

By-laws

Skagit Valley Clean Energy Cooperative

Article I: Organization

1.1 Name. The name of the organization is the Skagit Valley Clean Energy Cooperative (hereafter “the Cooperative”).

1.2 Ownership and Purpose. The Cooperative shall be owned by its Members and shall operate for the mutual benefit of its Members. The co-op’s purpose is to develop and operate facilities to generate renewable energy as described in its Articles of Incorporation and for any other relevant activity as permitted by RCW 24.06, and other applicable law. The Cooperative and its members stand for the principle that nature has rights equal to or even superior to the persons who make up its membership and that the Cooperative will seek to develop sustainable energy systems for use in the Skagit Valley that result in the least harm possible to our natural environment.

Article II: Non-Profit Operation, Membership and Membership Rights

2.1 Non-profit Cooperative Operation. The Cooperative shall operate on a non profit basis to achieve its purposes and for the mutual benefit of its Members; provided, that the Cooperative’s operations shall be so conducted that the Members will, through their patronage, furnish capital for the Cooperative. It is not anticipated that there will be any net income from the operation of the Cooperative. However, if there is any net income after the payment of all operating expenses and costs, taxes, the cost of supplies, commodities, equipment, and other property or services procured or sold for members; the cost of services performed for members, and after reasonable and necessary reserves for depreciation, depletion, and obsolescence of physical property, doubtful accounts, and other valuation reserves are set aside and established in accordance with usual and customary accounting reserves, such net income shall constitute the “Net-Margins” of the Cooperative. If there should be any Net Margins, then at the end of a fiscal year, such Net Margins shall be accumulated in a surplus fund for the purpose of replacing, enlarging, extending and repairing the systems and property of the Cooperative, and for such other purposes as the Board of Directors may determine to be for the best interest of the Cooperative. Provided, the said surplus fund or any portion thereof may from time to time, in the discretion of the Board of Directors, be distributed to the members in such a manner as to qualify the distribution as patronage dividends as being in

accordance with the ratio which each Member's patronage during the period involved bears to total patronage by all Members during that period under applicable state and federal laws and generally accepted accounting principles. By obtaining or retaining Membership in the Cooperative, each Member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative.

2.2 Eligibility for Membership. Membership in the Cooperative shall be open to any person who is in accord with the Cooperative's purposes and is willing to accept the responsibilities of Membership. Any eligible person may be admitted to Membership upon submitting an application and paying the required, nonrefundable, Membership fee in an amount and on such terms as determined by the Board of Directors (henceforth "the Board") and agrees to pay such supplemental fees as may be determined by the Board or the Membership. The Board of Directors may delegate authority to accept Membership applications to a committee or to management of the Cooperative with such limits on authority as the Board of Directors may determine. Members will remain in good standing as long as they continue to meet the eligibility criteria and their responsibilities to the Cooperative as set forth in the Articles of Incorporation ("Articles") and these "Bylaws".

2.3 Nondiscrimination. Membership shall be open without regard to any characteristic that does not directly pertain to a person's eligibility. The Cooperative shall not discriminate in its Membership on social or political grounds, or on the basis of race, creed, age, gender, disability, sexual preference or marital status.

2.4 No Membership Stock. This Cooperative shall not issue Membership stock. The Membership and equity interest of a Member in the Cooperative shall be embodied in a Membership Certificate and as shown in the books and records of the Cooperative. The Cooperative shall maintain a Membership register at its Principal Office setting forth the name, address, and Membership interest of each Member. The register shall be modified from time to time to reflect the admission of new Members and the resignation or termination of Members.

2.5 Member Rights. Members have the right to: (i) elect the Cooperative's Board, (ii) receive notice of and attend Membership meetings, (iii) petition as described in these bylaws, (iv) to participate in clean energy transactions, activities and projects of the Cooperative as authorized by the Board. The rights of Members shall be understood to apply only to active Members in good standing. The rights and responsibilities of Members are subject to the

Articles and these Bylaws as they may be amended from time to time, and to policies and decisions of the Cooperative or the Board.

2.6 Member Transactions with Cooperative. Each transaction between the Cooperative and a Member shall be subject to and shall include as a part of its terms each provision of the Articles and these Bylaws, and any other applicable rules or policies adopted by the Board, whether or not the same be expressly referred to in said transaction.

2.7 Non-liability for Debts of the Cooperative. No action taken by the Board or its officers shall bind any Member individually to participate in any transaction, project or program, or to incur any financial responsibility for any transaction, project or program in excess of that which can be met out of current dues or assessments, except to the extent that the Member has authorized such participation or financial responsibility.

2.8 Duties and Responsibilities of Members. Members shall keep current in their duties and responsibilities to the Cooperative, including any financial obligations to the Cooperative. Members shall keep the Cooperative informed of any changes in name or current address, and shall abide by these Bylaws and the policies and decisions of the Cooperative or the Board. The only duties and responsibilities of the Members to the Cooperative or to each other with respect to the Cooperative shall be those established in these Bylaws and in any contractual agreements between a Member and the Cooperative. A Member who upholds these responsibilities is considered an active Member in good standing.

2.9 Termination or Withdrawal of Membership. A Member may withdraw their Membership voluntarily at any time by written notice to the Cooperative Board. The Board, for cause, may terminate Membership involuntarily after the Member is provided fair notice of the reasons for proposed termination and has an opportunity to respond in person or in writing or by phone conference and/or digital platforms used by the Cooperative Board. Cause may include: (i) intentional or repeated violation of any provision of the Cooperative's bylaws or policies, (ii) actions that will impede the Cooperative from accomplishing its purposes, (iii) actions or threats that adversely affect the interests of the Cooperative or its Members, (iv) willful obstruction of any lawful purpose or activity of the Cooperative, or (v) breach of any contract with the Cooperative. Termination or withdrawal will operate as a release of all rights, title and interest of the Member in any assets of the Cooperative. However, such termination or

withdrawal will not release said Member from the debts or liabilities of such

3

Member to the Cooperative, nor release the Cooperative from debts or liabilities of the Cooperative to the Member.

2.10 Non transferability. Membership rights and Member equity may not be transferred in any manner without the consent of the Board.

Article III: Member Meetings

3.1 Annual Meeting. A Membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Cooperative, and to transact such other business as may properly come before the Membership.

3.2 Special Meetings. Special meetings of the Membership may be called by the Board, either by decision of the Board or in response to a written petition of 25% of the active Members in accordance with Board policies and procedures.

3.3 Notice of meetings. Written or printed notice, stating the place, day and hour, and in case of a special Member meeting the purposes for which the meeting is called, shall be given to each Member, either personally or by mail not less than ten (10) or more than sixty (60) days before the meeting by direction of the person calling the meeting. If mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the Member at the address of the Member as it appears on the records of the Cooperative with the postage thereon prepaid.

3.4 Voting. At any Member meeting each Member has one vote. Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be communicated to Members not less than four (4) weeks prior to the end of the election period. Unless otherwise stated in the Articles, or these Bylaws, or required by law, all questions shall be decided by a majority of the Members voting thereon. Proxy voting is not allowed.

3.5 Quorum. At any meeting of the Members, or for any vote of the Members, a quorum necessary for decision-making shall be the minimum number of the total number of Members required as provided in RCW 24.06.

ARTICLE IV: Board of Directors

4.1 Initial Board. The initial Board of Directors shall consist of the directors designated in the Articles (the “Initial Board”). The Initial Board shall serve for one year or until Membership in the Cooperative reaches 50 members,

4

whichever occurs first, at which time the Board shall call a Special Meeting of the Members pursuant to paragraph 4.5 to elect a permanent Board of Directors shall be elected as provided in this Article IV. Prior to the Special meeting for the election of permanent Directors, (a) if a vacancy occurs in the Initial Board, the vacancy may be filled by appointment by a majority vote the remaining members of the Initial Board, and (b) the members of the Initial Board may not be removed except for cause as determined by a two-thirds majority of the other members of the Initial Board.

4.2 Powers and Duties. The Board shall be composed of not less than 3 nor more than 9 Directors all of whom shall be Members of the Cooperative. Except for matters for which Member voting is required, the Board shall have full power to govern the Cooperative, including, but not limited to, establishing standing and ad hoc committees, hiring and oversight of management and evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of the Cooperative is carried out.

4.3 Terms and Elections. Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of three years and shall serve staggered terms so that approximately one-third (1/3) of the Board is elected each year.

4.4 Vacancies. Any vacancy among Directors elected by the Members may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.

4.5 Meetings. The Board shall hold regular and/or special meetings at such time and place as it shall determine, and all Directors shall be notified of said meeting at least three (3) business days in advance. Notice shall be in writing or by electronic communications. Provided, all directors may participate in a scheduled meeting or a special Board meeting by, or conduct the meeting through the use of any means of communication by which all directors participating can hear each other during the meeting. Meetings of the Board shall be open to all Members unless the Board decides to go into executive session regarding confidential or proprietary matters such as: negotiation of a contract; discussion of strategic goals or business plans, matters subject to attorney client privilege, or other matters, the disclosure of which would adversely impact the Cooperative’s position; and/or discussion of which may, by

law or contract, be considered confidential.

4.6 Action without a Meeting. Any action which may be taken at a meeting of the members or the Board of Directors may be taken without a meeting if set forth and approved in a writing signed by all Directors or by all Members entitled to vote as provided in RCW 24.06.510.

5

4.7 Quorum. A majority of the current Directors shall constitute a quorum and no decisions will be made without a quorum.

4.8 Conflicts of Interest. Directors shall be under a responsibility to disclose their actual or potential conflicts of interest in any matter under consideration by the board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board. No employee of the Cooperative may serve on the Board.

4.10 Officers. The Board will designate officers according to the requirements of RCW 24.06.155 and as necessary for the effective conduct of Board business.

4.11 Indemnification. To the extent allowed by law, the Cooperative shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorney's fees actually and reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director. Such indemnification shall be made only if it is determined by the Board that the Director acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

4.12 Committees. The Board of Directors may by resolution establish one or more temporary or standing committees each consisting of two (2) or more Directors. The scope of each committee's functions and responsibilities shall be established by Board resolution, provided no committee shall have authority to take any action on behalf of the Board or exercise any authority reserved by law to the Board. The designation and appointment of any such committees and the delegation of functions and responsibilities to a committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon them by law.

4.13 Compensation of Directors. The Cooperative may fairly compensate Directors for their services as a Director to the extent established by resolution of the Board. Directors will be reimbursed reasonable expenses for attending regular or special Board meetings.

ARTICLE V: Dissolution

5.1 Asset Distribution. The Cooperative may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the Members who participate in the vote. Upon dissolution of the Cooperative, its assets shall be distributed in the manner provided for in the Articles.

6

ARTICLE VI: Amendments

6.1 Amendments. These Bylaws may be amended or repealed in whole or in part by resolution approved by a majority vote of the Board at a meeting of the Board of Directors, a quorum being present. In addition, an amendment may be proposed by petition of at least twenty five percent (25%) of active Members and approved by a majority of the Members at a meeting of the Members, a quorum being present. The proposed amendment shall be publicized to the Membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

CERTIFICATE OF SECRETARY

I, _____, certify that I am Secretary of the Skagit Valley Clean Energy Cooperative's Initial Board of Directors. The above and foregoing resolution came before the Board of Directors of the corporation at a organizational meeting of the Board meeting on _____, 2022, at which a quorum was present, and was approved by a majority of Directors present and voting.

IN WITNESS WHEREOF, I have hereto set my hand this ____ day of _____, 2022.

[Signature].

[print name], Secretary

