Board of Directors shall also be held monthly at such time and place in San Juan County, Washington, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. The President may cancel or change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all Directors.

Section 2. Special Meetings.

Special meetings of the Board of Directors may be called by the president or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them. Any corporate action to be taken at a special meeting of the directors of the Cooperative, may be taken by conference call or other electronic means. This includes any action required or permitted by the Articles of Incorporation, bylaws, or the laws under which this Cooperative is formed. Further, any director may participate in a special meeting by conference call or other electronic means of communication by which all directors participating in the meeting may hear one another's responses (or observe, in the case of an email and/or electronic exchange). Any action taken shall be memorialized in the meeting minutes of the subsequent Board meeting.

Section 3. Notice.

Notice of the date, time and location of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written or electronic notice, delivered to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director to his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. If sent by electronic transmission, the notice is deemed to be delivered when sent, addressed to the director at his or her electronic transmission address as it appears on the records of the Cooperative. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director 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 4. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors provided that, if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The directors present at a duly organized meeting may continue to transact business at such meeting and at any adjournment of such meeting, notwithstanding the withdrawal of enough directors from either meeting to leave less than a quorum.

Section 5. Manner of Acting.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V - 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 Directors from time to time. The officers of secretary and 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 Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

Section 3. Removal.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Cooperative will be served thereby.

Section 4. Vacancies.

Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President.

The president:

- a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors; and
- b) shall sign with the secretary any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors 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 shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President.

In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Secretary.

The secretary shall:

- a) keep the minutes of the members and the Board of Directors 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;
- d) keep a register of the post office address of each member, which shall be
- e) furnished to the secretary by such member;
- 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 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 thereto to each member; and
- h) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors;
- i) The secretary or the Board of Directors may delegate to another or others any of the duties hereinbefore assigned to this officer.

Section 8. Treasurer.

The treasurer shall:

- a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b) in general, perform all 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 Directors.
- c) the treasurer or the Board of Directors may delegate to another or others any of the duties hereinbefore assigned to this officer.

Section 9. Manager.

The Board of Directors may appoint a manager who shall serve at the pleasure of the board and who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

Section 10. Bonds of Officers.

The Board of Directors may require any officer, agent or employee of the Cooperative to give bond in such amount and with such surety as the Board of Directors shall determine, the premium for which will be paid by the Cooperative.

Section 11. Compensation.

The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officer, agents, and employees shall be fixed by the Board of Directors.

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 and showing the condition of the Cooperative at the close of such fiscal year.

Section 13. Indemnification Against Liability.

Each person who, as an officer or director of the Cooperative, is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal or administrative, by reason of the fact that he or she is or was a director or officer of the Cooperative, shall be indemnified and held harmless by the Cooperative to the fullest extent authorized by Washington law as the same exists or may hereafter be amended, against all expense, liability and loss, including but not limited to attorney's fees, judgments, fines, taxes or penalties, or amounts paid in settlement reasonably incurred or suffered by such indemnitees in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's estate, heirs and personal representatives.

The right to indemnification conferred in this article shall be a contract right and shall include the right to be paid by the Cooperative the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer in which service was or is rendered by such indemnitee, including without limitation service to an employee benefit plan, shall be made only upon delivery to the Cooperative of a written undertaking by or on behalf of such indemnitee to repay all amounts so advanced if it shall ultimately be determined by final judicial decision that such indemnitee is not entitled to be indemnified for such expense by virtue of acts or omissions precluding indemnification as set forth in Section 14 hereafter.

Notwithstanding the above, nothing herein shall eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, for conduct violating RCW 23B.08.310, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

Section 14. Exception.

No person serving as a director or officer shall be indemnified by the Cooperative in any instance in which he shall have been adjudged by final judicial decision to have engaged in intentional misconduct or a knowing violation of law or from or on account of any transaction with respect to which it was determined that such director or officer personally received a benefit in money, property or services to which the director or officer was not legally entitled.

Section 15. Right of Indemnatee to Bring Suit.

If a claim under Section 13 of this Article is not paid in full by the Cooperative pursuant to the Cooperative's determination that indemnification of the director or officer is precluded pursuant to Section 14 of this Article, the indemnatee shall, upon the expiration of sixty (60) days after a written claim has been received by the Cooperative, be entitled to bring suit against the Cooperative to recover the unpaid amount of the claim.

If successful in whole or in part in any such suit, or in a suit brought by the Cooperative to recover advancement of expenses pursuant to the terms of an undertaking, the indemnatee shall also be entitled to be paid the expenses of prosecuting or defending such suit.

Section 16. Insurance.

The Cooperative may maintain insurance at its expense to protect itself and any director, officer, employee or agent of the Cooperative.

Section 17. Indemnification of Employees and Agents.

The Cooperative may, by action of its Board of Directors, provide indemnification, including advance of expenses to an officer, employee or agent of the Cooperative, to the extent that such indemnification is consistent with the laws of the State of Washington.

ARTICLE VI - BOOKS AND RECORDS

Books of Account, Minutes and Member Register.

The Cooperative shall keep at its principal office the following: current articles of incorporation and bylaws; a record of members, including names, addresses and classes of membership, if any; correct and adequate records of accounts and finances; a record of officers' and directors' names and addresses; minutes of the proceedings of the members, if any, the Board of Directors, and any minutes which may be maintained by a committee of the Board of Directors. Records may be written or electronic, if capable of being converted to writing. The records shall be opened at any reasonable time to inspection by any member of more than three (3) months standing or a representative of more than five percent (5%) of the members. Costs of inspecting or copying shall be borne by such member except for costs for copies of articles of incorporation or bylaws. Any such member must have a purpose for inspection reasonably related to membership interests. Use or sale of members' lists by such member, if obtained by inspection, is prohibited.

ARTICLE VII - CONTRACTS, CHECKS AND DEPOSITS

Section 1. Contracts.

Except as otherwise provided in these bylaws, the Board of Directors 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 payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, or employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

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 Directors may select.

ARTICLE VIII - NONPROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 2. Members' Patronage Capital in Connection with Furnishing Electric Energy.

Except as provided in Article I, Section 4, in the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members 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 members for all amounts received and receivable from 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 members as capital. The Cooperative is obligated to pay by credits to a capital account for each member 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to his account. Notwithstanding the patronage capital provisions by these bylaws, any member who fails to remain an active member for twelve consecutive months shall forfeit all rights to patronage capital received or receivable. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuant of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

- a) 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 energy members. Thereafter, any payments made on account of property rights of members shall be made to all energy members (including former members) in the proportion which the aggregate patronage of each member bears to

the total patronage of all such members. If, at any time prior to the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to energy members' accounts may be retired in full or in part. Each such retirement of capital shall, in the sole discretion and determination of the Board of Directors, be made pursuant to resolution of general application of the Board of Directors in the following manners:

- b) By payment to members in order of priority according to the year in which the capital was furnished and credited, the first received by the Cooperative being the first retired; or
- c) By payment to all members on the basis of the ratio that the unpaid capital credits standing in the name of each member on the books of the Cooperative bears to the total unpaid capital credits of all members as shown on the books of the Cooperative. No active member who fails by this method to get a check for the minimum amount would have that amount deducted from his capital credit account; or
- d) By discounting of estate payments to dissolved corporations or associations when capital credits are to be retired prior to the time such capital credits would otherwise normally be retired; or
- e) By the Board of Directors determining the method, basis, priority and order of retirement.

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

Notwithstanding any other provisions of these bylaws, the Board of Directors, at its sole discretion, shall have the power at any time upon the death of any energy member, or upon the dissolution of any corporation or association, to authorize payment of capital credits to the party or parties in title thereto; if the board authorizes payment of capital credits pursuant to this section, the remittance of those credits shall take place in a manner agreed upon by the board of directors and the representative; if the legal representatives of the estate, the dissolved corporation or the association shall request in writing that the capital credited to any such member, corporation or association be retired prior to the time such capital credit would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such member, corporation or association immediately upon such terms and conditions, including such discount as the board shall deem proper, provided, however, that the financial condition of the Cooperative shall not be impaired by the payments herein permitted as determined by the board of directors in its sole discretion.

Section 3. Binding Effect of Articles of Incorporation, Bylaws, Tariffs and Rules of the Cooperative.

All members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation, bylaws, tariffs and rules of the Cooperative and any future amendments thereof, shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and such members are bound by such contract, as fully as though each member 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 member of the Cooperative by posting in a conspicuous place in the Cooperative's office. As a condition of the membership, each member also agrees to respect and give legal effect to any utility easements for any services offered by the Cooperative and/or its communications subsidiary, and grant any necessary access and easements as necessary to furnish all services offered by the Cooperative and/or its communications subsidiary.

Section 4. Patronage Refunds in Connection with Furnishing Other Services.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, in the Board's discretion either retained by the Cooperative,

or allocated to its members on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of members, as herein provided.

Income received from any subsidiary corporation shall not be allocated or assigned to the patrons or members prior to the dissolution of the Cooperative, unless so determined by the Board of Directors.

Section 5. Transfer of Credits or Refunds to “Education and Promotion Fund” or “Retirement and Replacement Fund”.

In the event total capital credits or membership fee refund due any active or inactive member is less than \$5.00, or the member has forfeited his rights to capital credits, or in the event the Cooperative is unable to make payment to any active or inactive member of capital credits or membership fee refund due such active or inactive member because of inability to locate the active or inactive member, the incapacity of the active or inactive member to receive the same, or any other cause beyond the control of the Cooperative, then, after the lapse of a period of two (2) years from the date prescribed for payment or delivery of such capital credit or membership fee refund, such capital credit or membership fee refund shall be transferred by the Cooperative to either a special fund known as the “Education and Promotion Fund” or to a special fund known as the “Retirement and Replacement Fund,” as the Board of Directors shall by resolution determine. Each member and each member of the Cooperative hereby grants and gives to the Cooperative as a free and voluntary gift of all such moneys, rights, and interests as of said date of transfer. The moneys transferred to the “Education and Promotion Fund” shall be used by the Cooperative for such research and educational purposes as the Cooperative's Board of Directors may determine to be for the benefit and advance of the industry in cooperation and in the effective use and marketing of electricity. The moneys transferred to the “Retirement and Replacement Fund” shall be used to pay for losses sustained as a result of retirement and replacement.

Section 6. Priority of Cooperative’s Claim for Amounts Due from Member.

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 energy member. Only that portion of a capital credit or payment which is not needed to satisfy any unpaid bill shall be paid to the energy member, provided that the financial condition of the Cooperative shall not be impaired by the payments herein permitted as determined by the board of directors in its sole discretion.

ARTICLE IX - WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws.

ARTICLE X - DISPOSITION OF PROPERTY

Section 1. Sale or Transfer.

The Cooperative may not sell or transfer or otherwise dispose of any of its property other than property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative system and facility; provided, however, that all sales of such property shall not in any one year exceed in value ten (10%) percent of the value of all the property of the Cooperative.

Section 2. Sales or Encumbrance.

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any property except in the normal course of business of the Cooperative in accordance with sound fiscal judgment so as not to impair the financial condition of the Cooperative.

Section 3. Borrowing Authority.

Notwithstanding the limitations set forth in Sections 1 and 2 above, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, or from a national financing institution, organized on a Cooperative plan for the purpose of financing its members' programs, projects and undertakings in which the Cooperative holds membership, and in connection with such borrowing, to authorize the making and issuance of bonds, notes or other evidence of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine. Nothing in this section is to be construed as a limitation upon the Board of Directors to borrow money from such other entities, institutions or sources as may be permissible under the laws of the State of Washington.

ARTICLE XI - 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 XII - MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative may become a member of such other organizations as the Board of Directors determine will be beneficial.

ARTICLE XIII - 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, Washington."

ARTICLE XIV - AMENDMENTS

Section 1. Board Initiated Amendments.

The power to make, alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors. Notice of the board's action in making, altering, amending or repealing the bylaws or adopting new bylaws shall be given to the voting members within thirty (30) days of such action.

Section 2. Energy Member Initiated Amendments.

Energy Members may propose changes to the bylaws as follows:

- a) Bylaw Amendments Proposed by Energy Members. Consistent with the Articles of Incorporation and State Law, at least ten percent (10%) of the active Energy Members may propose, in writing, a resolution to make, alter, amend or repeal a bylaw or to adopt new bylaws. Each Energy Member proposed resolution shall be limited to a single subject. Any such proposed resolution must be submitted to the Board of Directors no less than ninety (90) and no greater than one hundred twenty (120) days prior to the date of the next annual meeting of the Energy Members, and consistent with Article II.

- b) Review by Directors. After review by the directors, with the advice of legal counsel, the proposed amendment to the bylaws shall be placed upon the agenda of the annual meeting of the Energy Members, so long as consistent with law or the articles of incorporation, and notice of the proposed amendment shall be provided to the Energy Members in accordance with the notice provisions contained in Article II, Section 3 of the Bylaws.
- c) Voting on Proposed Amendment. Any proposed amendment shall be voted upon at the annual meeting of the Energy Members. Voting shall be in accordance with Article II, Sections 5 and 6 of the Bylaws. Any proposed amendment receiving a simple majority of votes from the Energy Members shall be approved.

ARTICLE XV - GENDER

Whenever masculine, feminine, neuter, singular or plural terms are used in these bylaws, such terms shall be construed to include all persons in whatever form is appropriate to make the bylaws applicable to all members, unless the context of the bylaws clearly indicates otherwise.

ORCAS POWER AND LIGHT COOPERATIVE

POLICY 7: ELECTIONS

7.1 GOALS AND OBJECTIVES

Orcas Power & Light Cooperative ("OPALCO" or "Cooperative") and its Board of Directors ("Board") recognize that matters put to a vote of Members ("OPALCO Elections") are a cornerstone of OPALCO's compliance with the Cooperative Principle of Democratic Member Control.

OPALCO further recognizes that the Internal Revenue Service has identified meaningful democratic member control as a requirement for the tax exemption granted to OPALCO and other cooperatives.

The Board has retained the oversight of OPALCO Elections. In furtherance of the Board's oversight of OPALCO Elections, this Election Policy ("Policy") and accompanying Election Guidelines and Procedures ("Guidelines") are intended to ensure that OPALCO Elections are conducted in a fashion that maximizes democratic member control. A copy of this Policy and the Guidelines shall be included in materials made available to persons running in a Director Election ("Candidates").

7.1.1 Scope

OPALCO shall seek to increase voter awareness and turnout in OPALCO Elections through educational efforts, communications, programs and effective use of technology. All OPALCO Elections shall be conducted in a manner that is uniform, impartial and fair to all Candidates and positions that are subject to vote.

The Board recognizes that consistent, credible OPALCO Elections are essential to maintaining Member confidence in OPALCO, and the key vehicle by which Members hold Directors accountable and influence the direction of the Cooperative, both through election of Directors ("Director Election") and elections on issues of importance to the Cooperative ("Non-Director Election"). It is the policy of the Board that OPALCO Elections shall be administered in as impartial a manner as possible, utilizing the services of an independent, third-party ("Election Service Provider") who will certify the accuracy of voting.

OPALCO shall seek to maximize Member involvement and empowerment of Members in the electoral process through direct means, including the use of the Elections & Governance Committee as prescribed by the OPALCO Bylaws. The Cooperative will, through its governing documents, policies and practices, encourage candor and maximum disclosure of actual and potential conflicts of interest by Candidates for OPALCO Director positions, including incumbent Directors. And, as a corollary to its Election vigilance, the Cooperative will provide robust Director removal and replacement mechanisms to address breaches of fiduciary duties by Directors as described in the Bylaws.

7.1.2 Procedure Responsibilities

The procedural policies are delegated by the Board to Staff as detailed in the "Guidelines," a copy of which is attached.

7.1.3 Enforcement

Ultimate responsibility for enforcement of OPALCO elections lies with the Board. However, day-to-day compliance and implementation is delegated to Staff as detailed in the "Guidelines."

7.1.4 Superseding Effect

This Policy supersedes all previous policies and memoranda concerning the subject matter.

7.2 ROLES AND RESPONSIBILITIES

7.2.1 Board of Directors

The Board of Directors will:

- Exercise oversight of OPALCO Elections in a fashion that maximizes and exemplifies democratic member control
- Ensure full compliance with OPALCO governing documents and the law
- Determine the location, date, and time of each year's Annual Meeting at or by the August meeting of the Board each year
- Direct the General Counsel to approve any ballot language submitted by either the board or the membership for a non-Director Election
- Appoint members to serve on an Elections & Governance Committee
- Call any Special Member Meeting required by the Bylaws for any Election to fill a vacant Board seat or for any other purpose, establish a timeline for nominations, voting and elections for such Special Member Meeting, and make any modifications to these procedures needed to effectuate such an Election
- Review this Election Policy on an annual basis and make recommendations for modifications, if necessary
- Perform any other functions specified by the Board in service to this Policy

7.2.1.1 General Counsel

General Counsel within the Election Policy means the Board of Director's General Counsel whether an employee or outside counsel or their designee.

The General Counsel will:

- Work to ensure OPALCO Elections are conducted consistent with law, OPALCO's Governing Documents, Election Policy and other directives of the Board
- Make determinations on the conduct of the election and candidates, presenting issues to the Elections & Governance Committee or the Board of Directors as appropriate
- Apprise the Board of and provide counsel on Election-related issues
- Review and approve each year's Election Timeline
- Make inquiry into the qualifications of Candidate Applicants (as defined in the bylaws) and recommend qualified Candidates to the Board for inclusion on the Ballot, as such duty is delegated by the OPALCO General Manager
- Craft proposed Non-Director Election Ballot language as directed by the Board

- Review the Election Service Provider contract on an annual basis
- Review this Election Policy on an annual basis and make recommendations for modifications, if necessary
- Perform such other duties related to an Election as the Board may designate

7.2.1.2 Elections & Governance Committee

The volunteer member Elections & Governance Committee is advisory to the Board of the Directors. The Elections & Governance Committee will:

- Identify and cultivate qualified candidates for Board elections
- Work with the General Counsel to determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director
- Recommend a slate of Qualified Candidate Applicants
- Announce the election results at the Annual Meeting
- From time to time, at staff's request, make recommendations to update elections and governance policy.

7.2.1.3 Board Recording Secretary (Executive Assistant)

- Serve as staff liaison to Elections & Governance Committee
- Receive and maintain all records related to Director qualifications and nominations
- Distribute all required Director Election Nomination forms and related materials
- Serve as the point of contact (or designate a person) to provide answers to any questions about the Election process from Directors, Candidates, or Members

7.3 ELECTION TIMELINE

The election will follow an annual timeline as prescribed by OPALCO Bylaws, United States Department of Agriculture (USDA) Rural Utility Service (RUS) requirements and approved by the Board each year. The timeline is contained in the Election Guidelines implementation document.

Foster Hildreth, General Manager

Effective Date: October 17, 2019

ORCAS POWER & LIGHT COOPERATIVE
POLICY 1
FUNCTIONS OF THE BOARD OF DIRECTORS

Preamble

This policy is the responsibility of the Board and it may only be changed or amended by the Board. Board Governance policies are intended to define the Governance activities of the Board of Directors and their functioning within the Organization.

Board-authorized documents such as Mission and Values Statements and Strategic Directives will provide further guidance and instructions to the Organization.

1.1. BOARD ETHICAL STANDARDS

The Board may neither cause nor allow any Organizational practice or event that is imprudent or unethical, or that could damage the short-term or long-term viability of OPALCO.

1.2. CONFIDENTIALITY

Directors are entitled to reasonable access to Organizational data and information.

Directors are required to keep confidential all matters involving the cooperative that have not been disclosed to the public. Information received by a director shall not be disclosed to any other persons unless the director reasonably believes that he or she must do so to fulfill his fiduciary duty.

1.3. DIRECTOR CONDUCT

Regardless of any personal differences, directors are required to:

- 1.3.1. Foster an environment where expression of individual experience, expertise and point of view shall be encouraged where relevant to the discussion at hand.
- 1.3.2. Demonstrate mutual respect and allow opportunity for every other director to be heard on any matter being considered by the Board.
- 1.3.3. Publicly support decisions of the Board except in extraordinary circumstances where the director can demonstrate that a decision or action will bring harm to the cooperative or threaten the cooperative's survival.
- 1.3.4. Refrain from revealing to persons other than directors, the General Manager, or the cooperative's attorney any differences of opinion among directors on matters considered and acted upon by the Board. (This standard does not preclude fair and accurate publication of such differences to the cooperative's members in relation to contests for director elections or other matters to be voted upon by the members. Nor does it impinge upon a director's right to dissent and to have his dissenting vote recorded in the minutes.)
- 1.3.5. Recognize that personal notes taken during meetings are legally discoverable unless intended to be and identified as Attorney/Client Privileged communications.

1.3.6. Directors shall not create a hostile environment in which to perform their duties.

1.4. CONFLICT OF INTEREST DISCLOSURE

Board members are required to disclose any potential conflict of interest with regard to ongoing or specific transactions on any matters before the Board and shall attest that they have no material undisclosed conflict of interest situations in writing annually, consistent with the Bylaws and all policies related to conflicts of interest.

1.5. BOARD MEMBER QUALIFICATIONS

OPALCO strives to cultivate a diverse and well-rounded board of directors and with members who bring expertise in any of the following industries: engineering, utilities, legal, insurance, technology and communications, environmental, financial, outreach and education, community development, natural resources, human resources and construction, among others. Board members must be energy member residents of one district, as evidenced by an OPALCO membership with a residential meter for which such energy member has financial responsibility. Board Member Qualifications are defined in Bylaws Article III: Directors, Section 2: Qualifications.

1.6. BOARD MEMBER RESPONSIBILITIES

Co-op Board service requires a significant commitment of time during and outside of monthly board meetings.

- 1.6.1. Board members shall be competent to sign legal contracts and shall exercise their best business judgment in performing their duties as Directors.
- 1.6.2. Board members are required to attend Board meetings as specified in other governing documents and to travel and perform other reasonably required duties in a safe and competent manner.
- 1.6.3. Board members are expected to dedicate time outside of board meetings to review board materials on a monthly basis.
- 1.6.4. Board members are required to complete an initial orientation conducted by the Board President and General Manager within 45 days and are encouraged to achieve NRECA Credentialed Cooperative Director status or equivalent within 24 months of first election to the Board.
- 1.6.5. Board members are required to complete one or more relevant ongoing one day educational sessions during each additional three years of tenure.
- 1.6.6. Board members are encouraged to attend conferences and other activities designed to improve their skills and knowledge. The expenses of enrollment and attendance at Board training programs are paid by the cooperative. Board training programs shall be conducted within the confines of an annual budget established by the Board of Directors for this purpose.

1.7. BOARD POLICIES AND STRATEGIC DIRECTIVES

- 1.7.1. The Board shall whenever possible formally and explicitly express the Board's expectations and standards regarding General Manager, Board, and Organizational performance.
- 1.7.2. Board Policies shall address matters that are expected to be permanent and pervasive in nature and define the limitations imposed on the General Manager and the Cooperative.

- 1.7.3. Board Strategic Directives shall address matters that may be impermanent in nature, address specific circumstances, may terminate when complete or rendered obsolete by changing circumstance and provide guidance in addressing the goals and objectives of the Cooperative.
- 1.7.4. Any Board member may propose a new policy or amendment to a current policy.
- 1.7.5. All Board Policies and Strategic Directives shall be maintained up-to-date in a format that is available to every Board member,
- 1.7.6. The Board shall review its own Policies and Strategic Directives for relevance, appropriateness and benefit to OPALCO at least annually.

1.8. STRATEGIC PLANNING

The Board shall set the Cooperative's mission and purposes, engage in strategic planning on a regular basis and produce Strategic Directives, to be reviewed and updated at least annually.

1.9. OVERSIGHT

The Board shall provide oversight including the adoption of policies and monitoring for compliance with legal and regulatory requirements as well as the adequacy of internal controls, primarily through appropriate use of Auditors and Legal Counsel. The Board shall also oversee any subsidiaries of the Cooperative. Such oversight shall include regular updates from the General Manager, financial performance review, business plan and strategy review, review and approve debt increases, and consistency with overall Strategic Directives.

1.10. BOARD INTERACTION WITH AUDITORS

The Board shall approve an engagement agreement for annual audit services to be provided to the cooperative that:

- 1.10.1. Requires pre-approval by the Board for all services to be provided by the audit firm.
- 1.10.2. Sets out the scope of the audit, its objective and purposes, and deadlines for work to be performed.
- 1.10.3. Specifies all fees to be paid for all audit, audit-related and tax work provided by the audit firm.
- 1.10.4. If a multi-year agreement, provides for regular rotation of the lead audit partner.
- 1.10.5. Complies with all RUS Policies and/or other applicable regulatory standards on Audits.

1.11. BOARD INTERACTION WITH LEGAL COUNSEL

The Board shall:

- 1.11.1. Make all decisions regarding retaining, employing, and discharging attorneys for the cooperative.

- 1.11.2. Reaffirm that the attorney represents the cooperative and does not represent individual directors, officers, employees, or members or affiliated entities of the cooperative, unless the Board consents to such representation and the attorney has complied with applicable conflict of interest requirements.
- 1.11.3. Require the attorney to keep the Board and the General Manager informed of matters for which the attorney is providing legal services.
- 1.11.4. Require the attorney to report evidence of any actual or intended material violation of law or material breach of duty that would likely cause substantial harm.

1.12. BOARD NOMINATIONS AND THE ELECTIONS & GOVERNANCE COMMITTEE

Nominating the best qualified Directors is essential to OPALCO and its members. To oversee the recruitment of strong Director candidates, the Bylaws have established an independent Elections & Governance Committee (EGC). The EGC serves to independently identify, interview and recommend to the Cooperative's membership high quality candidates to run for election to the Board of Directors. The Bylaws require that the EGC is made up of a representative group of 9 members, three from each of three districts as defined by the San Juan County Council. To foster independence, no current Director or Officer of the Cooperative may serve on the EGC, nor may any current employee of the Cooperative or its subsidiary serve on the EGC. The Board of Directors shall use its best efforts to ensure that the EGC has a full membership each year. This policy is intended to provide guidance for the Board and the EGC and in no way overrides nor supersedes any requirement in OPALCO Bylaws or Articles of Incorporation, or other applicable state or federal requirements.

Elections & Governance Committee Purpose

To facilitate the ability of the membership to elect board members who are most qualified and appropriate to serve in the best interests of OPALCO as a member-owned non-profit cooperative. The EGC will:

- 1.11.1 Actively cultivate qualified candidates on an ongoing basis to fill upcoming board positions.
- 1.11.2 Review candidate qualifications based on the ideal collective criteria for the Board as a whole ~~(see 1.5)~~ and consistent with the bylaws.
- 1.11.3. From time to time, at staff's request, make recommendations to update elections and governance policy.
- 1.11.4. Work with the General Counsel to determine whether Candidate Applicants satisfy the qualifications to be eligible for election as a director
- 1.11.5. Recommend a slate of Qualified Candidate Applicants
- 1.11.6. Announce the election results at the Annual Meeting

1.13. GENERAL MANAGER

The Board selects the General Manager, and regularly evaluates performance, and sets his compensation.

1.13.1. Board Interaction with General Manager

- 1.13.1.1. The Board will direct the General Manager to achieve specific results within the restraint of specific limitations. He is authorized to make all further decisions, take all actions, and establish all practices to achieve these specified results that do not transgress the limitations imposed.
- 1.13.1.2. The Board may change its policies and thus the expectations or limitations imposed on the General Manager. So long as any particular delegation is in place the Board members will respect and support the General Manager's choices.
- 1.13.1.3. All Board authority is delegated through the General Manager. The General Manager is to be considered the only employee of the Board.
- 1.13.1.4. Only decisions of the Board acting as a body are binding upon the General Manager.
- 1.13.1.5. Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in circumstances where the Board has specifically authorized such exercise of authority.
- 1.13.1.6. In the case of Board members requesting information or assistance without Board authorization, the General Manager can refuse such requests that require in his judgment a material amount of staff time or funds or are disruptive.

1.13.2. General Manager Relationship Review

The Board shall ensure that the General Manager knows and understands the expectations and limitations it has placed on discretionary decision making. These expectations and limitations shall be identified in approved policies or directives. Such policies and directives shall be used as the foundation for the annual appraisal of the General Manager's performance.

1.14. **BOARD SELF-EVALUATION**

The Board shall complete an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of OPALCO, to confirm its compliance with all relevant policies and procedures, and to review its working methods and contribution to OPALCO.

1.15. **BOARD SUBCOMMITTEES**

Due to the size and nature of the Board as stated in the bylaws, subcommittees are to be minimally used.

- 1.15.1. Board subcommittees will be formed, defined, controlled, and dissolved by action of the Board;
- 1.15.2. Authority of any subcommittee will be limited to reporting findings to the Board, unless specifically authorized by the Board. No action may be taken by a subcommittee unless authorized specifically or in general by the Board;
- 1.15.3. Board member participation in any subcommittee will be determined and controlled by the Board. There will be no more than three Board members on any subcommittee;

- 1.15.4. Employee involvement with a subcommittee will only be with the agreement of the General Manager;
- 1.15.5. The General Manager shall be kept informed of the work of the subcommittee;
- 1.15.6. Communications with employees will be copied to the General Manager.
- 1.15.7. Purpose may include a review of methods, plans, or results, propose solutions, strategic directives;
- 1.15.8. Duration of the subcommittee shall be at the pleasure of the Board.

1.16.

REMOVAL OF DIRECTORS AND OFFICERS

- 1.16.1. The Board of Directors encourages full and fair debate over all matters brought before it. The Board of Directors acknowledges that differing opinions may be expressed in a courteous manner. Any director who exhibits disorderly conduct, harassment of any kind toward other directors, Cooperative staff or members, or actions that will inhibit the orderly conduct of the Cooperative's business, in addition to any other disciplinary action taken in accordance with these policies, may be removed as a Director of the Cooperative following completion of the process set forth in this section, and a majority vote by the Directors for removal as provided herein consistent with the Bylaws.
- 1.16.2. In the event that the President of the Board of Directors or any member of the Board of Directors determines that a sitting director violated any of the above referenced policies, and such violations are serious enough to warrant removal of that individual as a Director of the Cooperative for the good of the Cooperative, and in good faith, he/she may make a motion to consider removal. That motion shall specify the grounds for removal, and upon adoption of said motion by the Board of Directors, the director against whom such motion has been made shall be informed in writing of the specific grounds for the motion for removal, and be given at least 30 days' notice prior to a meeting of the Board, at which further action by the Board could be taken. At a subsequent meeting of the Board held to take any possible action, the director against whom the motion is directed shall be entitled to be present in person, with counsel of his/her choice and at his/her expense, and to present evidence to the Board of Director to address, rebut or mitigate the specific charges, and/or to set forth facts against his/her removal. The Director or Directors who have made the motion to consider removal of the Director shall have the opportunity to present additional evidence in support of the original motion for removal. Once the Director against whom the motion has been made and the Director who has made the motion have completed their presentations, the President of the Board shall call for a motion to remove the Director. The Director against whom the motion has been made may not vote on the motion to remove. If at least 2/3 (two thirds) of the remaining current Directors excluding the exception of the Director against whom the motion has been made are in favor of such a motion to remove, then the motion shall be considered approved, and the Director's position shall be considered vacant, and the members of the Director's district shall be notified in writing of such removal. Filling the vacant position shall be pursuant to these bylaws.

1.17. BYLAWS MANDATED BOARD WORK

Annual Meeting

Date Selection

The Board selects the date for Annual Meeting according to Bylaws, Article II Section 1.

Report

The Officers report the condition of the cooperative at the Annual Meeting according to Bylaws, Article V Section 12.

Audit

The Board provides for an annual audit. The Officers present an audit summary at the next annual meeting which follows after completion of each audit according to Bylaws Article III Section 7.

Board of Directors

Elections and Governance ~~Committee on Nominations~~

The Board appoints a member **Elections and Governance** ~~Committee on Nominations~~ for each election according to Bylaws, Article III Section 3.

Compensation

The Board sets a fixed sum and expenses for attendance of meetings on behalf of the Coop. according to Bylaws Article III Section 5.

Vacancy Replacements

The Board fills vacancies according to Bylaws, Article III Section 4.

Bylaws

Amendments

The Board shall make necessary Bylaws amendments according to Bylaws Article XIV Section 1.

Contracts

The Board may authorize any officer or agent to enter into contracts on behalf of the Coop in general or in specific instances according to Bylaws Article VII Section 1.

Capital Credits

The Board shall be responsible for establishing policies for the retirement of capital credits and shall review and approve the payout of retired capital credits.

At the Board's discretion, discounted rate retirements may be used to reduce outstanding or delinquent billing amounts. Board approval is required for retirement payments according to Bylaws Article VIII Section 2.

The Board may distribute forfeit capital credits to the "Education and Promotion Fund" or the "Retirement and Replacement Fund" according to Bylaws Article VIII Section 5.

Disposition of Assets

The Board may dispose of unnecessary property not exceeding 10% of the value of all property of the Cooperative according to Bylaws Article X Section 1.

Members

Expulsion

The Board shall expel any member according to Bylaws Article I Section 6.

Membership fee

The Board sets the initial membership fee according to Bylaws Article I Section 3.

New Members

The Board approves new memberships according to Bylaws Article I Section 2

Other Organizations

The Board shall authorize membership in other organizations according to Bylaws Article XII.

Revision Date November 17, 2019

Foster Hildreth, General Manager

POLICY 23

CONFLICT OF INTEREST

23.1 GOALS AND OBJECTIVES

This policy addresses conflict of interest issues relevant to the Board of Directors, Management, and staff of OPALCO.

23.2 DEFINITIONS FOR PURPOSES OF THIS POLICY

As used in this Policy, and unless the context requires otherwise:

23.2.1 Board means the Orcas Power & Light Cooperative Board of Directors.

23.2.2 Business Opportunity means an opportunity to engage in a business activity, other than an opportunity offered to all similarly situated Cooperative members, of which:

- An Official becomes aware in connection with performing Official functions; under circumstances reasonably indicating that the opportunity was expected to be offered to Cooperative or a Subsidiary; or through using Cooperative or Subsidiary information or property if the Official should reasonably expect the opportunity to interest Cooperative or the Subsidiary; or
- An Official becomes aware and knows or is closely related to a business in which Cooperative or a Subsidiary is engaged or expects to engage.

23.2.3 Conflicting Interest Transaction means a transaction or proposed transaction by Cooperative or a Subsidiary, other than the payment of Official compensation or provision of Official benefits, and other than a transaction offered to all similarly situated Cooperative members:

- To which an Official is a party; or
- For which, at the time the Board considers the transaction, or at the time Cooperative or the Subsidiary becomes legally obligated regarding the transaction, an Official had knowledge and a Material Financial Interest known to the Official; or an Official knew that a Related Person was a party or had a Material Financial Interest.

23.2.4 Cooperative means Orcas Power & Light Cooperative

23.2.5 Director means a member of the Board.

23.2.6 Disinterested Director means a Director who, at the time the Board acts regarding income, employment, competition, a Conflicting Interest Transaction, or a Business Opportunity:

- Is not associated with the income, employment, or compensation; is not engaged in the Transaction; and is not taking advantage of the Opportunity; and
- Does not have a relationship with an Official associated with the income, employment, or compensation; engaged in the Transaction; or taking advantage of the Opportunity, which relationship would reasonably be expected to impair the objectivity of the Director's judgment regarding the income, employment, competition, Transaction, or Opportunity.

23.2.7 Key Employee means a Cooperative employee, other than a Director or Officer, who:

- Receives more than \$150,000 in compensation reported to the Internal Revenue Service on Form W-2;
- Has responsibilities, powers, or influence over Cooperative similar to a Director or Officer; manages a segment or activity of Cooperative representing ten percent or more of Cooperative's activities, assets, income, or expenses; or has or shares authority to control or determine ten percent or more of Cooperative's capital expenditures, operating budget, or employee compensation; and
- Is one of the twenty employees with the highest compensation reported to the Internal Revenue Service on Form W-2.

23.2.8 Manager means the individual with ultimate responsibility for implementing the Board's decisions or supervising Cooperative's management, administration, or operation, regardless of job title.

23.2.9 Material Financial Interest means a financial interest in a transaction reasonably expected to impair the objectivity of an Official's judgment regarding the transaction.

23.2.10 Officer means an individual:

- Appointed by the Board, or by another Officer authorized by the Board or by Cooperative's articles of incorporation or bylaws; and

- Serving as a chief executive, operating, financial, legal, or accounting officer; being in charge of a principal business unit; or performing a major policymaking function.

An Officer includes the Manager and the individual with ultimate responsibility for managing Cooperative's finances.

23.2.11 Official means a Director, Officer, or Key Employee.

23.2.12 President means a Director who is Chair of the Board.

23.2.13 Policy means Orcas Power & Light Cooperative's Conflict of Interest Policy.

23.2.14 Related Entity means an entity, other than Cooperative, a Subsidiary, or an entity of which Cooperative is a member:

- Controlled by an Official or an Official's Related Individual;
- In which an Official owns more than **ten percent** of the entity's shares or interests;
- For which an Official is a member of the governing body;
- For which an Official is a trustee, guardian, personal representative, or similar fiduciary;
- Employing an Official; or
- Controlled by an entity employing an Official.

23.2.15 Related Individual or person means an individual or person:

- Who is the spouse of an Official;
- Who is **an immediate family member** ~~or is the spouse of, a child, stepchild, grandchild, parent, step parent, grandparent, sibling, step sibling, half sibling, aunt, uncle, niece, or nephew of an Official or the Official's spouse;~~
- Residing with an Official;
- For whom an Official is a trustee, guardian, personal representative, or similar fiduciary; or
- Employing an Official.

23.2.16 Subsidiary means an entity Controlled by Cooperative.

23.3 EMPLOYMENT AND INCOME

~~A Director may not be employed by the Cooperative or subsidiary. Unless an Official discloses income or employment to the Board and a majority of Disinterested Directors authorizes or ratifies the income or employment, the Official:~~

- 23.3.1 ~~Other than Compensation. Director compensation, including~~ retirement or insurance income from Cooperative ~~are not considered employment income or compensation.~~, and other than Director or employment compensation from Cooperative, may not directly or indirectly receive more than ten percent of the Official's annual gross income from Cooperative, a Subsidiary, or a Cooperative or Subsidiary employee;
- 23.3.2 ~~A Director may~~ not directly or indirectly receive more than twenty-five percent of the Official's annual gross income from another Official; and
- 23.3.3 May not have a Related Individual employed by ~~the~~ Cooperative or a Subsidiary.

23.4 COMPETITION

An Official may not advance the Official's pecuniary interests, or have a Related Person that advances the Related Person's pecuniary interests, by competing with Cooperative or a Subsidiary, ~~is employed by a competing business, has a material financial interest in such competing business, or has a material financial interest in a vendor, consultant, or supplier of the Cooperative that is material to the Cooperative or the financial interest held is significant and material to the vendor, consultant or supplier,~~ unless:

- 23.4.1 ~~The Board of Directors determines that it would be in the Cooperative's best interest for a Director or a Related Person to continue in such position; and there is no reasonably foreseeable harm to Cooperative or the Subsidiary from the competition;~~
- 23.4.2 Any benefit that ~~the~~ Cooperative or the Subsidiary may reasonably expect to derive from the competition outweighs any reasonably foreseeable harm to Cooperative or the Subsidiary from the competition; or
- 23.4.3 The Official discloses the competition to the Board and a majority of Disinterested Directors authorizes or ratifies the competition.

23.5 CONFLICTING INTEREST TRANSACTION

An Official may not engage in a Conflicting Interest Transaction unless:

- 23.5.1 To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Official's conflicting interest and all facts known to the Official regarding the Transaction that a Disinterested Director would reasonably believe to be material in acting regarding the Transaction; Disinterested Directors deliberate and vote regarding the Transaction outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, authorizes the Transaction; or
- 23.5.2 According to the circumstances at the time the Board considers the Transaction, or at the time Cooperative or the Subsidiary becomes legally obligated regarding the Transaction, the Transaction, as a whole, benefits Cooperative or the Subsidiary, considering, as appropriate, whether the Transaction was fair in terms of the Official's dealings with Cooperative or the Subsidiary and whether the Transaction was comparable to what might have been obtained in an arm's length transaction, given the consideration paid or received by Cooperative or Subsidiary.

23.6 BUSINESS OPPORTUNITY

An Official may not directly or indirectly take advantage of a Business Opportunity unless, before the Official becomes legally obligated regarding the Opportunity:

- 23.6.1 The Official informs the Cooperative or Subsidiary of the Opportunity; and
- 23.6.1.1 To the extent unknown by Disinterested Directors, the Official discloses the existence and nature of the Opportunity and all facts known to the Official regarding the Opportunity that a Disinterested Director would reasonably believe to be material in acting regarding the Opportunity; Disinterested Directors deliberate and vote regarding the Opportunity outside the presence of, and without participation by, the Official; and a majority of Disinterested Directors, but not less than two, disclaims interest in the Opportunity.

23.7 INSIDER PECUNIARY BENEFIT

An Official may not use Cooperative or Subsidiary property, material private information, or position to secure pecuniary benefit unless:

- 23.7.1 Value is given for the use and assuming the use is a Conflicting Interest Transaction, the Official could engage in the Transaction under this Policy;
- 23.7.2 The use is payment of compensation or provision of benefits;

23.7.3 The use is of information only and the use is not connected with trading securities, is not a use of proprietary information, and does not harm Cooperative or Subsidiary;

23.7.4 Assuming the use is a Conflicting Interest Transaction, a majority of is interested Directors authorizes the Transaction under this Policy; or

23.7.5 The benefit is received as a Cooperative member; made available to all other similarly situated Cooperative members; and lawful.

23.8 COMPLIANCE AND ENFORCEMENT

The Board interprets and enforces this Policy. Cooperative's legal counsel must annually review this Policy with all Officials. The minutes of all Board meetings should record all disclosures, votes, authorizations, and other actions taken under this Policy. Each Official must annually complete and sign the Conflict of Interest Certification and Disclosure Form attached to this Policy and deliver the completed and signed Form to President or Manager. If an Official discovers any information or fact that could impact another Official's compliance with this Policy, then the Official must disclose the information or fact to President or Manager immediately.

If Manager or President receives a Form disclosing any information or fact that could impact an Official's compliance with this Policy, then, respectively, Manager must deliver the Form to President and President must distribute the Form to the Board. If Manager or President receives or discovers any other information or fact that could impact any Official's compliance with this Policy, then, respectively, Manager must disclose this information or fact to President and President must disclose this information or fact to the Board, and may seek the advice of legal counsel.

Upon receiving or discovering any information or fact that could impact a Director's compliance with this Policy, the Board must:

- Provide the Director an opportunity to comment orally and in writing regarding the information or fact, and an opportunity to be represented by legal counsel; and
- Determine whether the Director complies with this Policy.

If the Board determines that a Director does not comply with this Policy, then:

- The Board must provide the Director an opportunity to comply with this Policy within thirty days; and

- If the Director does not comply with this Policy within thirty days, then, as allowed by law, the Board must sanction, disqualify, and/or remove the Director.
- To the extent the Board President or a Director may seek to remove another Director, the policy and procedure in Policy 1, Section 1.16 and the Bylaws shall be used to determine the proper enforcement procedures.

Upon receiving or discovering any information or fact that could impact any other Official's compliance with this Policy, the Board must act as appropriate or authorize the Manager to act as appropriate.

RESPONSIBILITY

It shall be the responsibility of the general manager and his staff to implement this policy. Deviations there from shall be reported to the Board of Directors.

Foster Hildreth, General Manager

October 17, 2019
Effective Date

OPALCO Power & Light Cooperative Election Guidelines & Procedures

Board Adopted: [date]

1 Introduction

This Elections Procedures and Guidelines document is an implementation manual for OPALCO elections covering the full scope of the event from nominations to announcement of election results. The Guidelines are the practical instructions in a series of guiding documents on OPALCO elections that starts with the Bylaws and includes Policy 7: Elections. The Bylaws ensure compliance with laws and RUS requirements; the Policy gives the Board of Directors their framework for action and responsibility; and the Guidelines direct the cooperative in their work and inform the candidates in each election cycle.

2 Roles and Responsibilities

Board of Directors:

- Ensure full compliance with the OPALCO governing documents and the law
- Determine the location, date, and time of each year's Annual Meeting (which drives the election timeline)
- Appoints members to the Elections & Governance Committee
- Review and approve the slate of candidates recommended by the EGC and General Counsel
- Review and modify OPALCO Bylaws and Policies as needed

General Counsel

- Ensure OPALCO Elections are conducted consistent with law and all OPALCO guiding documents
- Make determinations on the conduct of the election and candidates
- Apprise the Board of and provide counsel on Election-related issues
- Review qualifications of Candidates
- Craft proposed Non-Director Election Ballot language as directed by the Board
- Serves as Parliamentarian at the Annual Meeting

Elections and Governance Committee

- Identify and cultivate qualified candidates for Board elections
- Interview Candidate Applicants
- Provide a slate of Candidate Applicants for review by General Counsel
- Announce election results at the Annual Meeting
- From time to time, as directed by Staff, review elections and governance policies

Election Service Provider:

- Provide services as specified in a contract with OPALCO
- Print, distribute, and collect the Ballots
- Tabulate and certify the election results
- Archive and manage all election materials, including destruction of materials from previous elections, according to terms of its contract with OPALCO

Board Recording Secretary (Executive Assistant):

- Serve as staff liaison to the Elections & Governance Committee
- Receive and maintain all records related to Director qualifications and nominations
- Distribute all required Director Election Nomination forms and related materials
- Serve as the point of contact (or designate a person) to provide answers to any questions about the Election process from Directors, Candidates, or Members

Staff:

- Develop and manage election timeline
- Implement outreach activities to engage members, encourage voting and provide full information on the election
- Coordinate Candidate Forum/s and Annual Meeting events
- Serve as point of contact for Election Service Provider
- Media relations
- Confirm membership status for Candidate Applicants and Petition Signers
- Manage member database
- Provide member lists to Election Service Provider

3 Establishing Annual Meeting Date, Time, and Location and Election Timeline

The Board will set the date, time and location of the Annual Meeting at the August regular meeting of the Board each year (OPALCO Policy 7: Elections). This date provides the framework for the election timeline, as prescribed by the Bylaws and RUS requirements. Staff will publish the meeting date, time and location on the website and build an election timeline for review by the Board and General Counsel.

Once the timeline is established, Staff will convene a Coordination Meeting to set the process in motion.

4 Selection of Election Service Provider

At or before the October Regular Board meeting each year, Staff, in coordination with the General Counsel, will select an Election Service Provider. Any such contract may be implemented without competitive procurement.

Criteria for selection of an Election Service Provider will include: experience, technical capability, past performance, understanding of and ability to comply with OPALCO Bylaws, policies and procedures, capability to integrate with OPALCO IT infrastructure, and ability to preserve and enhance the credibility of the Election process. Any prospective Election Service Provider must meet the technical and security qualifications established by OPALCO. Any such vendor shall establish its qualifications in this regard by providing detailed descriptions of demonstrated

performance in quality-control methods and testing, system security specifications, and policies regarding storage, transmittal, access to and retention of Member information and voting data.

An Election Service Provider may serve the Cooperative only upon having agreed not to share with any person not employed by the Election Service Provider partial or complete voting results before the final tabulated and public announcement by the Election Service Provider at a meeting of Members; provided, however, the Election Service Provider may periodically provide the vote information agreed upon in the contract.

5 Preparation and Approval of Ballot

5.1 Non-Director Ballot Measures

The Board may, from time-to-time, submit matters under consideration by the Board to a vote of the Members. The vote in any such Non-Director Election shall be advisory only, except in such cases where a vote of Members is required by law or the OPALCO Bylaws, such as a vote to amend the OPALCO Articles of Incorporation. No later than 120 days prior to an Annual Meeting, the Board will direct the General Counsel to prepare proposed Ballot wording for any items to be put to a vote in a Non-Director Election. Any such matters will be presented by the General Counsel in a way to enhance Member understanding of such measures, including any Board recommendation or position concerning such a vote.

Per Bylaws (Article XIV, Section 1), Energy Members may propose a “Member Initiated Bylaw Amendment.” Member Initiated Bylaw Amendments must meet the requirements detailed in the Bylaws (Article XIV, Section 2) and must be submitted to the Board between 90-120 days before an Annual Meeting.

5.2 Director Elections

5.2.1 Nominations

The Board Recording Secretary will convene the Elections & Governance Committee at least two months before nominations are due (see timeline, Appendix D) and provide support for their work on cultivating nominations.

Ballot Materials and Application

Staff will ensure that the following items are made available to OPALCO Members on the OPALCO website and in OPALCO offices:

- Nominations Application
- information on Nominations by Petition
- Director District Description(s)

- Election Timeline
- OPALCO Bylaws
- OPALCO Conflict of Interest Policy
- Conflict of Interest Form
- and OPALCO Election Policy and Guidelines

Conflict of Interest Form

The application form for Board candidacy will include a conflict of interest waiver, which all persons seeking nomination must execute to authorize OPALCO or its agent to perform background checks to verify the Candidate Applicant meets the Bylaw qualifications to serve as Director.

Biographical and Platform Materials

Candidate Applicants must provide biographical material in electronic format to the Board Recording Secretary as part of the application. Bios are limited to 800 words containing personal background information and the Candidate's stance on matters of importance to OPALCO and its Members. Staff can provide an example upon request. If the bio submitted exceeding 800 words, the Board Recording Secretary will, if time allows, notify the Candidate Applicant. Candidate Applicants may submit revisions to biographical materials until the deadline for submission of application materials.

Each Candidate Applicant is solely responsible for the content of his or her submitted biographical materials (including photo quality, grammar, spelling and punctuation) and OPALCO staff will not proofread, edit or otherwise alter any biographical materials, other than to truncate any biographical materials exceeding 800 words. OPALCO will publish Candidate bios and photographs in the Voter's Guide that is distributed to all voting members.

Candidate photos must be submitted electronically and must meet the following criteria: headshot only, color print quality and the file type must be .jpg, or .png.

Candidate Q&A Form - Candidate Applicants are expected to complete a standard series of candidate questions designed to help inform the membership of candidate experience and their vision for the Co-op. Each Candidate Applicant is solely responsible for the content of his or her submitted questionnaire materials (including grammar, spelling and punctuation) and OPALCO staff will not proofread, edit or otherwise alter any Candidate Q&A materials, other than to truncate any materials. OPALCO will publish the candidate questionnaires on the website.

Petition Process

To be nominated by petition and included on the Ballot for a Director Election, a Candidate Applicant must submit verifiable signatures of at least 20 OPALCO Members with Voting Residence (as defined in the Bylaws) within the Director District for which the Candidate Applicant is seeking nomination, along with a conflict-of-interest certification and disclosure form as required by the Bylaws. All information submitted by Candidates may be posted on the website (with any confidential information redacted). Any signatures submitted by a Candidate Applicant must be originals, not copies, submitted on the petition form circulated by the Cooperative during the year in which the election is held, or a copy of such a form.

No membership listing will be provided in order to protect members private information.

No Candidate Applicant will be given access to a nomination petition form before such time as those forms are made available to all Members on the OPALCO website and at OPALCO offices. A Member may sign the petition of more than one Candidate Applicant. For Joint Memberships, as that term is defined in the Bylaws, either spouse may sign a petition, but only one signature from any joint membership will be counted for any Candidate Applicant. Any person listed in OPALCO's records as authorized to act on behalf of an entity Member, may sign a petition on behalf of that entity Member. Petition forms will include spaces for the printed name, signature, address and membership account number to assist in verification of signatures.

The Record Date for a Member to be eligible to sign a nomination petition is the date of the verification of the signatures by OPALCO, meaning that a signature will be counted only if the signer is a Member on the date of verification. This provision shall not prevent reverification of a signature on a subsequent day, if a signer becomes a Member before the deadline for signature verification, as allowed by these procedures.

Confidentiality

All signer-specific information on nomination petitions submitted to OPALCO by a Candidate Applicant is private Member information, not subject to disclosure under the voluntary Cooperative Open Records Policy.

Directors may not seek or be provided access to Candidate Information by OPALCO employees, other than Directors' usual access to confidential Cooperative information, except as necessary for such Directors to perform duties mandated by law, OPALCO Governing Documents or this Policy.

Deadline for Candidate Application by Petition

To be considered for inclusion on the Ballot for election as a Director, a Candidate Applicant by petition must deliver by hand or certified, trackable

delivery method with signature required, a completed original application and petitions to the Board Recording Secretary at OPALCO Headquarters in Eastsound, WA, no later than 4:30 p.m. on the petition deadline (see timeline, Appendix D). Delivery to an alternate OPALCO address, delivery after the deadline, or mailing an item with a postmark before the deadline will not satisfy this requirement and will result in the application's rejection.

Signature Verification

Staff will verify the signatures on petitions by Candidate Applicants. A signature will be accepted as valid if the signer is identified in OPALCO account records as a voting member with residence within the district for which election is being sought. Signatures that cannot be identified because they are illegible or cannot be matched to an active OPALCO Member will not be counted as verifiable signatures.

Staff will verify signatures in the order they are presented on petitions and will stop the verification process once 20 signatures have been verified, or when the list of signatures is exhausted without having reached the qualifying number. Members Services will notify the General Counsel and the Board Recording Secretary and provide a written summary of findings regarding signature verification.

Verification of Qualification Requirements

General Counsel reviews Candidate Applicants eligibility per OPALCO Bylaws.

For candidate applications by petition, the General Counsel will determine whether the Candidate Applicant has submitted required verified signatures and completed the conflict-of-interest certification and disclosure form required by the Bylaws before attempting to verify the substantive qualifications described in the Bylaws and below. In all matters, the General Counsel shall assume the truth of matters asserted by Candidate Applicants, and act accordingly, unless they have identified a reasonable and specific basis for acting otherwise. The General Counsel will retain an independent third-party background verification firm ("Background Verifier") in their review.

Notification of Candidate Eligibility

The Board Recording Secretary or General Counsel will notify each Candidate Applicant of their eligibility status.

Candidate Slate

At least 80 days prior to an election, the slate will be published.

6 Voting and Processes During Election Period

6.1 Withdrawal from Election

At any time, a Candidate may withdraw from a Director Election by notifying the Board Recording Secretary in writing of his or her withdrawal. The Cooperative

will use reasonable methods to advise the Membership of the withdrawal. If time allows, the withdrawn Candidate's name will be removed from the ballot. If time does not allow removal from the ballot, the name will remain on the ballot, and the election website will not be altered to remove the Candidate's name. Any votes for a Candidate who has withdrawn will not be counted.

6.2 Communications Plan

At or before the January Regular Board Meeting, the OPALCO Communications Staff will present to the Board an Election Communications Plan ("Communications Plan"), outlining the communications efforts that will be employed to inform OPALCO members about the Election and provide contact information for Members who have questions about the election process. The plan should utilize available channels.

6.3 Preparation and Distribution of Ballots

6.3.1 Ballot Materials

The ballot package prepared by the Election Service Provider will be approved by Staff in consultation with General Counsel. The ballot package will include the ballot, voter's guide with clear information on how to vote, candidate bios and photos, and (if a paper ballot) the necessary envelopes. Candidate names will appear on the ballot materials in alphabetical order. If the election includes a non-director issue, that measure will be described and pro- and con- statements included.

Distribution of Ballot Materials

As specified in the contract, the Election Service Provider will give members an opportunity to choose an electronic or paper ballot in advance of the election.

On the first day of the election, the Election Service Provider will send emails to all Members who have selected an electronic ballot to include election information, voting credentials, and a direct link that allow Members to access the voting website. The Election Service Provider will send follow-up emails according to the election timeline. Members who have opted-out of receiving communications from OPALCO will not receive these email notifications.

Paper ballot packages will be mailed to members who have opted out of the electronic ballot.

Voting and Receipt of Ballots

Only the Election Service Provider shall accept ballots. Ballots are not to be accepted on OPALCO Premises or by OPALCO Employees, Directors or Candidates.

6.3.2 Website

The Election Service Provider will, at the time of mailing, make available on the

Internet a secure website for online voting, including biographical material and videos of Candidates recorded by OPALCO.

6.4 Candidate Forums

Within 10-14 days previous to the date that the election opens, Staff will coordinate at least one candidate forum event; this forum could be a live or web-based event. The candidate forum will be facilitated by an independent moderator, following the format prescribed by the League of Women's Voters whereby candidate remarks and question and answer sessions have specific time limits. Depending on the number of Candidates and ferry schedule constraints, the amount of time allowed may be adjusted. If any Candidate is absent from a candidate forum, that Candidate may submit their own video recorded statement to be played.

6.5 Campaigning on OPALCO Premises

Members may not engage in Campaigning (as that term is defined herein) on OPALCO premises or OPALCO events, except at OPALCO-sanctioned Candidate events. OPALCO premises include parking lots, the exterior and interior of OPALCO-operated facilities or those same areas of any facility where a Member Meeting or Board Meeting is conducted. Campaign materials may not be posted on any OPALCO property including power poles and equipment.

"Campaigning" is: the distribution of materials designed to influence the outcome of a Cooperative election; direct communications to Members designed to influence the outcome of a Cooperative election, including gathering of signatures on petitions; displays of placards, bumper stickers, signs or other campaign promotional material, other than those displayed on vehicles or on wearing apparel or accessories.

6.6 Access to Vote Information: Updates on Voter Turnout

No OPALCO employee, Director, Candidate or person acting on their behalf, except as described in this Section, shall seek or accept from the Election Service Provider access to information about details of votes cast by a OPALCO Member or Members, other than aggregated information about voting turnout or voting methodology across the entire Cooperative, as described in this section.

OPALCO Employees – Only OPALCO employees who are designated IT staff responsible for developing and testing registration software for use at OPALCO's Annual Meeting shall have access to data indicating if a member has voted or not voted and the method by which their vote was submitted. This data shall not contain any member's individual voting selection(s).

Once weekly after Ballots are initially mailed, the Recording Secretary or designee will post voting updates on the website. Those updates will be based on information transmitted by the Election Service Provider and will include the

aggregate number of Ballots cast. Those updates shall not include the specific number of votes cast for any particular Candidate or issue in a Non-Director Election.

6.7 Quality Control

The Election Service Provider shall provide OPALCO a list of quality-control steps to be taken to verify the accuracy of Election results before such results are announced at the Annual Meeting (Quality Control Report).

Pre-Annual Meeting Quality Control shall include, but not be limited to, the following steps:

- Verify the previous removal or remove from the voting database the votes of any person or entity that was not an OPALCO Member when the election opens.
- Verify that the OPALCO voter registration system is loaded with the list of OPALCO Members as of the record date.
- Verify all paper and electronic votes have been counted.
- Remove from the voting database the votes of any Member that has "double voted," by submitting a paper Ballot received by the Election Service Provider after that same Member has electronically voted.
- Verify all votes for eligibility against the member database.
- Certify in writing that each step has been completed upon delivery of election results.

Before the Annual Meeting, the Board Recording Secretary will prepare a certificate affirming that quorum (10% of the voting membership) was satisfied for filing with the official records of the Cooperative.

7 Annual Meeting and Tabulation of Votes

7.1 One Member-One Vote

Each Member shall be entitled to one vote upon each matter submitted to a vote at a Member Meeting. Any officer of an entity Member, or any person listed in OPALCO's records as authorized to act on behalf of an entity Member, may cast a vote on behalf of that entity Member.

The Record Date for a Member to cast a Ballot in a Director Election is the close of business three days before the opening date of the election, meaning that only parties that are Members at the close of that Record Date will be eligible to have their Ballot counted, and to be counted toward the Member Quorum for that Member Meeting.

7.2 Write in Candidates

No write in candidates will be recognized.

7.3 Voting at the Annual Meeting

Voting will close three business days before the annual meeting. No voting is allowed at the annual meeting.

7.4 Proxies Prohibited

Except in instances specifically mandated by law or OPALCO Governing Documents, a Member may not appoint another individual person to vote on any matter for the Member.

7.5 Tabulation

The Election Service Provider will tabulate results in accordance with the contract approved by General Counsel. The first vote of a Member received by the Election Service Provider will be counted as the vote cast by that Member, and Members will not be allowed to change previously cast votes.

Paper ballots must be received by mail at the Election Service Provider before the close of business at the location and time zone of the Election Service Provider when the election closes three days in advance of the Annual Meeting.

Paper votes will be scanned electronically by the Election Service Provider into a data record as they are received, with questionable and zero-vote Ballots pulled, hand counted and entered into the data. Online votes will have been recorded in a data record as they were cast, with multiple levels of verification and security. Duplicate Ballots cast by Members who have already previously voted online will be removed before tabulation.

The Election Service Provider shall prevent any ballot from being cast electronically after the deadline for advance voting specified in the Bylaws.

7.6 Process if Member Disputes Having Cast Vote

If a Member disputes a record showing they have previously cast a Ballot, a new Ballot may be cast by the Member and counted only upon a written affirmation signed by the Member that he or she has not previously voted. For any Joint Membership, such a written affirmation must be signed by both Joint Members to be effective.

7.7 Determination of Outcome/Winner

7.7.1 Non-Director Election

Members shall be deemed to have approved an option in a Non-Director Election if: (1) a Member Quorum, as defined in the Bylaws, is present, and (2) the Non-Director Election option receives the highest number of votes.

7.7.2 Director Election

The Candidate for each Director Position receiving the highest number of votes shall be elected, unless the Candidate receiving the highest number of votes is a Withdrawn Candidate, in which case the non-withdrawn Candidate receiving the highest number of votes shall be elected. In the event of a tie, the winner shall be determined by a drawing by lot to be conducted by the Election Service Provider. In the event of a tie in a Director Election, in conducting a drawing by lot, General Counsel will place in a box as many slips of paper as there are nominees in the tie, with a single slip marked "elected" and the remaining slips marked "not elected." In alphabetical order by last name, each of the Director Candidates in the tie shall blindly draw one (1) slip from the box. The Director Candidate drawing the slip marked "elected" shall be elected to the Director position in question.

7.8 Staggered Terms

Per OPALCO Bylaws, if more than one position is up for election in any District, the Candidate receiving the greatest number of votes will serve the longer term; the Candidate with the lesser number of votes will serve the shorter term.

7.9 Pre-Announcement Quality Control

After tabulation, and before the results are announced, the Election Service Provider must certify in writing all Quality Control steps were taken. The Election Service Provider will send this certification and election results by overnight delivery service so that it will be in OPALCO's hands two days (or no less than one day) before the Annual Meeting.

7.10 Announcement and Certification

Two copies of the certified results in sealed envelopes are sent overnight mail from the Election Service Provider to the Recording Board Secretary. In addition, a secure electronic file is available to the IT Manager. In the event that hard copies are delayed or unavailable, the IT Manager may make the results available for the Annual Meeting.

The EGC representative (or their designee) will announce the results at the Annual Meeting and will provide the written certification of the results to the Board Recording Secretary for inclusion in the Minutes of the Annual Meeting. If any Candidate is a Withdrawn Candidate, the EGC Representative shall announce that that Candidate is a Withdrawn Candidate and that that Candidate is ineligible to be elected.

7.11 Post-Election Director Acknowledgments

At the meeting following the Annual Meeting, all elected Directors must execute and deliver to the Board Recording Secretary a signed conflict of interest form.

7.12 Election Contests

The General Counsel shall be the arbiter of any issue related to OPALCO Elections, subject to appeal to the Elections and Governance Committee. Any challenge to the election must be filed at the OPALCO Headquarters, located in Eastsound, WA by 5pm on the third business day following the Annual Meeting.

8 Actions after Annual Meeting

8.1 District-by-District Results

Within five business days of the Annual Meeting, the Election Service Provider will provide to OPALCO a breakdown of voting results by district, showing the total number of Members from each district that voted, the total number from each district voting for each Candidate or Non- Director Election Ballot item, and the total number from each district that voted but did not cast a vote in a race or Non-Director Election matter.

8.2 Post-Election Analysis

Within two months after the Annual Meeting, the General Counsel will conduct a review of all facets of the OPALCO Elections and will present to the Board any recommended modification to OPALCO Election Policy or Procedures.

Appendix D: Election Timeline

Item	By Whom	By When (Approximate)
Establish Annual Meeting Date and Location	<i>BOARD OF DIRECTORS (BOD)</i>	At or before the August Regular Board Meeting
Directors appoint/replace EGC members	<i>BOD / BOARD RECORDING SECRETARY (BRS)</i>	At or before the August Regular Board Meeting (ongoing)
Contract with Election Service Provider	<i>STAFF / GENERAL COUNSEL (GC)</i>	At or before the October Regular Board meeting
Present Election Timeline	<i>STAFF / GC</i>	At least 60 days prior to Nominations deadline
Convene Elections & Governance Committee	<i>BOARD RECORDING SECRETARY (Executive Asst)</i>	At least 60 days prior to Nominations deadline
General Counsel to prepare Board proposed Non-Director Election items, if required	<i>BOD/GC</i>	Between 120-150 days prior to the Annual Meeting
Legal Notices (Board Positions, Annual Meeting Date)	<i>STAFF</i>	Thirty days before nominations
Post Nomination Info and Application online, including Candidate Applicant Q&A Form	<i>Communications Team</i>	At least 110 days prior to the Annual Meeting
General Counsel to review any Member Initiated Bylaw Amendments	<i>BRS/GC</i>	Member Initiated Bylaw Amendments are due between 90-120 days before the Annual Meeting
Conduct Internal Coordination Meeting	<i>STAFF</i>	Prior to the January Regular Board Meeting
Communications Plan presented to the Board of Directors	<i>Communications Team</i>	At or before the January Regular Board Meeting
Schedule Candidate Forums	<i>Communications Team</i>	At or before the January Regular Board Meeting
Prepare Ballot Materials	<i>Communications Team</i>	Complete at least 55 days before open of election
Candidate Applications due to the Board Recording Secretary at OPALCO Headquarters in Eastsound WA	<i>Candidate Applicant/BRS/EGC</i>	No later than 4:30 p.m. on the last business day falling 87 days or more before the date of the Annual Meeting
EGC conducts interviews with candidate applicants; GC determines eligibility	<i>Candidate Applicant/BRS/EGC/GC</i>	Between 87-81 days before the date of the Annual Meeting
EGC slate of candidates posted	<i>EGC/STAFF</i>	No later than 80 days before the date of the Annual Meeting

Candidate Applications BY PETITION due to the BRS at OPALCO Headquarters in Eastsound WA	<i>Candidate Applicant/BRS</i>	No later than 60 days before the date of the Annual Meeting
Candidate Bios and Photos Due to BRS	<i>Candidate Applicant(s)/STAFF</i>	No later than 60 days before the date of the Annual Meeting
GC determines eligibility of candidate applicants by petition	<i>STAFF/GC</i>	No later than 56 days before the date of the Annual Meeting
Eligible Candidates by Petition posted	<i>EGC/STAFF</i>	No later than 55 days before the date of the Annual Meeting
Election withdrawal deadline for removal from Ballot	<i>Candidate Applicant</i>	No later than 55 days before the date of the Annual Meeting
Candidate Forum Event/s	<i>Candidates/STAFF/Moderator</i>	Between 10-14 days before election opens
FINAL Member List provided to Election Service Provider	<i>IT/Elections Service Provider</i>	Two days before the Election opens
Ballot materials and information sent to members by email and mail; online voting site goes live	<i>Election Service Provider</i>	Between 50-21 days before the Annual Meeting
Update on voter turnout	<i>Election Service Provider/STAFF</i>	Once weekly after Ballots are initially mailed
Reminder voting emails	<i>Election Service Provider</i>	Dates to be determined each year when timeline presented to the Board of Directors
Election closes	<i>Election Service Provider / IT</i>	10 AM Pacific Time three business days before Annual Meeting
Certification prepared on number of votes cast and quorum verification for use at Annual Meeting	<i>RBS/GC</i>	Between 1-3 days before the Annual Meeting
Election Service Provider sends secure results and certification of quality control to OPALCO	<i>Election Service Provider/IT/BRS/EGC</i>	12 PM Pacific Time two days before the Annual Meeting
Announcement of Results	<i>EGC</i>	At the Annual Meeting
Results are posted	<i>STAFF</i>	The business day following the Annual Meeting
District-by-District Results	<i>Election Service Provider</i>	Within five business days of the Annual Meeting
Post-Election Analysis	<i>GC</i>	Within one month after the Annual Meeting
Post-Election Director Acknowledgments	<i>BOD/BRS/GC</i>	At the next regular Board Meeting following the Annual Meeting



Independent Director Qualifications Form

Date: _____

Candidate Name _____ District _____

The goal of the nominations process is to put forward the best, most qualified and effective candidates for the Board of Directors so that the membership can, in turn, elect board members who are prepared to uphold the mission and practice good stewardship of member resources in service to the Cooperative. All board members and candidates for the Board of Directors must comply with Orcas Power & Light Cooperative (OPALCO) bylaws and policies regarding qualifications and conflicts of interest.

Relevant bylaws and policy references:

- Bylaw Article III – *Directors*, Section 2 – *Qualifications*
- OPALCO Policy 1 – *Functions of the Board of Directors*
- OPALCO Member Service Policy 9 – *Fair Treatment by OPALCO*

Please complete this form in order to establish your eligibility for a board position.

1. **Are you an active energy member in good standing of OPALCO?**

☐ Yes *Member #* _____ ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

2. **Do you have an OPALCO membership with a residential meter in your name?** ☐ Yes ☐ No

If you answered Yes, proceed to the next question. If you answered No, you are not eligible to become a Director of OPALCO.

3. **Are you, or any immediate family, member currently employed by OPALCO or any subsidiary or affiliate of OPALCO, or have been employed by any such organization within the past five years?**

☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered yes, you are not eligible to become a Director of OPALCO.

4. **Are you, or any immediate family member, in any way employed by or financially interested in an enterprise that competes with, supports or is an affiliate to OPALCO?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

5. **Are you, or any immediate family member, in any way employed by or financially interested in a business primarily engaged in selling electrical or plumbing appliances, fixtures, supplies; or Internet or phone services to members of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

6. **Have you, or any immediate family member, ever been a party in a mediation, arbitration, lawsuit, unsuccessful Member Service Policy 9 ruling, or other legal action against or by the Cooperative or a subsidiary or affiliate of the Cooperative?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

7. **Do you, or any immediate family member, currently hold public office or serve on a governmental appointment or commission whose charter or scope of influence intersects with the business of the Cooperative or its subsidiaries or affiliates?** ☐ Yes ☐ No

If you answered No, proceed to the next question. If you answered Yes, you are not eligible to become a Director of OPALCO.

8. **Have you ever been convicted of any crime other than a traffic violation?** ☐ Yes ☐ No

If yes, please explain:

I hereby authorize OPALCO to conduct a background search. I hereby swear that the above responses are true and correct.

Candidate Signature

Date

*This form must be completed and returned to the Eastsound office
within three working days from the date of the email distribution.*

Orcas Power & Light Cooperative
183 Mt. Baker Road
Eastsound WA 98245
(360) 376-3549

MEMORANDUM

October 11, 2019

TO: Board of Directors

FROM: Foster Hildreth

RE: Member Communications

Member Julianne Battalia presented a letter at the September board meeting stating her position about wireless technology. That letter is attached (appendix) for Board discussion.

OPALCO's commitment to safety is primary in everything we do. Any system we build or operate will meet all applicable requirements for safety and health. OPALCO's team keeps up to date on all pertinent studies and industry best standards.

We understand that not all members will agree with our positions but we always want to hear from our members and will take member input under consideration. Staff will take no action unless requested to do otherwise.

GENERAL MANAGER'S REPORT

October 2019

DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards>. Note that all the dashboards are within board approved strategic parameters.

Finance

Budget Variance
Cash
Power Cost
TIER/Margin
Debt/Equity
Capital
WIP
Expense
Capital Projects

Member Services

Disconnects
ECA
PAL
Energy Assist
Community Solar
Service Additions
Member Generation

Outage

Historical SAIDI - Graph
Historical SAIDI - Figures
Outage Stats – Monthly
Outage Stats – Rolling 12 Mth
SAIDI by Category
Outage Summary
Outage Summary - Monthly

ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

WIP

As of October 10, 2019, there are 347 work orders open totaling \$5.52M. Operations has completed construction on 105 work orders, totaling \$1.43M.

Operations – Pole inspection

Annual pole inspections were completed in September. These inspections identify poles in need of replacement; this inspection revealed 10 “priority reject” and 9 “reject” poles. The priority reject poles will be replaced as soon as scheduling permits and the reject poles will be scheduled prior to end of next year.

Historically we have been on a seven-year inspection cycle, per RUS and industry standards. Because most of our poles are transmission and major feeders, we increased the frequency of inspection for testing to a five-year cycle.

Our crews conduct visual inspections on all transmission poles annually with particular attention in areas where woodpecker damage is evident. The wood poles in these areas, when replaced, are replaced with steel poles.

Safety

John Spain, Safety Coordinator of Columbia REA, conducted mayday training for all staff and pole top rescue training for the line crews with all crew members completing a rescue. The total hours worked without a loss time accident: 188,925 hours (as of October 3, 2019).

Grid Modernization Projects

- 1) **Decatur Battery Energy Storage System (ESS) – WA DOC CEF2 Grid Modernization (~\$1M Grant)** – The team anticipates site work to begin in October, the battery system manufacturing to be complete in early November, and commissioning to be in early February.

- 2) **Lopez Microgrid – WA DOC CEF3 Grid Modernization (Grant \$ Amount TBD) –**
WA DOC has awarded the grant funds and staff anticipates completing the contract with WA DOC by end of Q4.

FINANCE

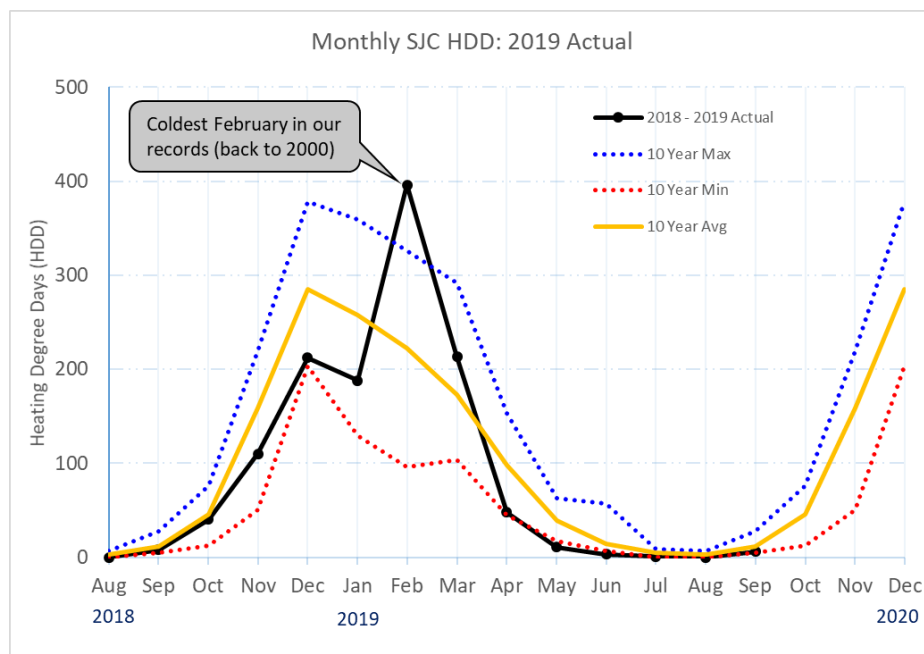
2019 Budget Tracking –

Energy (kWh) purchases, sales were slightly higher than budgeted through September 2019.

Income Statement Summary (in thousands)		September 2019 YTD		
		Budget	Actual	Variance
	Gross Revenue	\$ 22,566	\$ 22,931	\$ 365
	ECA Surcharge / (Credit)	-	(217)	(217)
	Revenue	22,566	22,714	148
Expenses				
	Cost of Power	6,972	6,829	(143)
	Transmission & Distribution Expense	4,580	4,682	102
	General & Administrative Expense	3,710	3,722	12
	Depreciation, Tax, Interest & Other	5,995	6,017	22
	Total Expenses	21,257	21,250	(7)
Margin		\$ 1,309	\$ 1,464	\$ 155
TIER		1.90	2.00	0.11
HDD		625	866	241
kWh Purchases		153,470	157,076	3,606
kWh Sales		143,494	146,344	2,850

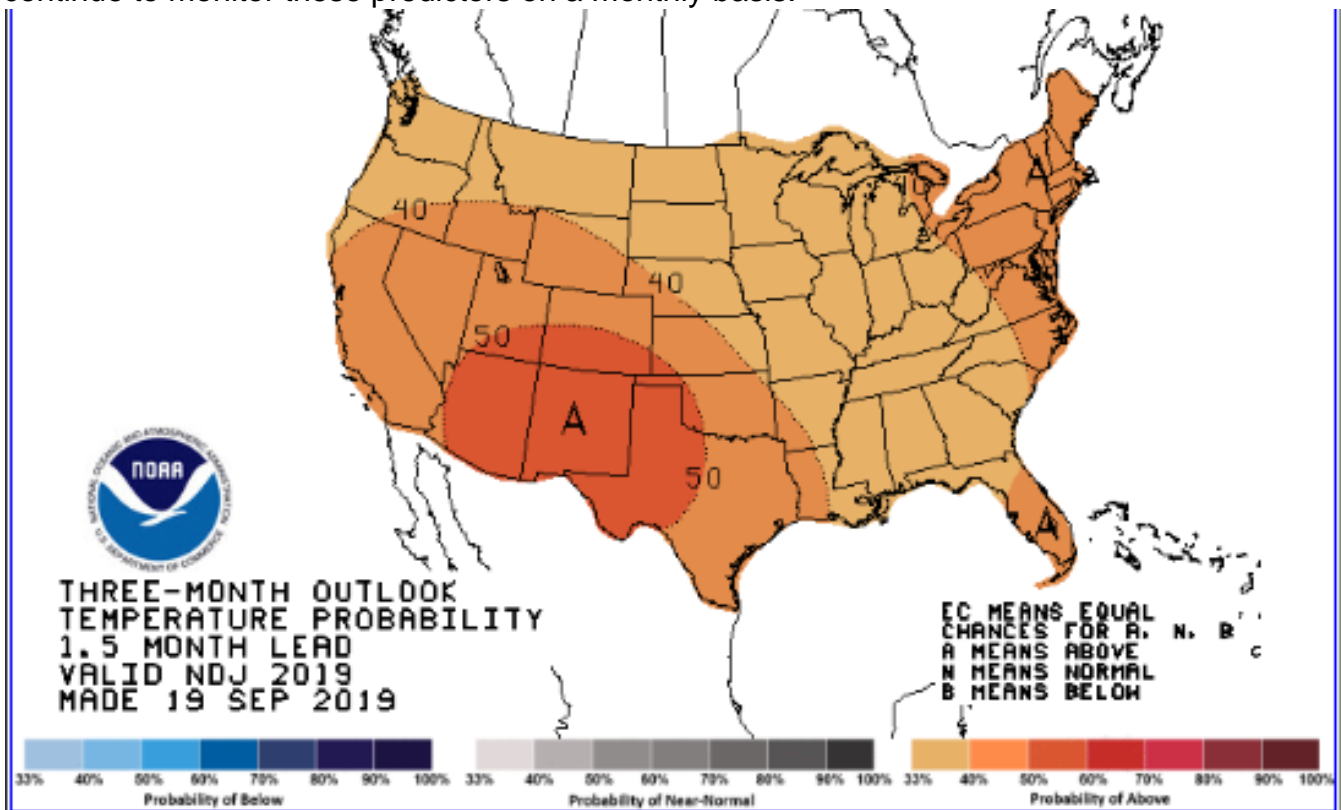
Heating Degree Days (HDD) –

This winter HDD trended towards the warmer El Niño cycle temperatures, driven by prevailing winds from the south. Then February surprised us with extreme cold as the wind and weather shifted, coming from the northeast. April through July have returned to the warmer El Niño pattern.



Weather Forecast

The current NOAA '3-month outlook temperature probability' for Nov-Dec-Jan 2019-20 shows a 33-40% probability of 'above normal' temperatures in our region for the upcoming winter. We continue to monitor these predictors on a monthly basis.



Source: NOAA National Weather Service

Monthly ECA

The calculated amount for the September ECA was a credit of -(\$.000633) per kWh which gave back \$7,486 in September, or \$0.63 per 1,000 kWh. The YTD ECA through the September billing period is a credit to members (and reduction to operating revenue) of \$216,846, or \$7.92 for a member using 1000 kWh/month. The October billing period ECA will be a bill surcharge of \$.007744 per kWh.

MEMBER SERVICES

Energy Assistance

During September 2019, 327 members received \$~11.3k from the Energy Assist program, compared to 323 members receiving \$~9.8k in September 2018.

Staff has been coordinating with the local Community/Family Resource Centers to administer our project PAL. For this upcoming heating season members should send in applications to their district's assistance center. Applications will be approved by standard criteria found at www.OPALCO.com/PAL, and members can also apply for the federal Low-Income Home Energy Assistance Program (LIHEAP) and OPALCO's year-round Energy Assist program.

Switch it Up!

There are now 82 projects in various stages of participation for a total of ~\$758k in play. 49 projects are complete and billing. Staff presented to the San Juan Community Home Trust and the Lions Club last month. The program continues to be well received and OPALCO garnered an Excellence in Communications award from NWPPA for the Switch it Up song.

Energy Savings

In September 2019 members applied for 28 rebates totaling \$~33k. There were zero beneficial electrification (fuel-switching) rebates submitted this month for ductless heat pumps or EV charging stations. Staff continues to encourage the use of our Switch It Up program for these projects until further projects are budgeted. There are 3 applications that are otherwise eligible and waitlisted pending 2020 budget approval.

Community Solar

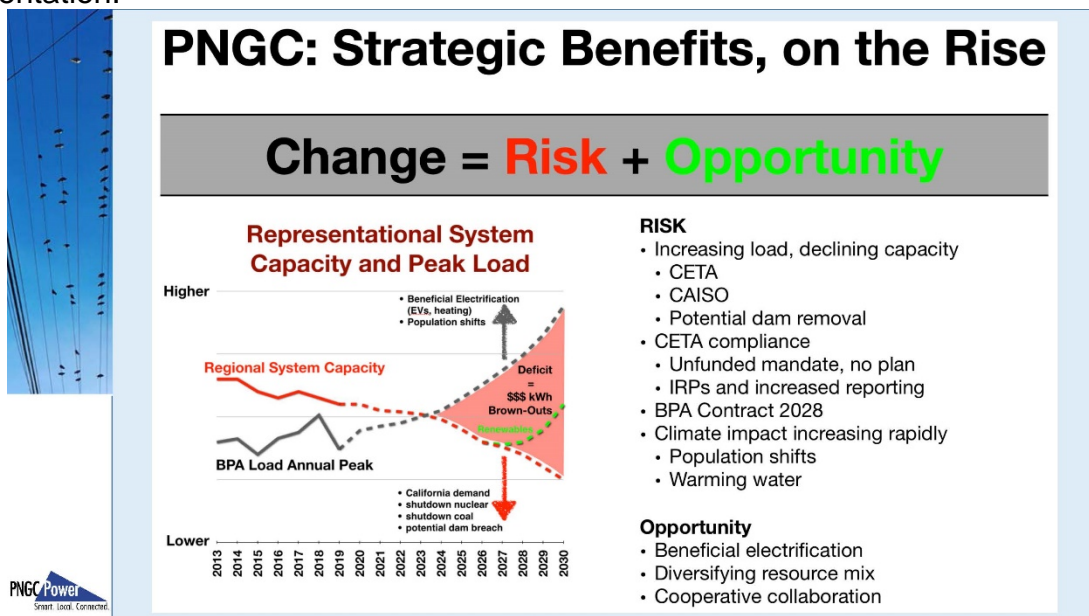
During the September 2019 billing cycle the Decatur Community Solar array produced 60,640 kWh, and 9 kWh per solar unit was credited to member participants. A total of ~\$6.1 k was distributed to 276 accounts, including an additional \$~624 for the PAL and Energy Assist programs.

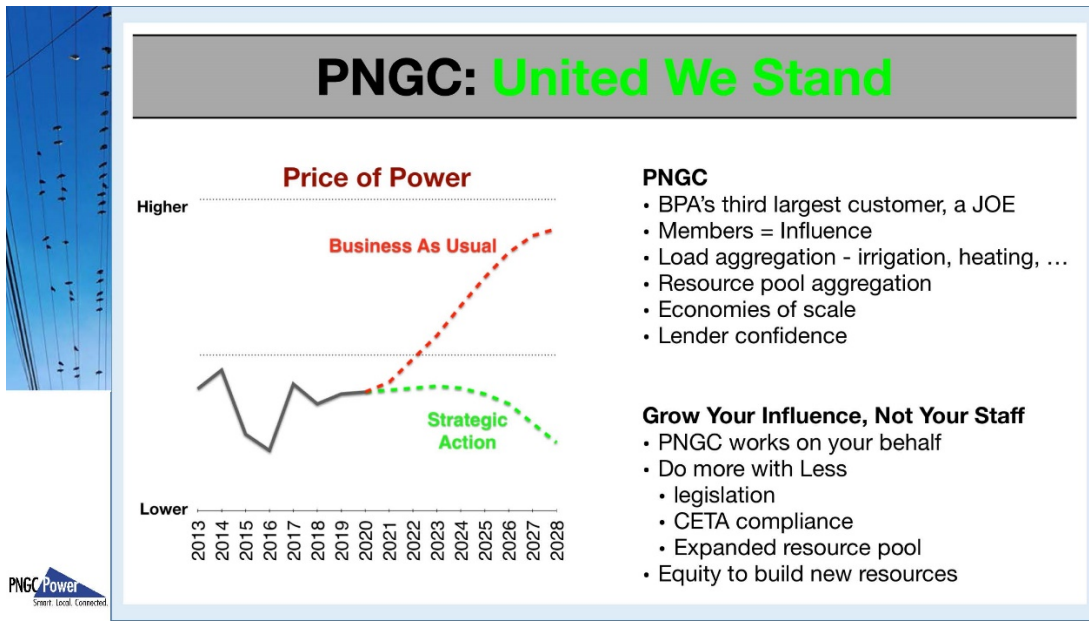
NRECA REGIONAL MEETING

General Manager and Board Member, Rick Christmas, represented OPALCO at NRECA's Region 7-9 meeting. NRECA is advocating for a host of utility industry initiatives. The most notable for OPALCO is the tax law measures concerning grant funds and non-profit status. Additionally, GM presented Rock Island's highly successful broadband deployment as a case study in a panel discussion on broadband.

PNGC ANNUAL MEETING

General Manager and multiple Board Members represented OPALCO at PNGC's annual meeting. PNGC hosted discussion with NW River Partners, BPA, etc. One of the important topics of discussion was power capacity becoming increasingly constrained in the region and PNGC's role in navigating sustainability for its member's future. See below for an excerpt from the presentation.





COMMUNICATIONS

Energize San Juans!

The first of three Energize workshops for commercial members was held on October 2nd on Orcas Island. More than 20 business owners participated including some solar and efficiency contractors. Participants were primarily interested in the solar program offered by Sustainable Connections, with high interest in commercial energy audits and efficiency measures. OPALCO was recognized by Sustainable Connections for our energy efficiency and fuel switching programs. They said, "OPALCO is by far one of the most sophisticated utilities in the region in their work on efficiency and sustainability." They told our members to consider themselves the lucky ones. Energize workshops are scheduled on October 16th in Friday Harbor and October 29th on Lopez.



National Co-op Month

Happy National Cooperative Month! OPALCO is celebrating with banners at our offices and active posts on social media, the website and on our email newsletter.

San Juan County Comprehensive Plan Update

In October, the county issued draft updates to the Capital Facilities Inventory and Utilities Inventory elements. These documents only focus on inventories of existing facilities and utilities. The County wants comments back by November 1st. OPALCO is reviewing the material carefully. It includes both energy and communications facilities.

After the County completes the inventory, they will perform a levels of service (LOS) analysis and forecast of future needs. Then, they will begin work on the Capital Facilities and Utilities Elements. Given the rapidly changing mainland power capacity and CETA developments, and OPALCO's updated IRP, OPALCO will update their previously submitted Comp Plan document and meet with County planners to discuss implications for future energy needs and increasing local energy resilience. This will likely be in January/February 2020.

Dam Resolution and Whales

Staff have fielded member questions and comments following the Board resolution in support of both the whales and the Lower Snake River Dams. An update to the website includes information on the resolution and OPALCO's commitment to ocean health: <https://www.opalco.com/sustainability-and-the-environment/>. Staff continues to respond to members and invite members to meet in person to fully discuss the complex and emotional issues involved. We expect member commentary on this topic at the November 20th open house in Eastsound.

2019 is the "Year of the Rebate"

...And, it's working! The most visited pages on our website are the rebate pages – traffic jumped significantly over last year (web analytics will be presented in November). Rebate participation is also up: 185 to date in 2019 over 171 in 2018.

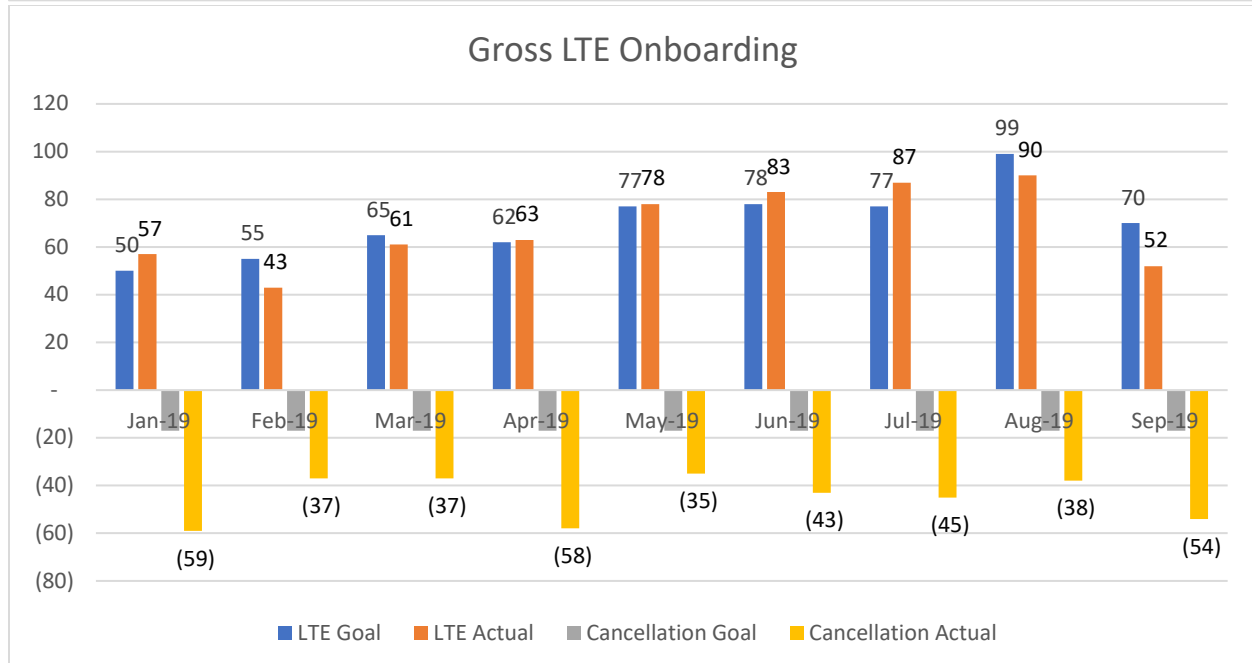
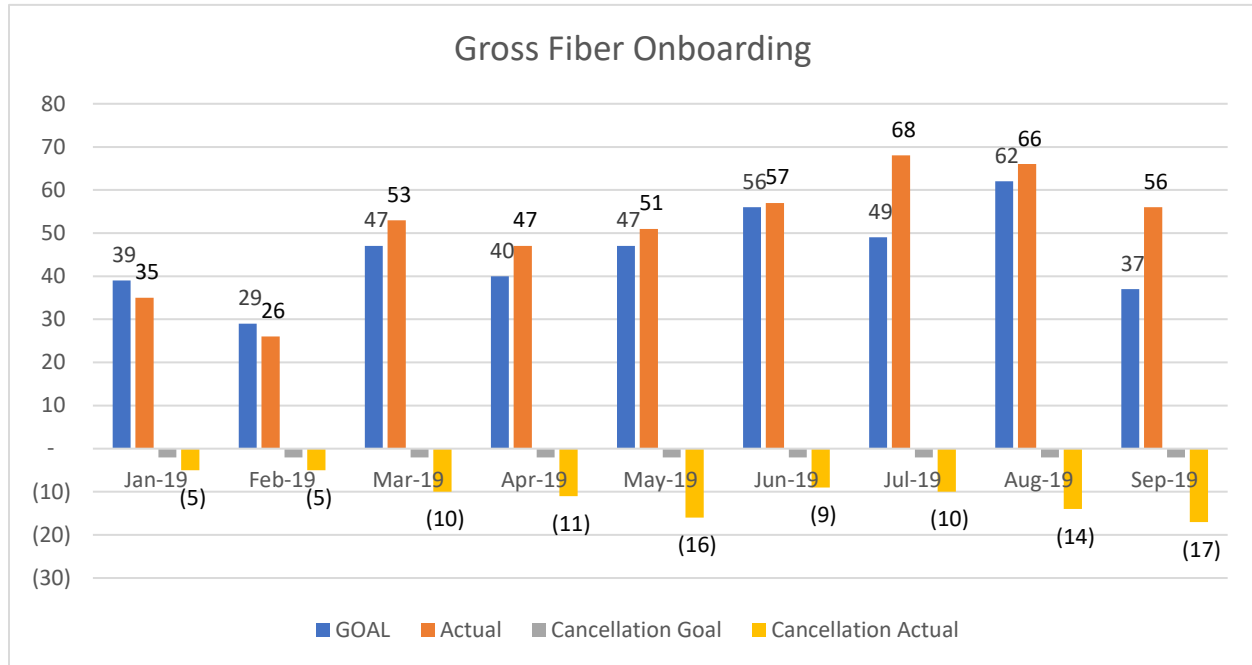
Eastsound Headquarters Bathroom Construction

Construction continues. See pictures below.

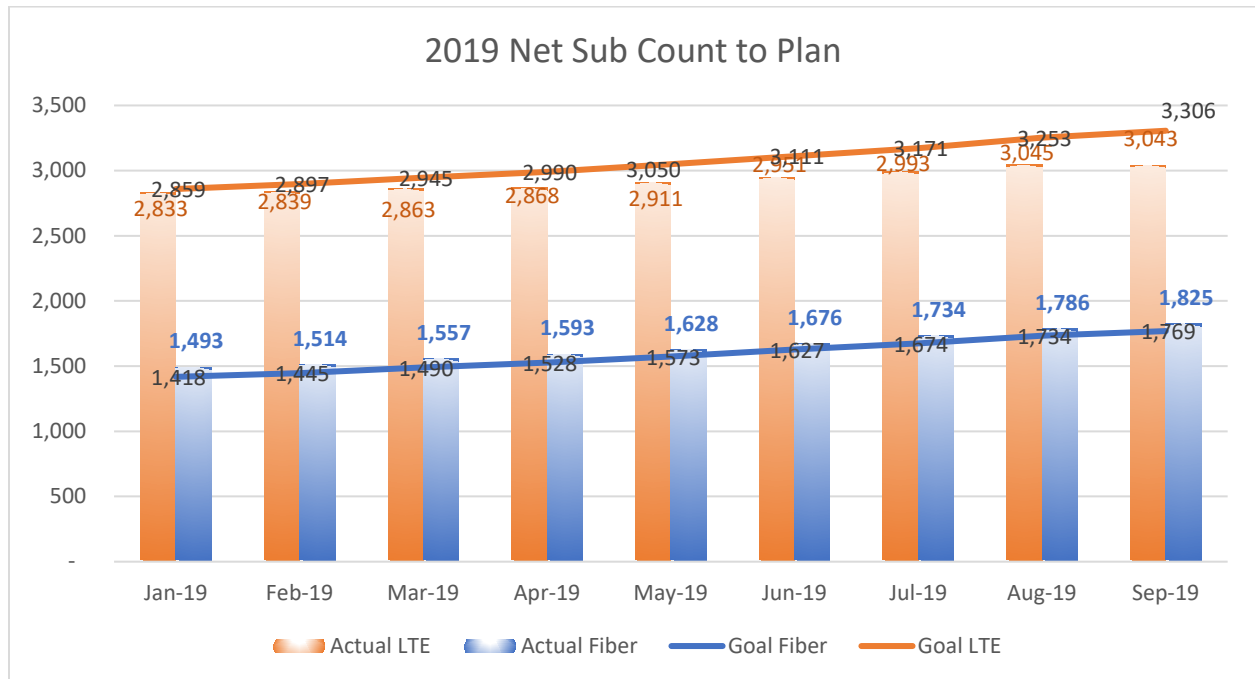


Snapshot October 2019

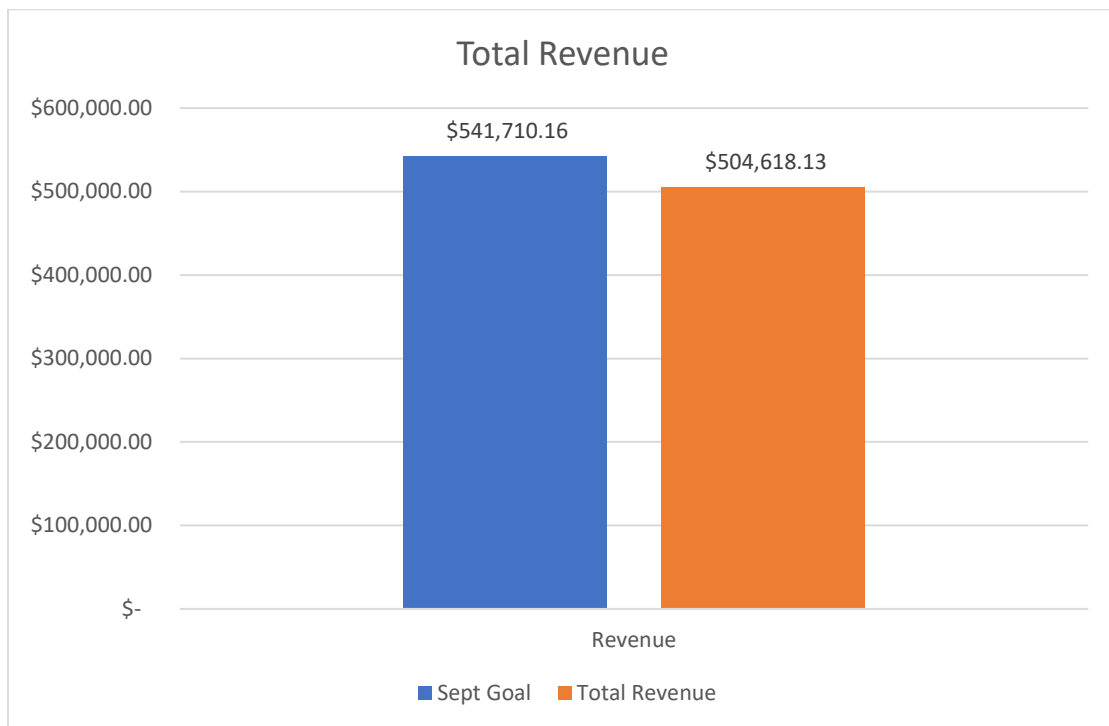
Gross Subscriber Onboarding as of September 30th, 2019



Net Subscribers as of September 30th, 2019



Gross Revenues September 30th, 2019



❖ Remaining revenues are still being closed for September Business.

Appendix

1. Member Urge OPALCO Board to mandate ROCKISLAND to create a safe use RF radiation campaign – Julianne Battalia
2. Message to Management – John Howlind

Member Urge OPALCO Board to mandate ROCKISLAND to create a safe use RF radiation campaign



Julienne Battalia started this petition to OPALCO Electrical Coop

Many years have passed since the first contentious discussions about the idea of a 4G WiFi canopy over the entire San Juan Archipelago, when several hundreds Lopez residents, 10% of the population signed a petition stating that they were opposed to OPALCO'S wireless broadband plan because of concerns about electromagnetic radiation and public health safety.

Presently there are over 28 LTE cell towers emitting harmful EMF rays 24/7 over most of the Islands. But just as OPALCO has proceeded moving forward with its hybrid/broadband agenda, so has the scientific community moved forward, continuing to find a high level of certainty that mechanisms of cumulative and eventually irreversible pathophysiological harm are caused by low level, long and short term, NON-THERMAL microwave frequency EMF exposures.

SWITZERLAND, ITALY, FRANCE, AUSTRIA, LUXUMBOURG, BULGARIA, POLAND, HUNGARY, ISRAEL, RUSSIA and CHINA have re-set electromagnetic radiation exposure limits 100 to 10,000 times less than the United States.

France, Italy, Brussels, India, Belgium, Spain, and Canada has all passed resolutions warning of the dangers of wireless technology and mandating education campaign's to their populations.

These countries all recognize that there can be non-thermal biological effects from wireless radiation.

In 2017 the CALIFORNIA department public health released guidelines advising cell phone users to keep phones away from their bodies, use speaker phone as much as possible and to limit cell phone use. These guidelines, advise Californians that scientific studies have linked electromagnetic radiation from long-term cell phone use and other wireless devices to an increased risk of brain cancer and other health problems.

This year the United States National Toxicology Program (NTP) will embark on a new phase of its long-running RF project., finding the mechanisms of how EMF causes DNA Breaks, oxidative stress and and gene expression.. Oxidative stress is shorthand for the sequence of events that follows an increase in the number of free radicals — biologically active molecules that can damage DNA. Alternatively, RF radiation may hinder the cell's ability to repair DNA breaks, which occur naturally and not infrequently. Last year, the NTP concluded that RF radiation causes cancer; now it will begin a systematic search for mechanisms to explain how and why.

We urge you OPALCO to eliminate any plans to upgrade to a 5G network.

In the meantime, we ask you to mandate that ROCKISLAND TECHNOLOGIES create a campaign to educate COOP members about the health risks of using wireless technology, educate COOP members on ways they can protect themselves and their families, and how to use wireless devices in a safer manor to greatly reduce and limit exposures.

“Saying that RF radiation from wireless communication cannot do any harm because it is non ionising —meaning the individual photon energy is not large enough — is the same as saying that a tsunami cannot cause any harm because the individual water molecules don't have enough energy.”

Leendert Vriens, PhD - Physicist, who worked for 30 years at Philips Natlab, the world renowned physics research laboratory.

To stick our heads in the sand and deny there is a problem here would be a moral travesty and an abuse to all members of the OPALCO Coop.

Together we can be part of the movement toward safer technology, and lead other communities in this direction by educating and protecting members of OPALCO from the harmful biological effects of electromagnetic radiation.

I just spent a very nice evening at a friends house with Patty in your accounting section. She suggested that I send met comments to you.

Frankly, I am sure you get complaints, why this or why that frequently, This note is to let EVERYONE at Opalco know they are doing a great job and it is sincerely appreciated by " your average customer".

Every time I need to talk to Opalco, everyone on the staff is knowledgeable, respectful and helpful. I know it may seem minor but it is a huge deal to get reliable consistent energy to a small island In the northwest. We simply tend to take it for granted.

The reality is that the quality people you have makes the difference. From the field personnel, to customer service, to billing to management you all do an exemplary ob day in and day out. IT IS NOTICED,!! Lots of businesses talk about good customer service but the people at Opalco deliver it day in and day out. Think about itYour own personal life.How many businesses do you deal with that talk customer service but never really deliver? Never what they can do.....always what they can't do!

Additionally, prices are reasonable, always looking for ways to get better, plus you work with people, leadership and a board that have both vision and passion. It truly takes a great team to make it all come together the way it does.

When I tell my family in other states that I have access to fiber optic and good wifi they are blown away how a tiny island can be so far ahead of many areas throughout the USA,and the world.

That's because we have good leadership with vision and a board that supports both the people of Opalco and their customers. That is not something that is always present in large organizations and we are extremely fortunate to have it in here on Orcas.

Sometimes we think our efforts are not noticed or taken for granted and not appreciated. I just wanted to say a simple thank you to everyone at Opalco. When you have those tough days.....and we all do.....know that you make a difference in people's lives everyday and your efforts are sincerely appreciated. You make a grant team, top to bottom.....All of you.....THANK YOU!!

Sincerely, John Howlind , Orcas Island