



POWERLINES

Annual Meeting Agenda & Registration

Saturday, March 20, 2010

8:30 a.m. to 10 a.m.

Registration, Exhibits,
Refreshments & Coffee

10 a.m. to 12 p.m.

Annual Meeting

In order to make registration fast and easy, you must bring along your registration card located on the back page.

Each member attending KEC's Annual Meeting is entitled to one vote on each issue to come before the membership. If a membership is held jointly, such as by a husband and wife, they jointly are entitled to one vote. If a membership is held in the name of an association, corporation or other entity, only the individual authorized is entitled to vote on behalf of the group. [1652562]

**ANNUAL MEETING
GRAND PRIZE: A NEW
WASHER AND DRYER!***



Sponsored By:



KEC'S ANNUAL MEETING TO BE HELD AT LAKE CITY COMMUNITY CHURCH

The 2010 Kootenai Electric Cooperative (KEC) Annual Meeting of the membership will take place at Lake City Community Church on Saturday, March 20. The church is located at 6000 N. Ramsey Rd. in Coeur d'Alene (across from Lake City High School). The meeting begins at 10 a.m. with registration starting at 8:30 a.m. Coffee and refreshments will be served.

This year's Annual Meeting will include reports from the KEC General Manager and the Board of Directors as well as voting for Board candidates up for election and bylaw changes. This edition of *PowerLines* includes information about the meeting; please bring it with you on March 20. See the Board candidate biographies and proposed bylaw changes inside.

By attending the meeting you will automatically be entered to win many prizes, including our grand prize, a new energy efficient Frigidaire Affinity washer and dryer co-sponsored by Fred's Appliance, Frigidaire and KEC.

We will be offering one luncheon certificate to each member household. The certificate will be valid for 30 days at participating restaurants. Please RSVP if you plan to attend the meeting by calling 208.292.3278 or email annualmeeting@kec.com by March 15.

**One entry per member household. Your Annual Meeting registration will act as your entry. Must be present at the Annual Meeting to win. The model is as shown. May not be exchanged for cash or any other model/color.*

2010 CANDIDATES KEC BOARD OF DIRECTORS

About KEC Board Elections

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. As a KEC member, you have equal voting rights (one member, one vote).

The KEC Board of Directors determines policy and direction that allow KEC's management to carry out the day-to-day business and operations of the Cooperative. The KEC Board is comprised of seven directors, five of whom represent a specific geographical district and two represent the Cooperative at-large. [1694340]

2010 Election

Two positions are up for election this year—District 1 and District At-Large. On this page you will find biographies of the candidates nominated by the KEC Nominating Committee, which is made up of KEC members.

DISTRICT ONE: ONE CANDIDATE



Ron Bockstruck, Incumbent

Bayview

Ron has 46 years of experience in civil engineering including construction management, supervision and administration. He has served on the KEC Board of Directors since 2002. His current position is vice president. He has managed mega-projects in four major metropolitan areas and served as District Administrator in Seattle for the Washington State Department of Transportation. Bockstruck currently owns a consulting firm specializing in construction management issues.

Ron holds a Bachelor of Science Degree in Civil Engineering and served in Korea with the U.S. Army Corp of Engineers. Bockstruck and his wife Robin have six children, 19 grandchildren and one great-grandchild.

OFFICIAL NOTICE OF THE KEC ANNUAL MEETING

The 72nd Annual Meeting of the members of Kootenai Electric Cooperative, Inc. will be held at 10 a.m., Saturday, March 20, 2010, at Lake City Community Church, 6000 N. Ramsey Rd., Coeur d'Alene, Idaho.

Pursuant to the bylaws of the Cooperative, the meeting is called for the purpose of considering or acting upon the following:

1. Meeting notice and proof of mailing,
2. Minutes of previous meeting,
3. Reports of Officers and Committees,
4. Election of Directors,
5. Any other business that may be legally transacted.

This edition of PowerLines includes information about the Annual Meeting; please bring it with you on March 20.

DISTRICT AT-LARGE: TWO CANDIDATES



Crystal Musselman Hauser

Crystal has been in the utility/energy industry for over 25 years and has extensive experience in project management, training, supervision and budgeting. She spent 12 years with Avista Corp. and Avista Energy in various management positions and is currently a consultant with Intellibind Technologies, LLC., providing compliance management services to electric utilities.

In the past five years, Crystal has been instrumental in organizing two nationally recognized utility industry forums that have influenced and allowed collaboration in the western interconnection on regulatory issues related to reliability compliance and reporting of power sales. She was the first Chair of the Western Interconnection Compliance Forum (WICF) and has numerous contacts and colleagues at FERC, NERC, WECC and throughout the industry.

Crystal holds a Bachelor's Degree in Business from the University of Houston, a Master's Degree in Organizational Development from Gonzaga University, a Master's Degree in Business Administration from Webster University and a Master's Degree in Engineering and Technology Management from Washington State University. She and her husband Patrick live at Hauser Lake and enjoy golfing and camping.



Roger Tinkey Coeur d'Alene

Roger managed the engineering section for the Idaho Department of Environmental Quality for the last 31 years. His section administered over two hundred million dollars of loans and grants for water and wastewater upgrades and expansions. This involved oversight of all aspects of construction from planning and permitting through startup and compliance.

Roger can offer KEC insights in successfully working with permitting agencies and fringe environmental groups to sort through issues and keep costs reasonable. Recently retired, he has time to serve KEC's membership and work to maintain our excellent utility rates.

Roger is a registered professional civil engineer. He holds a Bachelor of Science Degree in Civil Engineering and a Master of Science Degree in Civil and Environmental Engineering from Utah State University. Roger and his wife Joli have been married 36 years, have two children and one grandson. They live in the Cougar Gulch area and have enjoyed beekeeping there for 31 years.

NEWS BRIEFS

IDAHO STATE ENERGY EFFICIENCY APPLIANCE REBATE PROGRAM

The Idaho State Energy Efficiency Appliance Rebate Program will have \$1.3 million to distribute as rebates for residential citizens who replace a working appliance with a new ENERGY STAR appliance.

The program launch date is scheduled for late March 2010. Qualifying appliances must be purchased after the program launches. Watch for more details in PowerLines and at www.kec.com. For more details visit: www.energy.idaho.gov/stimulus/appliance_rebate.htm.

YOU MAY QUALIFY FOR FREE DUCT SEALING

Did you know it's not uncommon for ducts to lose up to 35 percent of the heat generated by your heating system? Sealing the leaks can reduce heating bills by 10 percent or more. KEC may pay for you to have your ducts sealed. Eligible homes must have electric heat and ducts located in an unconditioned space such as a crawl-space or attic. A pre-test is performed and if the ducts are insufficient, duct sealing measures are performed. The ducts are then re-tested to ensure we've met specifications. Call Ductz at 208.664.6704 to see if you qualify. [1772487]

WIN A \$50 ENERGY CREDIT

Four KEC account numbers are hidden in this newsletter. If one of these numbers is yours, contact us at 208.765.1200 and receive a \$50 credit on your bill!

BOARD OF DIRECTORS MEETING

The next KEC Board of Directors meeting is scheduled for 9 a.m. Tuesday, March 16. The meeting date is subject to change. Confirm with Terry Brown at 208.292.3211 if you'd like to attend.

The Board of Directors recommends to the membership that the Cooperative's bylaws be amended. The following proposed changes will be presented to the membership at the Annual Meeting. At the meeting, the affirmative vote of a majority of the total number of members present in person or by proxy will cause the amendment to be made to the bylaws.

Below you will find the proposed changes to the existing bylaws. Each proposal is color-coded so you can quickly find the changes in the following text. Provisions of the existing bylaws sought to be deleted are lined through. Provisions proposed to be added to the existing bylaws are underlined. Each proposal will be voted on separately at the Annual Meeting and any member desiring to be heard may make comments at the meeting prior to the vote being taken. The full text of KEC's bylaws can be found on our web site at www.kec.com.

Proposal 1: Beginning in the year 2011, allow the Annual Meeting of the members to be held in March, April, May or June in lieu of only in March.

Reason for Change: Our current bylaws require the Annual Meeting be held in March. There are circumstances, such as poor weather or the unavailability of meeting places, where this could become an issue. The change provides KEC the flexibility to schedule the Annual Meeting later in the year should it become necessary.

Proposal 2: (a) Establish that the members may, in addition to casting a ballot at a meeting of the members, cast their ballot by mail, and (b) eliminate voting by proxy.

Reason for Change: Our current bylaws permit only those members who can personally attend officially called meetings of the membership to vote on matters of Cooperative significance. Changing our bylaws to permit voting by mail ensures each member of the Cooperative has the ability to participate in the democratic voting processes of the Cooperative, regardless of their ability to attend the meeting personally. Since each member can vote for themselves with mail-in voting, the complex process of proxy voting can also be eliminated.

Proposal 3: Add to the qualifications for becoming and remaining a director that the person not be an employee or close relative of an employee on, or for four years prior to, the date the director would take office.

Reason for Change: The Board of Directors serves as the governing body of the Cooperative. In this capacity, they establish the policies by which the Cooperative is run. They hold management accountable for the implementation of these policies and for overseeing the efficient day-to-day operations of the Cooperative. Serving as a Director requires an independence from Management that is sometimes compromised when a Director has been an employee in the recent past. Consistent with the recommended best practices of other Cooperatives in our trade association, a 4-year period of ineligibility would be added.

Proposal 4: Eliminate from the order of business at the Annual Meeting the nomination of directors.

Reason for Change: In 2004, the members of the Cooperative voted to change the bylaws to eliminate nominations from the floor. When that change was made, the reference to it in the official order of business for an Annual Meeting was not removed. This change removes that reference and makes the bylaws more consistent.

Proposal 5: Change the duties of the Credentials and Elections Committee to bring them into conformity with state law regarding protests or objections concerning an election.

Reason for Change: There is a conflict between our bylaws and current state law. Currently, our bylaws confer power to the Credentials and Elections Committee that is the legal and fiduciary responsibility of the Cooperatives elected Board of Directors. This bylaw change corrects this problem. It also clarifies that, in the event of a contested election, the Board can certify the election results or call for a new election. It cannot alter the results as that is a power vested in the membership.

ARTICLE II: MEETING OF MEMBERS

Section 1. Annual Meeting. The board of directors shall be authorized to call the annual meeting of members at any time during the months of March, April, May or June each year, beginning with the year ~~1961~~ 2011, at a place designated by the board of directors, within the County of Kootenai, State of Idaho.

Section 2. Special Meetings. Special meetings of the members may be called:

- a. By the president of the Cooperative;
- b. By at least three directors; or
- c. By delivery to the secretary of the Cooperative a written request signed by at least 10 percent of all of the active members.
 1. The written request for the meeting, signed by the members, shall describe the purpose or purposes for which the special meeting is to be held
 2. The close of business on the 30th day before delivery of the request for a special meeting to the secretary of the Cooperative is the record date for the purpose of determining whether the 10 percent requirement has been met.
 3. Once the request has been presented to the secretary of the

Cooperative, notice of the special meeting shall be given within 30 days.

The notice of the special meeting shall contain a description of the purpose or purposes for which the meeting is called, and only those matters which are described in the notice may be acted upon by the members at the meeting, unless one-third or more of the voting power of the Cooperative is present in person or by proxy mail ballot. Special meetings of the members may be held at any place within the County of Kootenai, in the State of Idaho, specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than 10 days (or if notice is mailed by other than first-class mail, not less than 30 days) nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or by the officers or the persons calling the meeting, to each active member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure

of any member to receive notice of an annual meeting or a special meeting of the members shall not invalidate any action which may be taken by the members present at any such meeting.

If a written request from persons entitled to call a special meeting is received by the secretary or president of the Cooperative at least 10 days before the Cooperative gives notice of an annual or a special meeting, the notice shall state those matters a member intends to raise at the meeting.

Notice of an annual meeting shall include a description of any of the following matters which are required to be submitted to the members for approval by law: (a) director conflict of interest; (b) indemnification of an officer, director, employee or agent of the Cooperative; (c) amendment of the Articles of Incorporation; (d) amendment of the bylaws; (e) merger; (f) sale of assets other than in the regular course of activities; or (g) dissolution of the Cooperative.

Unless one-third or more of the voting power of the Cooperative is present in person or by **proxy mail ballot**, the only matters which may be acted upon at a members' meeting are those matters which are described in the notice of the meeting or in the written agenda which accompanies the notice of meeting.

Section 4. Quorum. One hundred fifty (150) of the active members present in person **or by mail ballot** shall constitute a quorum for the transaction of business at all meetings of the members. In the event of a proposed sale, merger, dissolution or consolidation, a quorum of 50 percent of the active members, present in person or by **proxy mail ballot**, shall be required.

Section 5. Voting. Members who are currently purchasing electric service from the Cooperative shall be considered active members and shall be entitled to vote **in person or by mail ballot** at all regular and special membership meetings. Members who are not purchasing electric service shall be considered inactive members and will not be entitled to a vote.

Each active membership shall be entitled to one vote and no more upon any matter submitted to a vote at a meeting of the members. In the event more than two candidates are seeking election to a position on the board of directors, a runoff vote of the two candidates receiving the largest number of votes shall be conducted if no candidate received a majority. **If a runoff vote is necessary, at the discretion of the board of directors, the runoff vote may be conducted at a meeting of the members in which the members may vote in person or by mail ballot, or such vote may be conducted entirely by mail ballot as provided in Article II, Section 10 of these bylaws.**

At all meetings of members at which a quorum is present, all questions shall be decided by a vote of the majority of the members present in person or by **proxy mail ballot** and voting thereon except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these bylaws. A joint membership shall be entitled to one vote and no more upon any matter submitted to a vote at a meeting of the members. Fractional voting is prohibited. The first joint member who (1) requests a ballot or (2) executes and files with the Cooperative a **form designating a proxy mail ballot to vote for the joint membership**, shall be the member entitled to vote in person or by **proxy mail ballot** on behalf of a joint membership. **Proxy Mail ballot** voting shall be permitted. Cumulative voting shall be prohibited. **Voting by proxy shall be prohibited.**

~~At all meetings of members, an active member may vote by proxy, signed~~

~~and dated by the active member, which designates the holder thereof (and, if the member so desires, an alternative holder thereof and/or conferring upon the holder(s) full power of substitution), which holder(s) (or substitute(s)), if any shall be the member's spouse, an adult close relative (18 years or older) residing in the same household as the member or another active member who is a natural person. A member shall not sell his vote or issue a proxy to any person or entity for any sum of money or anything of value. The proxy must be signed, witnessed or notarized, and on a proxy form provided by the Cooperative, in a format determined by the elections committee no later than the last business day prior to the day of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No proxy shall be valid after 60 days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. No individual shall be proxy for more than 5 members at any meeting of the members.~~

Section 6. Order of Business. The order of business at the annual meeting of members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call to Order.
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. Determination of quorum.
4. Reading of unapproved minutes of previous meetings of the members and taking of necessary action thereon.
5. Presentation and consideration of and action upon reports of officers, directors and committees.

~~6. Nomination of directors.~~

~~7. Election of directors.~~

~~8. Member comments or questions.~~

~~9. Adjournment.~~

Section 7. Parliamentary Procedure. Parliamentary procedure at all meetings of the members and of any committee provided for in these bylaws shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or bylaws.

Section 8. Credentials and Elections Committee. The board of directors shall, prior to any annual or special meeting of the members, appoint a Credentials and Elections Committee consisting of an uneven number of members, not less than 5, nor more than 9, who are not existing directors, or known candidates for directors to be elected at such meeting and who are not close relatives or members of the same household of existing directors or known candidates. In appointing the committee, the board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the committee to pass upon all questions that may arise with respect to the registration of members, the validity of **mail ballots proxies**, to count all ballots cast in the election or any other ballot vote taken and to rule upon the effect of any ballots irregularly marked.

In the event a protest or objection is filed concerning any election, such pro-

test or objection must be filed within 5 business days following the adjournment of the meeting in which the election is conducted, or in the event of a runoff election for director where no meeting is held, within 10 business days after the President of the Cooperative has announced the winner of the runoff election. The Committee shall thereupon be reconvened, upon notice from its chairperson, not less than 7 days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s) who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not ~~later less~~ than 30 days after such hearing, render its ~~decision, which may be either report and recommendation to the board of directors~~ to affirm or change the result of the election or to set aside such election. The board of directors shall, after considering the report and recommendation of the Committee, and conducting such review as it deems appropriate, certify the results of the election or, if, after reviewing all relevant documents and information the board of directors is unable to certify the results of the election, call a new election. to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those actually present and voting) on all such matters shall be final.

Section 9. "Close Relative" Defined. As used in these bylaws, "close relative" means a person who, by blood or law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, first cousin, nephew or niece of the principal.

Section 10. Action Without a Meeting. The members shall take no action by petition, written consent, ~~mailed ballot~~ or otherwise, but shall act only by vote in person or by ~~proxy mail ballot~~ at an annual or special meeting, except that when there is a runoff vote in an election for the board of directors, as provided in Article II, Section 5 of these bylaws, such runoff vote may be conducted entirely by mail ballot without a meeting. If a runoff vote is conducted entirely by mail ballot, only those members who voted in person or by mail ballot at the meeting for the election of directors shall be entitled to vote.

Section 11. Record Dates. The records of the Cooperative on the record dates shall be conclusive of who is an active member entitled to notice of a members' meeting and who is entitled to vote at such meeting. Each year, the board of directors shall set a record date for determining which active members are entitled to notice of a members' meeting and the notice of meeting shall be sent within 5 days of the notice record date. The voting record date for determining which active members are entitled to vote at a meeting is the date which is 1 day prior to the date set for the meeting.

Section 12. Members' List for Meeting. On the record date for a notice of a members' meeting, the Cooperative shall prepare an alphabetical list of the names and addresses of all of the members who are entitled to notice of the meeting. The Cooperative shall amend the members' list up through the time of the membership meeting of those members who are entitled to vote at the meeting. The list of active members shall be available for inspection by any active member for the purpose of communication with other members concerning the meeting beginning two business days after notice is given of the meeting, and such list shall continue to be made available through the meeting at the Cooperative's principal office or at a reasonable place identified in the meeting notice. An active member, his agent or attorney, is entitled on written demand, to inspect and, subject to limitations provided by law, to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection. The Cooperative shall make the list of members available at the meeting and any time during the meeting or any adjournment.

ARTICLE III: DIRECTORS

Section I. General Powers. The business and affairs of the Cooperative shall be managed by a board of 7 directors, 1 from each district and 2 at-large, who 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.

The district boundaries shall be as follows:

- * District 1: That part of the system north of the Rathdrum Highway (Highway 53).
- * District 2: That part of the system south of the Rathdrum Highway (Highway 53) and north of the Spokane River, to the west (of Lake Coeur d'Alene) and U.S. Highway 10 (redesignated I-90) to the east (of Lake Coeur d'Alene).
- * District 3: That part of the system south of the Spokane River and north of Setters on the west side of Lake Coeur d'Alene.
- * District 4: That part of the system south of Setters and west of Lake Coeur d'Alene.
- * District 5: That part of the system east of Lake Coeur d'Alene and south of U.S. Highway 10 (redesignated I-90).
- * District at-Large: Encompassing the entire service area of the cooperative.

Section 2. Qualifications and Tenure. Except to the extent provided elsewhere in these bylaws, directors shall be elected at the annual meeting of the members. Any natural person may become and remain a director if that person is:

1. An active member;
2. A bona fide resident of and domiciled in the district for which that person is elected to serve, provided that a person who is a candidate for or who holds a director at-large position, need not be a resident of and domiciled in the Cooperative's service territory;
3. Not a close relative of an employee or director of the Cooperative;
4. Not in any way employed or financially interested in a competing enterprise or a business selling electrical energy or supplies to the Cooperative, or a business primarily engaged in supplying electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
5. Not a joint member with a person who is a director of the Cooperative; and
6. Not a convicted felon and not convicted of a crime of moral turpitude by a court of this or any other state or by a court of the United States of America.
7. Not an employee, or close relative of an employee, of the Cooperative on, or for 4 years prior to, the date the director would take office.

ARTICLE X: DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

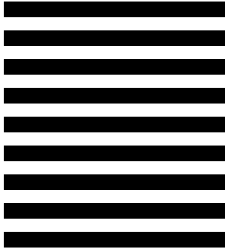
- a. Property which in the judgment of the board of directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities, provided, however, that all sales of such property shall not in any 1 year exceed in value 10 percent of the value of all property of the Cooperative;
- b. Services of all kinds, including electric energy; and
- c. Personal property acquired for resale.

A sale, lease or exchange of all, or substantially all, the property and assets of the Cooperative, may be made upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any Cooperative as may be authorized in the following manner:

Cut along the dashed line and fold in thirds to mail your Proxy form.



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 1 HAYDEN ID

POSTAGE WILL BE PAID BY ADDRESSEE

CREDENTIALS AND ELECTIONS COMMITTEE
KOOTENAI ELECTRIC COOPERATIVE
PO BOX 3123
HAYDEN ID 83835-9927



Fold along the dashed line to mail your Proxy form.

The board of directors shall first cause 3 independent appraisers, expert in such matters, to render their opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange or other disposition and as to any other terms and conditions which should be considered.

The board of directors shall adopt a resolution recommending such sale, lease, or exchange, and directing the submission thereof to a vote at a meeting of members having voting rights, which may be either an annual or a special meeting. Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the sale, lease, or exchange of all, or substantially all, the property and assets of the Cooperative shall be given to each member entitled to vote at such meeting, within the time and in the manner provided for the giving of notice of meetings of members. At such meeting the member may in person or by mail ballot authorize such sale, lease, or exchange and may fix, or may authorize the board of directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative therefore, provided that such assets and property shall not be sold for less than their market value as determined by the board of directors after reviewing the appraisals received by them. Such authorization shall require at least a majority of the votes which members present at such meeting in person or by proxy mail ballot are entitled to cast. After such authorization by vote of members, the board of directors, nevertheless, in its discretion, may abandon such sale, lease, or exchange of assets, subject to the rights of third parties under any contracts relating thereto, without further action or approval by members; provided, however, that notwithstanding anything herein contained, 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 any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, The Bank for Cooperatives, or other insured financial institution, and in connection with such borrowing, to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the board of directors shall

determine.

The Cooperative, through action of the board of directors, may grant a right of first refusal to other rural electric cooperatives upon such terms and conditions as the board of directors determines is in the best interest of the Cooperative. In the event the Cooperative grants a right of first refusal to one or more rural electric cooperatives, prior to the sale, lease or exchange of all, or substantially all, the property and assets of the Cooperative, the contract to sell, lease or exchange shall first be offered to the rural electric cooperative on the same terms and conditions as the proposed sale, lease or exchange.

ARTICLE XI: MERGER OR CONSOLIDATION

The Cooperative may merge or consolidate into a business corporation or a non-profit corporation if a plan of merger or consolidation is first approved:

- a. By the board of directors;
- b. By the members, provided that there is a two-thirds affirmative vote of the active members present in person or by proxy mail ballot, or a majority of the voting power of the Cooperative, whichever is less, which vote is cast at an annual or special meeting of the members; and
- c. In writing by any entity or person whose approval is required by agreement, mortgage or by law. The notice of the members' meeting for the meeting at which the plan of merger or consolidation is considered shall state that a purpose of the meeting is to consider merger or consolidation and contain or be accompanied by a copy or summary of the plan of merger or consolidation.



PLEASE RECYCLE

Printed on recycled paper with 30% postconsumer waste. Also, printed with environmentally-friendly vegetable-based ink with no volatile organic compounds (VOCs). [1619187]

For fast easy registration,
please present this card at the registration desk.

**Annual Meeting Edition
This is your 2010 Annual
Meeting registration card!**

Kootenai Electric Cooperative, Inc. Voter Proxy Form

I, the undersigned member of Kootenai Electric Cooperative, Inc., hereby appoint _____ as my Proxy to attend and cast my vote at the Annual Members' Meeting to be held in Coeur d'Alene, Idaho, on March 20, 2010, to the same effect as though I was present and voting in person. I understand if I attend the meeting in person their Proxy will become null and void.

I hereby sign my name as it appears on this mailing this _____ day of _____ 2010.

This Proxy form must be signed before a witness or before a notary public.

Signature _____

Witness Signature _____

Voter Proxy Form Rules & Instructions

In order for the Voter Proxy form to be valid, the mailing label imprint above must be intact and unaltered. Proxy forms will not be accepted at the Annual Meeting or at the KEC office. After filling out and signing the form, please tear this page off and fold the entire page in thirds so that the Business Reply label is showing. Seal and drop it in the mail—we'll cover the postage.

TO BE VALID, THE ENTIRE PAGE MUST BE FOLDED AND MAILED USING THE BUSINESS REPLY LABEL ON THE REVERSE SIDE.

Proxy Voting

If you won't be able to attend the Annual Meeting but want to designate another person to cast your vote at the meeting, please complete the Proxy Form and mail using the label on the reverse side. Mail it so it arrives no later than March 18, 2010. Please notify the person you have appointed as your Proxy. No individual can act as a Proxy for more than five members.