



**Mason County PUD No. 1
Regular Board Meeting
October 8, 2024
1:00 p.m.**

Join Zoom Meeting
<https://us02web.zoom.us/j/85869053743>

Meeting ID: 858 6905 3743
1 (253) 215-8782

1) Call Regular Business Meeting to Order

2) Public Comment- *Members of the public wishing to comment may request permission to do so during the Public Comment portion of the agenda. Comments shall be limited to no more than 5 minutes per speaker. There will be no action or discussion of public comment items, although the board may defer to PUD management for any necessary response.*

3) Consent Agenda

Minutes: Workshop, Public Hearing & Regular Board Meeting September 24, 2024

Disbursements:	Accounts Payable Wire	\$ 166,204.44
	Check Nos. 125528-125652	\$ 433,692.13
	Payroll Wire	\$ 97,446.22
	Check No. 125578	\$ 2,874.20
	Grand Total	\$ 700,216.99

4) Business Agenda

- a. Approve Prequalified Electrical Contractors Roster
- b. Resolution No. 2083- Designating FEMA Applicant Agent
- c. Award Lake Arrowhead Mainline Project
- d. Authorize GM to sign Federated Subscriber's Agreement

5) Staff Reports

- a. General Manager
- b. District Treasurer
- c. Water Resource Manager
- d. Legal Counsel

6) Correspondence

7) Board Comments

8) Other Business/Public Comment

9) Executive Session may be held as authorized by the Open Public Meetings Act (RCW 42.30.110)

10) Adjourn

2024 Calendar

October 23-24	Energy Northwest Members Forum, Richland
October 31	WPAG Meeting, Virtual
November 6	PPC Town Hall Embassy Suites Portland Airport
November 7	PPC Annual Meeting Embassy Suites Portland Airport
Nov 13-15	WPUDA Association meetings, Olympia



Mason County Public Utility District No. 1

Board of Commissioners Board Workshop
Public Hearing and Regular Board Meeting
September 10, 2024, Potlatch, Washington

10:00 a.m.- Board Strategic Planning Workshop

Present: Jack Janda, Ron Gold, Mike Sheetz, Kristin Masteller

Visitors: None

Jack called the workshop to order at 10:00 a.m. Kristin reviewed the proposed 2025 Strategic Plan action items for the work plan with commissioners. Conversation on the work plan ensued.

At 11:40 a.m. Jack adjourned the workshop.

1:00 p.m.- Public Hearing- Water Use Efficiency Goals

Present:

Jack Janda, President
Ron Gold, Vice President
Mike Sheetz, Board Secretary
Kristin Masteller, General Manager
Katie Arnold, District Treasurer
Brandy Milroy, Water Resource Manager
Rob Johnson, Legal Counsel

Visitors: Liz Anderson, Nicolas Garcia, Stefany Zelepuza, Travis Nelson, WPUDA Staff; Debra Lester, Kitsap PUD, Jane Van Dyke, Clark PUD

CALL TO ORDER: Jack called the public hearing for Water Use Efficiency Goals to order at 1:00 p.m. WPUDA staff and board officers were present. No members of the public were present.

Brandy gave a review of the next six-year metrics for the Water Use Efficiency program. She also highlighted several systems that have benefitted from improvements to achieve substantial leak reduction since the last approval cycle. Agate Beach and Hood Canal systems were at Tier 5 with 40-50% water loss and now they both are at <10% and <20% respectively, thanks to leak repairs and mainline replacement. Arcadia Estates and Canal Beach Tracts are now less than 10%. Union is at 4%. The PUD continues to prioritize mainline replacement and is doing leak repairs year-round to help reduce distribution system leakage.

At 1:04, Jack closed the public hearing and called the regular business meeting to order.



Mason County Public Utility District No. 1

Board of Commissioners Board Workshop
Public Hearing and Regular Board Meeting
September 10, 2024, Potlatch, Washington

1:04 p.m.- Regular Business Meeting

PUBLIC COMMENT: None.

APPROVAL OF CONSENT AGENDA

Minutes:	Regular Board Meeting September 10, 2024	
Disbursements:	Accounts Payable Wire	\$ 58,909.18
	Check Nos. 125482-125527	\$ 619,196.51
	Payroll Wire	\$ 74,397.84
	Grand Total	\$ 752,503.53

Ron made a motion to approve the consent agenda as presented; Mike seconded the motion. It passed unanimously.

Business Agenda:

Approve the 2024 Water Use Efficiency Goals– Ron made a motion to adopt the 2024 Water Use Efficiency Goals as presented; Mike seconded the motion. It passed unanimously.

Visit from the Washington PUD Association– Debra Lester and Jane Van Dyke are officers of the board of directors for WPUDA and they did an introduction regarding the member services WPUDA provides and requested feedback on the way that the Association can better serve Mason PUD 1 and other members. Liz Anderson, WPUDA Executive Director then spoke about Association priorities and staffing and how that ties into the things that are impacting Mason PUD1. Stefany Zelepuza, Travis Nelson and Nicolas Garcia each gave legislative and regulatory reports on the issues that the Association is working on, many of which are in collaboration with PUD 1 staff.

Duckabush Change Order No. 2– Kristin presented a change order for the Duckabush project due to PUD requests and changes in the scope of the project, plus boring work for 3rd party telecom utilities, which amounts to \$3,273 of the \$5,130 total change order amount.

Ron made a motion to approve Duckabush Change Order No. 2 in the amount of \$5,130; Mike seconded the motion. It passed unanimously.



Mason County Public Utility District No. 1

Board of Commissioners Board Workshop
 Public Hearing and Regular Board Meeting
 September 10, 2024, Potlatch, Washington

August 2024 Financials– Katie gave the August 2024 financial report.

Financial Highlights:

- Revenue – Gross Revenue was \$1,158,450 for the month of August 2024.
- Expenditures –Gross expenditures were \$847,177 for the month of August 2024.
- As of August 31, the PUD has \$640,181 in grant reimbursements outstanding for ongoing projects, which is an equivalent of about 25 days of our cash on hand.

Financial Metrics as Compared with Prior Year:	August 2024	August 2023
Total General Cash and Investments	\$1,095,210	\$1,429,297
Current Ratio (Current Assets/Current Liabilities)	2.06 to 1	2.25 to 1
Debt Service Coverage (O&M/ Debt Service)	3.71	3.04
Long-Term Debt to Net Plant	25%	30%
Total Debt to Equity Ratio (Total Liabilities/Total Equity)	33%	38%
Long Term Debt to Equity Ratio (Long Term Debt / Total Equity)	29%	35%
Times Interest Earned Ratio (Earnings before Interest & Taxes/Total Interest)	6.34	4.13
Cash on Hand (Total Available Cash/Average Daily Costs)	43 Days (General) 180 Days (All Funds)	55 Days (General) 190 Days (All Funds)

Approve Integrated Resource Plan for 2024– Ron made a motion to approve the 2024 Integrated Resource Plan as presented; Mike seconded the motion. It passed unanimously.

Approve 3rd Quarter Write-Offs to Collections– Ron made a motion to approve the 3rd Quarter Write-Offs to Collections in the amount of \$8,475.30; Mike seconded the motion. It passed unanimously.

Staff Reports –

General Manager – Kristin gave an update on the Duckabush relocation project and the work at the Manzanita Substation. She also gave an update on the several grant applications that staff is working on.

District Treasurer – Katie gave an update on the Washington Families Clean Energy Credit grant program. She said they applied \$200 credits to 980 accounts and spent down about 80% of the grant allocation in the short window.



Mason County Public Utility District No. 1

Board of Commissioners Board Workshop
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Water Resource Manager – Brandy reported that the pavers were going to be doing all the asphalt patching next week in the various areas. The crew is working on the lead service line inventory and completed the Lake Arrowhead in-house phase of construction for 2024. She said 11 contractors showed up to the pre-bid walkthrough for the Lake Arrowhead mainline project.

Legal Counsel – No report.

Correspondence – Kristin shared some news articles about the Public Works Board funding for the Manzanita Water Storage project and the customer appreciation event.

Board Reports –

Mike – Is attending the WPUDA Water Workshop this week.

Jack – Gave an update on Energy Northwest’s Small Modular Reactor project.

Ron – Attended the Hood Canal Coordinating Council and the discussion of the Duckabush Project.

PUBLIC COMMENT – None.

EXECUTIVE SESSION – None.

Adjourned: 2:48 p.m.

Jack Janda, President

Ron Gold, Vice President

Mike Sheetz, Secretary

10/04/2024 8:54:02 AM

Accounts Payable Check Register

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09/23/2024 To 10/04/2024

Bank Account: 4 - UMPQUA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
1101 09/25/2024	WIRE	WASH 3	WA DEPT OF REVENUE	EXCISE TAX	44,124.42
1103 09/30/2024	WIRE	USDA/RURAL D	USDA/RURAL DEVELOPMENT	QUARTERLY RUS LOAN PAYMENT	47,967.36
1105 10/01/2024	WIRE	IRS	WEST COAST BANK	FEDERAL TAX LIABILITY	37,944.58
1106 10/01/2024	WIRE	WASH 1	WA DEPT OF RETIREMENT SYS	STATE RETIREMENT - PLAN 2	21,358.76
1107 10/01/2024	WIRE	WASH 7	WA STATE TREAS-MS: PO-11	DEFERRED COMPENSATION	10,979.25
1108 10/01/2024	WIRE	HRA	HRA VEBA TRUST CONTRIBUTI	VEBA MEDICAL SAVINGS	3,588.62
1109 10/01/2024	WIRE	DSHS	DSHS	DEPARTMENT OF SOCIAL HEALTH SERVICES	241.45
125528 09/24/2024	CHK	CAROW	CAROW, CINDI	MONTHLY REIMBURSEMENT	581.81
125529 09/24/2024	CHK	GRAYJU	GRAY, JULIE	MONTHLY REIMBRUSEMENT	1,157.66
125530 09/24/2024	CHK	MUNCHR	MUNCH, ROY	MONTHLY REIMBURSEMENT	917.60
125531 09/24/2024	CHK	ANIXTER	ANIXTER INC	ELECTRIC NON INVENTORY PARTS	1,099.03
125532 09/24/2024	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	ISLAND LAKE WATER-PARTS	48.63
125533 09/24/2024	CHK	DON SMALL & S	DON SMALL & SONS OIL DIST	GAS & DIESEL	1,550.30
125534 09/24/2024	CHK	FICS	FASTENAL COMPANY	SHOP SUPPLIES	135.40
125535 09/24/2024	CHK	GENPAC	GENERAL PACIFIC INC	ELECTRIC NON INVENTORY PARTS	844.99
125536 09/24/2024	CHK	GRAY	GRAY & OSBORNE, INC	T3BADAS SUBSTATION BREAKER	613.79
125537 09/24/2024	CHK	KESTER	KESTER, GREGORY C.	MONTHLY REIMBURSEMENT	1,640.92
125538 09/24/2024	CHK	MILROY	BRANDY MILROY	WPUDA WATER WORKSHOP-TRAVEL PER DIEM	142.50
125539 09/24/2024	CHK	OGG, GARET	GARET OGG	WPUDA WATER WORKSHOP-TRAVEL PER DIEM	142.50
125540 09/24/2024	CHK	2	BRANDON OGLES	DEPOSIT REFUND	100.00
125541 09/24/2024	CHK	2	BRANDON OGLES	DEPOSIT REFUND	100.00
125542 09/24/2024	CHK	DJ'S ELECTRICA	DJ'S ELECTRICAL INC	MANZANITA SUBSTATION SITE WORK	99,257.54
125543 09/25/2024	CHK	GRAY	GRAY & OSBORNE, INC	AGATE BEACH RESERVOIR & BOOSTER STATION	4,517.98
125544 09/25/2024	CHK	PB	PITNEY BOWES GLOBAL	E-Z SEALING SOLUTION	63.07
125545 09/25/2024	CHK	POMP'S	POMP'S TIRE SERVICE INC	VEHICLE #67-(1)NEW TIRE	212.96
125546 09/25/2024	CHK	SPIKES	SPIKES HYDRAULICS & EQUIP	HOODSPORT REEDER WELL-HOSES & FITTINGS	88.34

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
125547 09/25/2024	CHK	USA	USA BLUEBOOK	WATER NON INVENTORY PARTS-HACH DPD 1	141.21
125548 09/25/2024	CHK	WEST	WEST COAST MOBILE EQUIPMENT REP	VEHICLE #81-CHANGED OIL & FILTER	3,785.53
125549 09/25/2024	CHK	NAPA AUTO PA	WESTBAY NAPA AUTO PARTS	ISLAND LAKE WATER-PARTS	427.09
125550 09/26/2024	CHK	KRISTMAS TOW	KRISTMAS TOWN KIWANIS	ANNUAL DUES-KATIE & KRISTIN	312.00
125551 09/27/2024	CHK	BROWNT	BROWN, TIM	DOT PHYSICAL EXAM	175.00
125552 09/30/2024	CHK	WPUDA	WASHINGTON PUD ASSOC.	MONTHLY DUES	1,963.00
125553 09/30/2024	CHK	WASH 8	WASHINGTON STATE	SEPTEMBER 2024-HEALTH, DENTAL, & LTD	47,323.32
125554 09/30/2024	CHK	53	JEREMIAH WAUGH	TRAVEL EXPENSE REIMBURSEMENT	1,195.76VOID
125555 09/30/2024	CHK	DOH	DEPARTMENT OF HEALTH	BOLDUC COMMUNITY PROJECT & PLAN REVIEW	102.00
125556 09/30/2024	CHK	BRIGHT KNIGHT	BRIGHT KNIGHTS LLC	ISLAND LAKE MANOR WATER-REPLACE ALT RELA	2,782.73
125557 09/30/2024	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	ISLAND LAKE WATER-CONCRETE MIX	44.54
125558 09/30/2024	CHK	DON SMALL & S	DON SMALL & SONS OIL DIST	GAS & DIESEL	2,197.88
125559 09/30/2024	CHK	GDS ASSOCIATE	GDS ASSOCIATES, INC	MONTHLY WPAG EXPENSES	198.14
125560 09/30/2024	CHK	GE SOFTWARE	GE SOFTWARE INC DBA EKOS	EKOS FUEL SITE MODULE	80.00
125561 09/30/2024	CHK	GENPAC	GENERAL PACIFIC INC	ELECTRIC NON INVENTORY-ITRON METERS	10,158.27
125562 09/30/2024	CHK	GRAY	GRAY & OSBORNE, INC	VUEWCREST RESERVOIR AND BOOSTER STATION	592.63
125563 09/30/2024	CHK	HARB 1	HARBOR SAW & SUPPLY INC.	SHOP SUPPLIES	255.76
125564 09/30/2024	CHK	HDFOWL	HD FOWLER COMPANY	WATER NON INVENTORY PARTS	305.08
125565 09/30/2024	CHK	L.G.	L. G. ISAACSON CO. INC.	SHOP SUPPLIES	252.08
125566 09/30/2024	CHK	PENINSULA HEA	PENINSULA HEAT	MULTIPLE HEAD DUCTLESS HEATPUMP REBATE	800.00
125567 09/30/2024	CHK	POWER ENGINE	POWER ENGINEERS	MANZANITA SUBSTATION ENGINEERING & TEST	12,428.30
125568 09/30/2024	CHK	SOUTH SOUND	SOUTH SOUND APPLIANCE	LOW INCOME WASHER/DRYER-CONNIE BROWN	6,400.00
125569 09/30/2024	CHK	SOUTH SOUND S	SOUTH SOUND SOLAR	LOW INCOME WASHER/DRYER REBATE-W OSKAM	1,600.00VOID
125570 09/30/2024	CHK	STUSSER ELECT	STUSSER ELECTRIC COMPANY	ELECTRIC NON INVENTORY PARTS	962.87
125571 09/30/2024	CHK	TOZIER	TOZIER BROS, INC	PROPANE-FORKLIFT	45.43
125572 09/30/2024	CHK	US BANK-CCC	US BANK	MO.CREDIT CARD 4484 7345 5001 2554	8,501.50

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Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
125573 09/30/2024	CHK	VERIZO	VERIZON WIRELESS	ISLAND LAKE MANOR, BEL AIRE,& SHADOWOOD	1,261.43
125574 09/30/2024	CHK	53	JEREMIAH WAUGH	TRAVEL EXPENSE REIMBURSEMENT	1,195.76
125575 09/30/2024	CHK	NAPA AUTO PA	WESTBAY NAPA AUTO PARTS	VEHICLE #62-AIR FILTER & SHOP SUPPLIES	320.87
125576 09/30/2024	CHK	2	WARREN HOLZAPFEL	MULTI HEAD DUCTLESS HEATPUMP REBATE	800.00
125577 09/30/2024	CHK	2	STEVEN MARQUIS	SINGLE HEAD DUCTLESS HEATPUMP REBATE	800.00
125579 10/01/2024	CHK	IBEW	IBEW LOCAL UNION #77	UNION DUES	1,132.97
125580 10/01/2024	CHK	PUDEMP	PUD #1 EMPLOYEE FUND	EMPLOYEE FUND	200.00
125581 10/02/2024	CHK	AFLAC	AFLAC	SUPPLEMENTAL INSURANCE	145.04
125582 10/02/2024	CHK	AWWA	AMERICAN WATER WORKS ASSO	ANNUAL STANDARDS ON CD-ROM	900.00
125583 10/02/2024	CHK	CITI CARDS	CITI CARDS	MO.COSTCO/CITI CARD -ACCT.ENDING IN 4326	21,547.02
125584 10/02/2024	CHK	DAY	DAY WIRELESS SYSTEMS	RECURRING CHARGES-TWO WAY RADIO 28 UNITS	562.58
125585 10/02/2024	CHK	MILSOFT UTILIT	MILSOFT UTILITY SOLUTIONS	MILSOFT ENGINEERING ANALYSIS-NISC/CIS	4,887.00
125586 10/02/2024	CHK	SOUTH SOUND	SOUTH SOUND APPLIANCE	LOW INCOME WASHER/DRYER-WILLIAM OSKAM	1,600.00
125587 10/02/2024	CHK	WASH26	STATE OF WASHINGTON DEPARTMENT	AGATE BEACH WATER SYSTEM-RETAINAGE	27,713.91
125588 10/02/2024	CHK	34	WASHINGTON ALARM, INC	MONTHLY BILLING - SECURITY SYSTEM SHOP	200.67
125589 10/02/2024	CHK	2	Guy Anderson	2024 Community Solar II	3.57
125590 10/02/2024	CHK	2	Cheryl Ayres	2024 Community Solar II	107.07
125591 10/02/2024	CHK	2	Nick Browne	2024 Community Solar II	35.69
125592 10/02/2024	CHK	2	William Buckholz	2024 Community Solar II	35.69
125593 10/02/2024	CHK	2	Tom Charouhas	2024 Community Solar II	35.69
125594 10/02/2024	CHK	2	Tony Chinn	2024 Community Solar II	71.38
125595 10/02/2024	CHK	2	Clark Jerome Partnership	2024 Community Solar II	124.92
125596 10/02/2024	CHK	2	Dale Cotton	2024 Community Solar II	3.57
125597 10/02/2024	CHK	2	Marel Current	2024 Community Solar II	35.69
125598 10/02/2024	CHK	2	Jim Embree	2024 Community Solar II	178.45
125599 10/02/2024	CHK	2	Vicky Engel	2024 Community Solar II	35.69

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Bank Account: 4 - UMPQUA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
125600 10/02/2024	CHK	2	Mark Fischer	2024 Community Solar II	178.45
125601 10/02/2024	CHK	2	Margaret Graves	2024 Community Solar II	7.14
125602 10/02/2024	CHK	2	James Gray	2024 Community Solar II	35.69
125603 10/02/2024	CHK	2	Dawn Hansen-Smart	2024 Community Solar II	17.85
125604 10/02/2024	CHK	2	Matthew Hirsch	2024 Community Solar II	35.69
125605 10/02/2024	CHK	2	Steven Illman	2024 Community Solar II	178.45
125606 10/02/2024	CHK	2	Sandra Jaeger	2024 Community Solar II	3.57
125607 10/02/2024	CHK	2	Jack Janda	2024 Community Solar II	53.54
125608 10/02/2024	CHK	2	Ellen Jenner	2024 Community Solar II	356.90
125609 10/02/2024	CHK	2	Susanna Jones	2024 Community Solar II	178.45
125610 10/02/2024	CHK	2	Gary Lee Family Trust	2024 Community Solar II	89.23
125611 10/02/2024	CHK	2	Debra Mattson	2024 Community Solar II	267.68
125612 10/02/2024	CHK	2	Donald McIntyre	2024 Community Solar II	356.90
125613 10/02/2024	CHK	2	James Noble	2024 Community Solar II	35.69
125614 10/02/2024	CHK	2	Brian Oleson	2024 Community Solar II	178.45
125615 10/02/2024	CHK	2	Victoria Pavel	2024 Community Solar II	35.69
125616 10/02/2024	CHK	2	Roslynne Reed	2024 Community Solar II	35.69
125617 10/02/2024	CHK	2	Sheri Saari	2024 Community Solar II	178.45
125618 10/02/2024	CHK	2	Kent Schwartz	2024 Community Solar II	35.69
125619 10/02/2024	CHK	2	Kenneth Sebby	2024 Community Solar II	71.38
125620 10/02/2024	CHK	2	Bruce Smith	2024 Community Solar II	17.85
125621 10/02/2024	CHK	2	Mark Smith	2024 Community Solar II	7.14
125622 10/02/2024	CHK	2	Richard Sperling	2024 Community Solar II	35.69
125623 10/02/2024	CHK	2	Fred Stern	2024 Community Solar II	53.54
125624 10/02/2024	CHK	2	Cindy Sund	2024 Community Solar II	17.85
125625 10/02/2024	CHK	2	Cindy Taylor	2024 Community Solar II	178.45

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Bank Account: 4 - UMPQUA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
125626 10/02/2024	CHK	2	Marianne Taylor	2024 Community Solar II	3.57
125627 10/02/2024	CHK	2	Kristen Tollesfen	2024 Community Solar II	17.85
125628 10/02/2024	CHK	2	Angela Velkov	2024 Community Solar II	53.54
125629 10/02/2024	CHK	2	Cheryl Wagner	2024 Community Solar II	53.54
125630 10/02/2024	CHK	2	Nathan Wolf	2024 Community Solar II	35.69
125631 10/03/2024	CHK	HOOD CANAL	HOOD CANAL MARKET FRESH	LAKE ARROWHEAD WATER-SAW BLADES	536.15
125632 10/04/2024	CHK	ANIXTER	ANIXTER INC	ELECTRIC NON INVENTORY PARTS-SCREWS	668.69
125633 10/04/2024	CHK	BUILDERS	BUILDERS FIRSTSOURCE, INC	MADRONA BEACH SEWER-PARTS	3.26
125634 10/04/2024	CHK	CRC	COOPERATIVE RESPONSE CENTER, INC	AFTER HOURS ANSWERING SERVICE	1,778.71
125635 10/04/2024	CHK	EXCELSIOR CLE	EXCELSIOR CLEANING	MONTHLY JANITORIAL SERVICES	1,363.25
125636 10/04/2024	CHK	GILLIARDI LOG	GILLIARDI LOGGING AND CONSTRUCT	LAKE ARROWHEAD WATER-DUMPED ASPHALT	38.00
125637 10/04/2024	CHK	GOLDSTREET	GOLDSTREET DESIGN AGENCY, INC.	MONTHLY WEBSITE HOSTING	60.00
125638 10/04/2024	CHK	HOODCA	HOOD CANAL COMMUNICATIONS	INTERNET, IT, ALARM DIALER, & TELEPHONE	5,620.81
125639 10/04/2024	CHK	LAKESIDE IND	LB# 1086, LAKESIDE INDUSTRIES	LAKE ARROWHEAD WATER PATCHING CONTRACT	49,728.00
125640 10/04/2024	CHK	MARSH	MARSH MUNDORF PRATT & SUL	WPAG MONTHLY FEES	284.21
125641 10/04/2024	CHK	MASON CO GAR	MASON COUNTY GARBAGE	MONTHLY GARBAGE CHARGES	778.13
125642 10/04/2024	CHK	MAPELLER	KRISTIN MASTELLER	TRAVEL EXPENSE REIMBURSEMENT	477.88
125643 10/04/2024	CHK	MILROY	BRANDY MILROY	TRAVEL EXPENSE REIMBURSEMENT-WPUDA MEET	31.94
125644 10/04/2024	CHK	NWSS	NORTHWEST SAFETY SERVICE LLC	SAFETY TRAINING SEPTEMBER 12, 2024	1,136.25
125645 10/04/2024	CHK	RICOH USA	RICOH USA, INC.	RENT ON TWO MACHINES & ADDITIONAL IMAGES	514.77
125646 10/04/2024	CHK	SHEETZ, MIKE	MIKE SHEETZ	SEPTEMBER TRAVEL EXPENSE	1,084.50
125647 10/04/2024	CHK	SPECTRA LAB	SPECTRA LABORATORIES - KITSAP, LL	VARIOUS WATER SAMPLES	2,520.60
125648 10/04/2024	CHK	WASH26	STATE OF WASHINGTON DEPARTMENT	HOOD CANAL 101-MAGNUM POWER RETAINAGE	7,578.31
125649 10/04/2024	CHK	2	DIANE COLEMAN	2024 ROOF TOP SOLAR INCENTIVE 6/30/24	1,581.84
125650 10/04/2024	CHK	2	ROGER MYHRE	2024 ROOF TOP SOLAR INCENTIVE-6/30/24	2,234.88
125651 10/04/2024	CHK	2	SKOKOMISH TRIBAL CENTER	2024 ROOF TOP SOLAR INCENTIVE-6/30/24	2,686.86

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Bank Account: 4 - UMPQUA BANK - DISTRICT

Check / Tran Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
125652 10/04/2024	CHK	BZR POWER	BZR POWER DIVISION LLC	HILL WAY OVERHEAD TO URDERGROUND PROJECT	70,000.00

Total Payments for Bank Account - 4 :	(129)	597,100.81
Total Voids for Bank Account - 4 :	(2)	2,795.76
Total for Bank Account - 4 :	(131)	599,896.57
Grand Total for Payments :	(129)	597,100.81
Grand Total for Voids :	(2)	2,795.76
Grand Total :	(131)	599,896.57

10/04/2024

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PARAMETERS ENTERED:**Check Date:** 09/23/2024 To 10/04/2024**Bank:** All**Vendor:** All**Check:****Journal:** All**Format:** Summary**Extended Reference:** No**Sort By:** Check/Transaction**Voids:** Current**Payment Type:** All**Group By Payment Type:** No**Minimum Amount:** 0.00**Authorization Listing:** No**Credit Card Charges:** No

2024 Prequalified Electrical Contractors

#	CONTRACTOR	Primary Contact / Phone	Email	MAXIMUM BID AWARD	HIGH VOLTAGE DISTRIBUTION OVERHEAD &	HIGH VOLTAGE TRANSMISSION OVERHEAD &	HIGH VOLTAGE SUBSTATION	FIBER OPTIC	TELECOM	STREET LIGHTING	POLE INSPECTION, TESTING, REPLACEMENT, STUBBING	VEGETATION MANAGEMENT	STORM AND EMERGENCY RESPONSE	SUBSTATION EQUIPMENT AND PROTECTIVE RELAY TESTING	QTY	MISC
1	Blue Mt. Telecommunication Services	Shamaree Fortune 541-938-7090	bmtscorp@gmail.com	\$ 4,000,000				X	X						2	Directional Drilling
2	Cannon	ROBERT GUNTER/253-720-5483	CTR@TeamCannon.com	\$ 25,000,000	X	X	X	X		X	X		X		7	UNDERGROUND TRENCHING, PLOWING, HORIZONTAL/DIRECTIONAL BORING
3	Cascade Cable Constructors, Inc	Cliff Tvedten/509-244-2501	heidj@cascadecable.com	\$ 5,000,000				X	X						2	Plowing, Trenching, Directional Drilling, Fiber Optics Above and Underground
4	Confederated Construction Company, LLC	Calvin Nichols/360-273-1004	cnichols@chehalstribes.com	\$ 4,000,000				X	X				X		7	Inside electrical
5	Darrel Emel's Tree Service, Inc.	Sarah Haley/360-692-6117	dets2a@gmail.com	\$ 750,000								X			1	
6	DJ's Electrical, Inc	Pete Dansforth/360-666-8070	peted@diselectrical.com; bids@diselectrical.com	\$ 20,000,000.00	X	X	X	X	X	X	X	X	X	X	10	
7	Henkels & McCoy West, LLC	Ashley Byrns/(503) 255-5125	hmnorthwestbids@henkelswest.com	\$ 100,000,000.00	X	X	X	X	X		X		X	X	8	DSP Telecommunications Projects
8	International Line Builders	Jason Combs/360	ilb_bids@ilbinc.com	\$ 100,000,000.00	X	X	X	X		X			X		6	
9	JH Kelly	Gabe Gourde/360.575.3166	ggourde@jhkelly.com	\$ 150,000,000	X		X	X							3	
10	Kemp West	Caitlin Knox/425-334-5572	caitlin@kempwest.com	\$ 8,000,000			X	X				X	X		2	
11	Legacy Power Systems	Sam Bergstrom/253-858-0214	sam.bergstrom@legacypower.com	\$ 19,537,159				X	X				X		3	UPS, Generator deployment/Connection/Rental/ATS
12	MasTec	Angel Marquez/(509) 242-3178	angel.marquez@mastec.com; chris.sutton@mastec.com; chris.sutton@mastec.com	\$ 500,000,000				X	X		X				3	
13	Maven Utilities, LLC	Edward Schlecht/360-901-6246	ed@mavenutilities.com	\$ 500,000	X	X	X	X	X			X		X	6	
14	Michels Pacific Energy, Inc	Julie Mardis/360.236.0472	mpebids@michels.us	\$ 500,000,000	X	X	X	X	X	X			X	X	8	
15	Mi-Tech Services	Leah Rodriguez/920-924-3690 x3534	Lrodrigu@mi-tech.us	\$ 500,000,000							X				1	
16	Northwest High Voltage Services	Kyle Carter/509-987-3774	kyle.carter@nwhvoltage.com	\$ 750,000			X							X	2	
17	NW Utility Services, LLC	Randy Garoutte 253-891-7802	NWUS@PUJE.com	\$ 8,000,000	X	X				X			X		4	AMI, AMR, NESC Compliance
18	Olympic Electric	Casey Alm/(360)457-5303	sidneym@olympicelectric.net	\$ 5,000,000	X	X	X	X		X			X	X	6	
19	Pacific Cable Construction	Lucas Jones/425-348-7735	luke@paccab.com	\$ 2,000,000				X	X			X	X		4	Horizontal Directional Drilling
20	Paramount Communications Inc.	Jim Cooper/509-736-5477	jim@seeparamount.com	\$ 3,000,000				X	X						2	
21	Potelco Inc	Justin Stimbirt/(253) 863-0484	jstimbirt@potelco.net	\$ 100,000,000	X	X	X	X		X			X	X	7	
22	Power City Electric	Jordan Sanders/(509) 535-8500 Ext. 1010	jsanders@powercityelectric.com	\$ 30,000,000	X			X					X		3	Secondary Services
23	Prime Electric	Joseph Moran/(425) 213-9478	jmoran@primee.com	\$ 100,000,000				X	X	X					3	
24	RiverLine Power Lcc	Dylan Stoller/360-771-5434	dylans@riverlinepower.com	\$ 1,000,000	X	X	X						X		4	
25	SC Flagging	Victoria Hebert/360-298-1915	scflagging@gmail.com; vicki@smugglerscoveflagging.com	\$ 100,000											0	Flagging and Traffic Control Flagger Certification
26	Shocking Difference, LLC	Winona Furgison/360-754-4542	winona@shocking-difference.com	\$ 100,000											0	Meter + mast repair, new electric service
27	Specialty Engineering	Earl George/360-553-7303	EGEORGE@EPSINC.COM	\$ 80,000,000			X							X	2	Substation Engineering, design and SCADA; Preventative maintenance schedule personalized for customer needs.
28	Sturgeon Electric	Holly Dodge/503-661-1568	sturgeonbidsnw@myrgroup.com	\$ 200,000,000	X	X	X	X		X			X	X	7	
29	TICE Electric Company	Mike Podkranic/503-872-8248	MIKEP@TICEELECTRIC.COM	\$ 30,000,000			X								1	
30	Wright Tree Service	Richard Bonifas/515-277-6291	contractadmin@wrighttree.com	\$ 15,000,000								X	X		2	



PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY
N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS
MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

A RESOLUTION DESIGNATING APPLICANT AGENT
RESOLUTION NO. 2083

For the state of Washington Hazard Mitigation Grant Program Sub-Application and Grant:

BE IT RESOLVED THAT Katie Arnold, Director Business Services

OR HIS / HER ALTERNATE AGENT: Kristin Masteller, General Manager

Is hereby authorized to execute for and on behalf of Mason County Public Utility District No. 1 a local government entity, state agency, special purpose district, federally recognized tribe or private nonprofit organization established under the laws of the state of Washington, this application, grant agreement, and payment requests to be filed with the Military Department, Emergency Management Division, for the purpose of obtaining and administering certain state and federal financial assistance under Section 404 of the Robert T. Stafford Disaster Relieve and Emergency Act of 1988, P.S. 93-288, as amended

THAT by the Board of Commissioners of Mason County PUD No. 1 hereby authorizes its agent to provide to the Washington Military Department, Emergency Management Division assurances and agreements required for all matters concerning such non-disaster mitigation.

ADOPTED this 8th day of October, 2024.

Jack Janda, President

Ron Gold, Vice President

ATTEST:

Mike Sheetz, Secretary

Mason County PUD No. 1
 Lake Arrowhead Water Main Replacement Bid Tabulation
 Bid Opening: Monday September 30, 2024 at 3:30 PM

	Grade Werks Excavating	Pape & Sons Construction, Inc	Reed Trucking & Excavating Inc	Rognlin's, Inc
Water System Project				
Moblization, Cleanup and Demoblization	\$105,000	\$87,000	\$150,000	\$140,000
Minor Changes	\$20,000	\$20,000	\$20,000	\$20,000
Erosion Control	\$15,000	\$5,700	\$5,000	\$5,000
Project Temporary Traffic Control	\$24,000	\$25,500	\$165,000	\$45,000
Locatae Existing Utilites	\$42,000	\$8,200	\$5,000	\$5,000
Additional Potholing	\$11,250	\$17,500	\$15,000	\$5,000
Clearing and Grubbing	\$42,000	\$8,000	\$10,000	\$10,000
Trench Excavaation Safety System	\$1	\$575	\$1,000	\$5,000
6-Inch IPS HDPE SDR 11 Water Main and Fittigns (incl. Bedding)	\$481,800	\$459,900	\$711,750	\$383,250
6-Inch Gate Valves	\$16,500	\$14,000	\$5,000	\$1,000
Fire Hydrant Assembly	\$169,050	\$133,400	\$138,000	\$138,000
Additonal Fittings	\$12,750	\$8,250	\$7,500	\$1,500
6-Inch Tapping Tee and Valve	\$8,000	\$8,900	\$7,000	\$12,000
8-Inch Tapping Tee and Valve	\$8,250	\$9,000	\$7,500	\$15,000
2-Inch Comiation Air and Vacuum Release Valve	\$7,200	\$7,300	\$6,000	\$7,000
Controlled Density Fill	\$2,500	\$3,000	\$3,000	\$2,000
Removal of Unsutiabale Material (Trench)	\$850	\$400	\$1,000	\$800
Sawcutting	\$5,200	\$3,250	\$6,500	\$3,900
HMA C1. 1/2" PG 58H-22, Trench Repair	\$17,200	\$36,400	\$24,000	\$40,000
Curshed Surfac ing Top Course	\$91,980	\$129,940	\$131,400	\$102,200
Bank Run Gravel for Trench Backfill (Owner Provided Material)	\$15,000	\$26,875	\$37,500	\$50,000
Site Restoration and Rehabilitation	\$33,000	\$32,500	\$10,000	\$15,000
Connectionto Existing system	\$66,000	\$60,000	\$20,000	\$40,000
3/4-Inch Water Service Connection	\$171,600	\$288,750	\$165,000	\$247,500
1-Inch Dual Meter Water Service Connection	\$8,750	\$12,500	\$6,000	\$12,500
Electrofuse HDPE for Unforeseen Utility Conflicts	\$15,000	\$10,000	\$10,000	\$12,000
Cut and Cap UnforseenWater Services	\$19,000	\$30,000	\$25,000	\$50,000
Survey	\$23,000	\$24,000	\$22,000	\$21,350
Bank Run Gravel for Trench Backfill (Contractor Provided Material)	\$108,000	\$82,000	\$140,000	\$60,000
Subtotal	\$1,539,881	\$1,552,840	\$1,855,150	\$1,450,000

Bid Prices				
Subtotal	\$1,539,881	\$1,552,840	\$1,855,150	\$1,450,000
8.6% Tax	\$132,429.77	\$133,544.24	\$159,542.90	\$124,700.00
Total	\$1,672,310.77	\$1,686,384.24	\$2,014,692.90	\$1,574,700.00

Bid Documents				
Bid Bond	x	x	x	x
Acknowledged Addenda 1	x	x	x	x

Bid Evaluation				
Sam.GOV	x	x	x	x
WA L&I Standing	x	x	x	x
WA L&I Violations	x	x	x	x
WA L&I Debarred	x	x	x	x
WA L&I Lawsuits	x	x	x	x
State Lawsuits	x	x	x	x
Bidding Status	Valid	Valid	Valid	Valid

Within two business days of the bid opening on a public works project that is the subject of competitive bids, the municipality must provide, if requested by a bidder, copies of the bids the municipality received for the project. The municipality shall then allow at least two full business days after providing bidders with copies of all bids before executing a contract for the project.



FEDERATED RURAL ELECTRIC
INSURANCE EXCHANGE

A reciprocal exchange managed by Federated Rural Electric Management Corp.

A Touchstone Energy® Cooperative 

Acknowledgement

By signing this form, PUD #1 of Mason County (Name of Subscriber) hereby acknowledges receipt of a copy of the Subscriber's Agreement and Power of Attorney of Federated Rural Electric Insurance Exchange, dated November 17, 2022 ("SAPOA"). This SAPOA contains the Bylaws of Federated Rural Electric Insurance Exchange ("Federated"), the contract between Federated and its attorney-in-fact, Federated Rural Electric Management Corp., and the General Provisions of the SAPOA applicable to Federated and its subscribers.

This SAPOA is subject to amendment. You may also obtain a copy of the SAPOA by visiting our website at www.federatedrural.com.

PUD #1 of Mason County
(Name of Subscriber)

By: _____

Date: _____

Federated Subscriber No.: 46026



**FEDERATED RURAL ELECTRIC
INSURANCE EXCHANGE**

Subscriber's Agreement and Power of Attorney

November 17, 2022

Federated Rural Electric Insurance Exchange

7725 Renner Road, Shawnee, KS 66217-9414

P.O. Box 15147, Lenexa, KS 66285-5147

(800) 356-8360 / Fax: (913) 541-9004

PREAMBLE

WHEREAS, _____
(hereinafter referred to as the Subscriber), a Subscriber of Federated Rural Electric Insurance Exchange (hereinafter referred to as the Exchange), in order to provide for the management of its business as such Subscriber, subject to the right of the Board of Directors to exercise all powers and authority given the Board of Directors by this Agreement and by law to direct the activities of the Exchange, considers it wise and to its advantage to adopt these articles and enter into this Subscriber's Agreement and Power of Attorney (hereinafter referred to as the Subscriber's Agreement or the Agreement); and

WHEREAS, the Subscriber is desirous of participating in a program of insurance coverage which provides for policy formulation by subscribers through their Board of Directors in the areas of rates, policies and procedures in accordance with the demonstrated needs and requirements of the insureds through a reciprocal exchange of indemnity or insurance contracts; and

WHEREAS, the Subscriber recognizes a need to provide a program of adequate and acceptable insurance coverage at a cost which is realistic and reasonable; and

WHEREAS, the Subscriber recognizes that this Agreement constitutes the charter and governing document of the Exchange and agrees that the Exchange shall be governed by a Board of Directors as set forth herein.

MISSION OF THE EXCHANGE

The mission of the Exchange is to remain an independent, self-governing entity to provide an ongoing, stable property and casualty insurance market and to offer superior insurance programs by providing the best value in products and services for the family of electric and telephone systems.

APPOINTMENT OF ATTORNEY-IN-FACT

NOW, THEREFORE, by these presents, the Subscriber hereby agrees to the terms of this Agreement and appoints Federated Rural Electric Management Corp., a Kansas corporation, with its principal place of business at 7725 Renner Rd., Shawnee, Kansas 66217-9414, as its Attorney-in-Fact, to carry out the purposes and objectives set forth in this Agreement, and to sign contracts of indemnity or insurance in the name of the Exchange, in its behalf. In case of the dissolution, resignation, removal, or withdrawal of said corporation as Attorney-in-Fact, the Board of Directors hereinafter provided for, shall nominate and appoint a successor Attorney-in-Fact.

CONTRACTS OF INSURANCE

The Attorney-in-Fact shall, while acting in such capacity as Attorney-in-Fact, have power for the Exchange to insure those electric and telephone cooperatives, cooperative or mutual associations that promote the rural society and economy, associated organizations of the foregoing organizations, and such other entities as the Board of Directors may allow against loss or liability of every kind, nature or description, as may be authorized and permitted by law, and to issue contracts of indemnity or insurance in our behalf covering any or all such loss, liability or liabilities, subject to the provisions contained herein.

DUTIES OF ATTORNEY-IN-FACT

The Attorney-in-Fact shall have the following duties and is hereby authorized, empowered, and directed to perform such duties in accordance with policies established by the Board of Directors, as may be changed from time to time:

1. To sign contracts of indemnity or insurance and any other documents by one (1) signature of its own name as acting for all the subscribers of the Exchange.

2. To make contracts of indemnity or insurance subject to such terms as it shall deem proper, change, or modify such terms and cancel all or any part of such contracts, subject to such underwriting standards as may be adopted by the Board of Directors or appropriate committee thereof.

3. To issue contracts of indemnity or insurance to Subscribers only.

4. To accept reinsurance, to retrocede reinsurance or to cede reinsurance.

5. To adjust, settle and pay any claim or loss by compromise or otherwise, receive and give all notices, receive proofs of loss, agree to arbitration, recover amounts due under all insurance or reinsurance agreements, and enforce payment by suit, in its own name or otherwise, of any premium or other payment due the Exchange.

6. To acknowledge or contest any claim that may be made on account of such policies or contracts of indemnity or insurance or reinsurance, retain legal counsel, and defend, compromise or settle any suit or proceeding that may be brought on account of such policy or contracts of indemnity or insurance or reinsurance, or enter into such other arrangements as shall in its judgment be expedient to prevent a multiplicity of suits or to minimize expenses.

7. To endorse all checks, drafts and other papers drawn to the order of the Exchange and deposit the same to the Exchange's account as such Attorney-in-Fact, and disburse from such funds all claims, under indemnity or insurance or reinsurance contracts, expenses to settle such claims, all operating expenses of the Exchange and the Attorney-in-Fact's compensation as hereinafter provided.

8. To invest and reinvest the monies and assets of the Exchange as may from time to time be required or desirable in accordance with policies established by the Board of Directors or appropriate committee thereof.

9. To maintain necessary reserve funds of not less than legal requirements in cash or securities as provided by law.

10. To accept service of process on behalf of the Exchange.

11. To appoint the Commissioner of Insurance of Kansas and his/her successor or successors in office, and persons in other states, as may be required under applicable law, to accept on his/her behalf service of process in any suit or proceeding arising out of the contracts of indemnity or insurance.

12. To institute, prosecute, compromise, arbitrate and settle any suit or other legal proceeding subject to such guidelines as may be adopted by the Board of Directors or appropriate committee thereof.

13. To execute and file any and all instruments and papers, and do any and all acts required by the laws of the State of Kansas and any other jurisdiction where the Exchange may be licensed to transact business.

14. To bind risks by temporary binder.

15. To keep in its principal office a current list of all Subscribers. The name of every cooperative, corporation, entity, organization, or person becoming a Subscriber shall be available to the Board of Directors.

16. Before resigning, to give to the Board of Directors at least one hundred and eighty (180) days written notice of its intention to do so.

17. To keep a separate account, in the name of the Exchange, of all financial transactions conducted by it on behalf of the Exchange.

18. To pay to each member of the Board of Directors traveling expenses and other expenses,

plus a per diem for attending Board of Directors meetings or other committee or subcommittee meetings and for otherwise attending to the affairs of the Exchange and such other expenses or allowances as may be prescribed by the Board of Directors.

19. To file with the Commissioner of Insurance of Kansas a bond payable to the State of Kansas, executed by the Attorney-in-Fact and by a duly authorized corporate surety, or deposit securities in such amount and containing such terms and conditions as may be required by applicable law and to post bonds or deposits in other states as may be required by applicable law.

20. To file with the Commissioner of Insurance of Kansas a statement under oath giving the maximum amount of indemnity upon any single risk, and whenever and as often as shall be required, and to file with the Commissioner a statement, if accurate, verified under oath, to the effect that the Exchange has not assumed on any one risk an amount greater than ten percent (10%) of its surplus, unless the excess shall be reinsured in some other insurance company duly authorized to transact similar business in Kansas or as otherwise provided by Kansas law.

21. In general, to do and perform for the Subscriber and the Exchange, every other act and thing and execute any and all papers in relation to any transaction made by it by virtue hereof or by direction of the Board of Directors, which the Subscriber or the Exchange could do or execute personally.

COMPENSATION OF ATTORNEY-IN-FACT

1. The Attorney-in-Fact shall be reimbursed for the actual expenses and costs it incurs in performing the services for and on behalf of the Exchange required herein. In consideration of the payments to the Attorney-in-Fact, the Attorney-in-Fact shall promote, develop and manage the exchange of contracts and render or arrange for the performance of all duties and services herein set forth, and the payments to said Attorney-in-Fact shall include compensation for its services, employees, office rent, printing, stationery, postage and other customary office and business expenses.

TERMINATION OF ATTORNEY-IN-FACT

2. Notwithstanding anything herein to the contrary, the Attorney-in-Fact may not deduct for itself amounts in excess of twenty percent (20%) of all gross written premiums and other income during any calendar year. To the extent costs related to the provision of services by the Attorney-in-Fact to the Exchange exceed the permissible twenty percent (20%), such amount may be carried forward and charged in subsequent year(s) or forgiven by the Attorney-in-Fact; provided, however, in no event shall the Attorney-in-Fact receive more than twenty percent (20%) of all gross written premiums and other income in any one calendar year as set forth above.

3. In addition to the reimbursement of the Attorney-in-Fact for its expenses and costs, the Subscriber authorizes the Attorney-in-Fact to pay out of the funds of the Exchange all expenses and disbursements of every kind and character incident to the Exchange's administration and the exchange of indemnity or insurance or reinsurance contracts, including but not limited to, the costs of securing, issuing, exchanging and administering contracts of indemnity, insurance or reinsurance, the cost of reinsurance, agency or broker fees and commissions, risk management and loss prevention expenses, collection expenses, investment expenses, loss adjustment expenses, damages, judgments, court costs, legal expenses, license fees, taxes, inspection expenses and expenses of annual and special meetings, audits, examinations, rating bureaus, insurance trade and service organizations, and bonds as required herein.

4. The Attorney-in-Fact is specifically authorized to contract, subcontract, or otherwise enter into contracts or agreements for the purpose of securing and obtaining such services, consultation, and advice, as it may deem necessary or desirable in fulfilling its obligations under this agreement and power of attorney; provided, however, the Exchange may disapprove of any third-party service provider selected by the Attorney-in-Fact and require a third-party service provider acceptable to the Exchange. All such contract services shall be paid for only out of the twenty percent (20%) deduction referred to in paragraph 1 of the COMPENSATION OF ATTORNEY-IN-FACT section of this Agreement.

1. At any time, the Exchange, by a vote of not fewer than a majority of the members of its Board of Directors, may give the Attorney-in-Fact written notice of non-compliance with the terms of this Agreement or of the failure of the Attorney-in-Fact to comply with a lawful directive adopted by the Exchange's Board of Directors, in which event the Attorney-in-Fact shall have thirty (30) days thereafter within which to conform to or comply with this Agreement or such directive, and if said Attorney-in-Fact shall fail to conform to or comply with the terms of this Agreement or such directive within such period, then by a vote of not fewer than two-thirds (2/3) of the members of its Board of Directors, the Exchange may terminate the Attorney-in-Fact's appointment and powers hereunder by delivery of written notice to the Attorney-in-Fact prior to the effective date of termination.

2. At any time, by a vote of not fewer than two-thirds (2/3) of the members of its Board of Directors, the Exchange may terminate the Attorney-in-Fact's appointment and powers hereunder without cause by delivery of written notice to the Attorney-in-Fact no less than one hundred eighty (180) days' prior to the effective date of termination.

3. Notwithstanding the foregoing, termination of the Attorney-in-Fact shall not terminate the obligations of either party which arose prior to termination, and the Attorney-in-Fact shall be entitled to and may deduct for itself all sums due to the Attorney-in-Fact pursuant to the COMPENSATION OF ATTORNEY-IN-FACT section of this Agreement for services rendered and costs and expenses incurred up to and including the effective date of termination, provided there is no dispute concerning the legitimacy of those charges.

ASSIGNABILITY

The Attorney-in-Fact shall not assign this Appointment of Power of Attorney or any of the Attorney-in-Fact's powers, rights, or obligations hereunder.

INCORPORATION OF BYLAWS

The Subscriber agrees that the Bylaws of the Exchange are incorporated and made a part of this Subscriber's Agreement and Power of Attorney and that the Subscriber is contractually bound by the Bylaws and such Bylaws may be amended from time to time as provided in the Bylaws.

**BYLAWS
OF
FEDERATED RURAL ELECTRIC
INSURANCE EXCHANGE**

ARTICLE I

The Exchange and Its Subscribers

Section 1. Name, Purpose and Offices.

This organization shall be known as Federated Rural Electric Insurance Exchange (the "Exchange"), a reciprocal insurer organized and existing under Chapter 40, Article 16 of the Kansas Statutes, as amended. Its Subscribers (as defined below) shall exchange contracts of insurance or indemnity through the facilities of a common Attorney-in-Fact. The principal office for the transaction of business of the Exchange is hereby fixed and located at 7725 Renner Rd, Shawnee, Kansas 66217-9414. The Board of Directors (sometimes referred to herein as the "Board") may change said principal office from one location to another and may open branch offices as it deems necessary or desirable.

Section 2. Subscribership. Subscribership in the Exchange shall be limited to those electric and telephone cooperatives, cooperative or mutual associations that promote the rural society and economy, associated organizations of the foregoing organizations, and such other entities as the Board may allow which are then insured under the name of the Exchange through the facilities of its Attorney-in-Fact acting on behalf of the several Subscribers. The term "Subscribers" as used herein shall include those cooperatives or mutual organizations, associations, individuals, partnerships, corporations, or other entities or organizations:

(i) which are bound by a certain Subscriber's Agreement and Power of Attorney or any like agreement of the Exchange or issued an insurance policy by the Exchange in accordance

with Chapter 40 Article 16 of the Kansas Statutes, as amended; and

(ii) accepted by the Exchange and named in its books and records as a Subscriber.

A Subscriber shall cease being a Subscriber at such time as the Subscriber is no longer insured by the Exchange under an Exchange then current year in force insurance policy and shall then become a Discontinuing Subscriber. In addition, a Discontinuing Subscriber, and any insured that is insured solely through a Railroad Protective Liability Policy or an extended reporting period endorsement shall not be entitled to vote nor be entitled to receive notice of any meeting of Subscribers.

ARTICLE II

Subscribers

Section 1. Annual Meeting. The annual meeting of the Subscribers shall be held at such time, place and date and in such manner, including virtually, as may be determined by the Board of Directors for the transaction of such business as may come before the meeting.

Section 1A. Regional Meetings. The election of directors shall take place at regional meetings of the Subscribers and shall be held at such time, place, and date and in such manner, including virtually, as may be determined by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Subscribers, for any purpose or purposes, unless otherwise proscribed by statute, may be called by the Chairman of the Board or the Board of Directors, or by not less than ten percent (10%) of the votes entitled to be cast by the Subscribers. At a special meeting, only business within the purpose or purposes described in the notice of the special meeting may be transacted and no other business may be transacted at such meeting without the consent of a majority of Subscribers present.

Section 3. Place of Meeting. The Board of Directors may designate any place as the place of meeting for any annual or regional meeting or for

any special meeting called by the Board of Directors.

Section 4. Notice of Meeting. Written notice stating the place, day and hour of the annual meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman of the Board or the Secretary, or the officer or persons calling the meeting, to each Subscriber of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Subscriber at his address as it appears in the subscribership register of the Exchange with postage thereon prepaid.

Section 5. Fixing of Record Date. The Board of Directors may set a record date for the determination of the Subscribers entitled to notice of and to vote at any annual or special meeting. The record date shall be not more than sixty (60) days prior to the date of the meeting and to the extent the Board of Directors does not set a record date the date shall be the date sixty (60) days prior to such meeting. When a record date is so fixed, only Subscribers who are of record on that date are entitled to notice of and to vote at the meeting or at any adjournment thereof.

Section 6. Quorum. Except as otherwise provided by law, a majority of the Subscribers of the Exchange entitled to vote, represented in person or by proxy, shall constitute a quorum at an annual or special meeting of Subscribers. If less than a quorum of the Subscribers is represented at a meeting, a majority of the Subscribers so represented may adjourn the meeting from time to time, provided that a new notice of the adjourned meeting is mailed to the Subscribers in accordance with these Bylaws.

Section 7. Proxies. At all meetings of Subscribers, a Subscriber entitled to vote may vote by proxy appointed in writing by the Subscriber or by his duly authorized Attorney-in-Fact. Such proxy shall be filed with the Secretary of the Exchange before or at the time of the meeting. No proxy shall

be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 8. Voting. Each Subscriber entitled to vote shall be entitled to one (1) vote upon each matter submitted to a vote at a meeting of Subscribers. Each Subscriber and any subsidiary or affiliate thereof shall collectively have one (1) vote regardless of:

(i) the number of insurance policies or coverages issued to or obtained by such Subscriber and any subsidiary or affiliate thereof; or

(ii) the amount of surplus allocated to the equity account of such Subscriber and any subsidiary or affiliate thereof. For the purposes of these Bylaws, the terms “subsidiary” and “affiliate” shall mean any entity which is owned or controlled by a Subscriber. The majority vote of votes cast by the Subscribers, present in person or represented by proxy, shall decide any question brought before such meeting, unless a greater vote, or the approval, consent or concurrence is required by other provisions of these Bylaws, or any agreement, document, or instrument.

Section 9. Voting by Certain Persons. The voting rights of a Subscriber may be exercised by the chief executive officer of a Subscriber, or any other officer or proxy appointed by such chief executive officer, in the absence of express notice to the Exchange, given in writing to the Secretary, of the designation of some other person by the Board of Directors or by the bylaws of such Subscriber.

Section 10. Waiver of Notice of Subscriber. Whenever any notice whatsoever is required to be given to any Subscriber of the Exchange under the Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the Subscribers entitled to such notice, shall be deemed equivalent to the giving of such notice. A Subscriber’s attendance at a meeting:

(i) waives objection to lack of notice or defective notice of the meeting, unless the Subscriber at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Subscriber objects to considering the matter when presented.

Section 11. Informal Action By Subscribers. Any action required or permitted by this Subscriber's Agreement or any provision of law to be taken at a meeting of the Subscribers, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Subscribers entitled to vote with respect to the subject matter thereof.

ARTICLE III
Board of Directors

Section 1. General Powers. The business and affairs of the Exchange shall be governed by the Board of Directors, except as is otherwise provided by law or this Agreement. The powers and duties of the Board of Directors shall include the following:

(a) To provide general policy direction for the Exchange.

(b) To review the operations of the Exchange and evaluate the work and performance of the Attorney-in-Fact.

(c) To enter into agreements on behalf of the Exchange with the Attorney-in-Fact.

(d) To, at any time, by a vote of not fewer than a majority of its members, give the Attorney-in-Fact written notice of non-compliance with the terms of this Agreement or of the failure of the Attorney-in-Fact to comply with a lawful directive adopted by the Board of Directors, in which event the Attorney-in-Fact shall have thirty (30) days thereafter within which to conform to or comply with this Agreement or such directive, and if said Attorney-in-Fact shall fail to conform to or comply with the terms of this Agreement or such directive within such period, then by a vote of not fewer than two-thirds (2/3) of its members, the Board of Directors may terminate the Attorney-in-Fact's appointment and powers hereunder pursuant to the

provisions of the Termination of Attorney-in-Fact section of the Subscriber's Agreement and Power of Attorney. At any time, by a vote of not fewer than two-thirds (2/3) of its members, the Board of Directors may terminate the Attorney-in-Fact's appointment and powers hereunder without cause by delivery of written notice to the Attorney-in-Fact no less than one hundred eighty (180) days' prior to the effective date of termination pursuant to the provisions of the Termination of Attorney-in-Fact section of the Subscriber's Agreement and Power of Attorney.

(e) To select qualified auditors to inspect and audit the books and accounts of the Attorney-in-Fact; and the Board shall review the procedures of the Attorney-in-Fact for the safeguarding of money and other assets and direct the Attorney-in-Fact with respect to the investment of assets.

(f) To select qualified auditors to audit the books and accounts of the Exchange.

(g) Upon the removal or resignation of the Attorney-in-Fact, the Board shall replace the Attorney-in-Fact in a timely manner by selecting and appointing a successor and executing thereto in our name and on our behalf such power of attorney, designation, or other instrument as may be necessary or proper to enable it to act as Attorney-in-Fact, without any further action by the Subscribers; and the Board of Directors shall mail to each Subscriber timely notice of each and every such change made.

(h) To supervise the finances of the Exchange and to supervise the operations of the Exchange to such extent as to assure conformity with the Subscriber's Agreement and Power of Attorney and any agreement between the Exchange and its Attorney-in-Fact or such other parties that perform contractual services for the Attorney-in-Fact or the Exchange, as such documents may be entered into or amended from time to time.

(i) To terminate the Subscriber's Agreement and Power of Attorney in accordance with its terms, after consultation with the Attorney-in-Fact.

(j) To exercise and carry out the foregoing powers and duties, the Board of Directors shall have the authority to:

(i) select and retain auditors who shall examine the books and accounts of the Exchange and the Attorney-in-Fact and report thereon to the Board; and

(ii) take any other action (including, without limitation, the selection and retention of investment counsel, actuaries, attorneys and other firms and persons) which the Board determines to be necessary or advisable as a means of exercising and carrying out such powers and duties in a reasonable manner.

(k) To determine whether and how to allocate profits or statutory income among Subscribers to be credited to such Subscribers;

(l) To determine policies concerning payments of equity accounts to Discontinuing Subscribers;

(m) The Board shall have the powers and duties as are delegated to it by the other provisions of the Subscriber's Agreement and Power of Attorney, as they may be amended from time to time; and

(n) The Board shall have the authority:

(i) to determine whether to sell, lease, exchange or otherwise dispose of all or substantially all of the property of the Exchange, otherwise than in the usual and regular course of business, in light of the mission of the Exchange and, if so, determine the terms and conditions upon which and the consideration for which, such disposition shall be made;

(ii) to submit the proposed transactions to the Subscribers; and

(iii) to take all other actions as provided in Article VIII, Section 2, of these Bylaws with respect thereto.

Section 2. Number and Regional Representation, Qualifications and Nominations.

2.1 Subject to the qualifications as hereinafter set forth, each territorial region described in Section 2.2 below shall be entitled to nominate and elect two (2) persons to serve on the Board of Directors of this Exchange.

2.2 The United States, its territories and possessions shall be divided into ten (10) regions as follows:

Region No. 1:

Maine, Vermont, New Hampshire, Massachusetts, New York, Connecticut, Rhode Island, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, and North Carolina.

Region No. 2:

South Carolina, Georgia, Florida, and all territories, possessions and commonwealths of the United States bordering upon or in the Atlantic Ocean.

Region No. 3:

Kentucky, Tennessee, Mississippi, and Alabama.

Region No. 4:

Michigan, Indiana, Ohio, and West Virginia.

Region No. 5:

Wisconsin, Iowa, and Illinois.

Region No. 6:

North Dakota, South Dakota and Minnesota.

Region No. 7:

Wyoming, Nebraska, Colorado and Kansas.

Region No. 8:

Oklahoma, Missouri, Arkansas, and Louisiana.

Region No. 9:

Washington, Montana, Idaho, Oregon, Nevada, California, Utah, Alaska, Hawaii, and all territories, possessions and commonwealths of the United States bordering upon or in the Pacific Ocean.

Region No. 10:

Arizona, New Mexico, and Texas.

2.3 Qualifications:

(a) Each region shall be entitled to have two (2) representatives elected to serve on the Board of Directors. One (1) person elected shall be a chief executive officer/manager and one (1) a director of a policyholder and Subscriber as hereinafter set forth. No more than one (1) director shall come from a given state within a region.

(b) For Regions 1 through 10, directors must be members of the Board of Directors or chief executive officers/managers of a Subscriber which is a policyholder insured under an Exchange then current year in force All Risk Blanket policy. For the purpose of this qualification only, such person shall be considered as representing such Subscriber. If at any time a director shall cease to be a director or chief executive officer/manager of a Subscriber which is a policyholder insured under an Exchange then current year in force All Risk Blanket Policy; or if the Subscriber itself shall no longer be insured under an Exchange then current year in force All Risk Blanket Policy, then such person shall become disqualified to serve as a director of this Exchange and shall be removed as a director, and a vacancy on the Board shall be deemed to exist.

(c) Tenure: Directors shall be elected at the regional meeting of Subscribers. The terms of the directors shall be three (3) years. The Board of Directors shall stagger the terms so approximately one-third (1/3) of the Board will be elected each year. Directors serving unexpired terms at the time of adoption of this bylaw shall continue to serve until the expiration of the term. The Board of Directors shall have the authority to determine the initial term of a director elected so all directors from

a given region will be elected at the same time and to three-year terms.

(d) No director elected from Region 1 through 10 shall be elected to serve more than three (3) consecutive three-year terms. A partial term of less than three (3) years shall be excluded from this requirement.

(e) Elections at Regional Meetings:

(i) The Board of Directors shall each year call a regional meeting of the Subscribers in each region from which a director is to be elected. The Board of Directors may set a record date for the determination of the Subscribers entitled to notice of and to vote at any regional meeting. The record date shall be not more than forty-five (45) days prior to the date of the regional meeting and to the extent the Board of Directors does not set a record date, the date shall be forty-five (45) days prior to such regional meeting. When a record date is so fixed, only Subscribers who are of record on that date are entitled to notice of and to vote at the regional meeting or any adjournment thereof. Written notice stating the place, day and hour of the regional meeting shall be delivered not less than twenty (20) days nor more than forty-five (45) days before the date of the regional meeting, either personally or by mail, to each Subscriber of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Subscriber at his address as it appears in the subscribership register of the Exchange with postage thereon prepaid. There shall be no quorum requirement, and the Subscribers at such meeting shall elect one (1) person from one or more nominees for each office of director to be filled.

(ii) Qualified individuals as defined in Section 2.3(b) above, shall file a written notice indicating their wish to run for a director's position. Such notice shall be filed with the Secretary of the Exchange not less than forty-five (45) days prior to the date of the meeting. Nominations from the floor will not be accepted unless no qualified individuals file such notice.

(iii) Each Subscriber shall be entitled to one (1) vote for each office of director to be elected.

Section 3. Regular Meetings. A regular meeting of the Board of Directors may be held, without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of Subscribers, and each adjourned session thereof. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Kansas, for the holding of additional regular meetings without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board or the President, or by a petition requested by at least fifty percent (50%) of the directors to be held at the principal office of the Exchange, at such time as the person calling the meeting shall designate. Such special meetings may also be held by telephone conference call or a web-based meeting format.

Section 5. Notice. Notice of any special meeting of the Board of Directors shall be given at least twenty-four (24) hours and not more than ten (10) days previously thereto by written notice delivered personally or mailed to each director at his business address, or by electronic mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. Whenever any notice whatsoever is required to be given to any director of the Exchange under these Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting and objects thereto to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at, or the purpose of, any regular meeting of the Board of Directors need not be specified in the notice or waiver of notice of such meeting but shall be specified in the notice or waiver of notice of any special meeting.

Section 6. Quorum. Except as otherwise provided by law or these Bylaws, a majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the

transaction of business at any meeting of the Board of Directors, but a majority of the directors present (though less than such quorum) may adjourn the meeting from time to time without further notice.

Section 7. 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, unless the act of a greater number is required by law or these Bylaws.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled until the next succeeding regional election by the affirmative vote of a majority of the directors then in office, though less than a quorum of the Board of Directors.

Section 9. Compensation. The Board of Directors, by affirmative vote of a majority of the directors then in office, shall pay the actual expenses of directors or officers plus a per diem for attending meetings and for otherwise attending to the affairs of the Exchange. During such period of time, the Board of Directors shall have full authority to determine and pay the appropriate compensation of the officer or director.

Section 10. Presumption of Assent. A director of the Exchange who is present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Exchange immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Informal Action by Directors. Any action required or permitted by the Subscriber's Agreement, including these Bylaws, or any provision of law, to be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 12. Removal. Any member of the Board of Directors may be removed by the affirmative vote of two-thirds (2/3) of the members of the Board of Directors then in office if that member is physically or mentally incapable of performing his duties as a director of the Exchange. The vacancy created by such a removal may be filled until the next succeeding regional election by the affirmative vote of a majority of the directors then in office, though less than a quorum of the Board of Directors.

Section 13. Committees.

(a) Executive Committee: The Board of Directors, by resolution adopted by a majority of the whole board, may designate three or more directors to constitute an Executive Committee, which committee, to the extent provided in said resolution, shall have and exercise all of the authority of the Board of Directors in the management of the Exchange except action in respect to distributions to Subscribers, election of officers or the filling of vacancies in the Board of Directors or committees thereof. The designation of such an Executive Committee and the delegation thereto of authority by the Board of Directors shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by this Agreement or by law.

(b) Other Committees: The Board of Directors, by resolution adopted by a majority of the whole board, may designate three or more directors to constitute such other committees not having or exercising the authority of the Board of Directors in the management of the Exchange, but to the extent provided in said resolution to take such action as deemed necessary to help promote and carry out the purposes of the Exchange. The name of any such committee shall be specified in the resolution authorizing the committee.

ARTICLE IV
Officers

Section 1. Number. The principal officers of the Exchange shall be a Chairman, Vice-Chairman, Secretary, Treasurer and President/Chief

Executive Officer; each of whom shall be elected by and from the Board of Directors, except the President/Chief Executive Officer who shall not be a director. The Board shall also elect an Assistant Secretary and an Assistant Treasurer. The Exchange may also have at the discretion of the Board of Directors, other officer positions, including a Chief Financial Officer, General Counsel and Vice-Presidents, all of whom shall be appointed by the President/Chief Executive Officer. Any two or more offices may be held by the same person, except the offices of President/Chief Executive Officer and Assistant Secretary, Chairman and Vice-Chairman, and President/CEO and Vice-President.

Section 2. Election and Term of Office. The officers of the Exchange to be elected by the Board of Directors shall be elected annually by the Board of Directors at the meeting (or the meeting prior to the annual meeting) of the Board of Directors held before each annual meeting of the Subscribers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. The officers elected at the February Board meeting shall take office after the annual meeting of the Subscribers immediately following such election. Each officer shall hold office until his successor shall have been duly elected or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

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 Exchange will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. In the temporary case of temporary vacancies caused by the inability of a director to attend a meeting, the Board may elect any qualified person designated by the President or

the Board or the Subscribers as an alternate to the Board.

Section 5. President. The President shall be the chief executive officer of the Exchange. He shall have authority, subject to such rules as may be prescribed by the Board of Directors, to sign, execute and acknowledge, on behalf of the Exchange, all deeds, mortgages, bonds, stock certificates, contracts, leases, and other documents or instruments necessary or proper to be executed in the course of the Exchange's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he may authorize any Vice-President or other officer or agent of the Exchange to sign, execute and acknowledge such documents or instruments in his place and stead. In addition, the Board of Directors may authorize the President to perform those duties ordinarily given a chief executive officer including the superintendence of the care, management and use of all property of the Exchange, and, subject to the control of the Board of Directors, hire and discharge employees, purchase and sell property of the Exchange in the regular course of business, and in general manage the business and affairs of the Exchange. He shall be required to maintain records and accounts of all transactions of the Exchange in such a manner that the true and correct condition of the business may be ascertained therefrom at any time and he shall render annual and periodical statements in the form and manner prescribed by the Directors.

In general, he 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-Presidents. The Vice-Presidents shall have such powers and shall perform such duties as shall be given to them by the President.

Section 7. Secretary. The Secretary, or a duly appointed Assistant Secretary, shall:

(i) keep the minutes of the Subscribers' and the Board of Directors' meetings in one or more books provided for that purpose;

(ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(iii) be custodian of the books of minutes of all meetings of the Board of Directors and Subscribers of the Exchange;

(iv) keep a register of the post office address of each Subscriber which shall be furnished to the Secretary by such Subscribers;

(v) have general charge of the Subscribership register of the Exchange; and

(vi) in general, perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the Treasurer, or a duly appointed Assistant Treasurer, shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall:

(i) have charge and custody of and be responsible for all funds and securities of the Exchange; receive and give receipts of moneys due and payable to the Exchange from any source whatsoever, and deposit all such moneys in the name of the Exchange in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; and

(ii) in general, perform all the duties and exercise such other authority as from time to time may be delegated or assigned to him by the President or by the Board of Directors. The Board of Directors may authorize any officer or agent of the Exchange to perform this duty, provided such person is bonded as required by law of the Treasurer, and unless such authorization is otherwise prohibited by law.

Section 9. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the Subscribers and

of the Board of Directors and shall perform such other duties as shall be designated by the Board. The Vice-Chairman shall act in the absence of the Chairman.

ARTICLE V

Limitation of Liability of Directors, Officers and Subscribers and Indemnification Thereof

Section 1. Exculpation of Liability. No director or officer of the Exchange shall be liable to the Exchange or to any other person for any act or omission of any other director, officer or employee of the Exchange, or the Attorney-in-Fact, or its directors, officers, members or agents, whatsoever in tort, contract or otherwise in connection with the management or operations of the Exchange, except only that arising from his own willful misfeasance, bad faith, gross negligence, or reckless disregard of duty which must be proven by clear and convincing evidence .

Section 2. Limitation of Liability of Subscribers, Directors, Officers, and Others. The directors and officers of the Exchange, the Attorney-in-Fact and its directors, officers and employees, and all other agents of the Exchange, in incurring any debts, liabilities or obligations, or in taking or omitting any other actions for or in connection with the Exchange, are, and shall be deemed to be, acting as representatives of the Exchange and not in their own individual capacities. Except to the extent provided in Section 1 of Article V, no director, officer or employee of the Exchange or the Attorney-in-Fact, or any Subscriber to the Exchange, shall be liable for any debt, claim, demand, judgment, decree, liability or obligation of any kind of, against or with respect to the Exchange arising out of any action taken or omitted for or on behalf of the Exchange and the Exchange shall be solely liable therefor and resort shall be had solely to the assets of the Exchange for the payment or performance thereof. In any event, the liability of Subscribers to the Exchange or to any other person by reason of any matter related to the Subscriber's participation in the Exchange or to any aspect of the management or operations of the Exchange shall be several and not joint and shall be limited as

provided in this Subscriber's Agreement and Power of Attorney.

Section 3. Express Exculpatory Clauses in Instruments. As far as practicable, the directors shall cause any written instrument creating an obligation of the Exchange to include a provision that neither the Subscribers, directors, officers, nor agents of the Exchange shall be liable thereunder and that the other parties to the instruments shall look solely to the assets of the Exchange for the payment of any claim thereunder or for the performance thereof; however, the omission of an exculpatory provision from any instrument shall not render the Subscribers or any director, officer, or agent liable, nor shall any director, officer, or agent of the Exchange be liable to anyone for omission of an exculpatory provision. The Subscriber's liability by reason of participation in the Exchange shall be several and not joint and shall be limited as provided in this Subscriber's Agreement and Power of Attorney.

Section 4. Rights of Indemnification and Reimbursement. In the event a member or members of the Board of Directors, or any Committee of the Board of Directors, or any officer of the Exchange, or a member of the Board of Directors or any officer of the Attorney in Fact, is made a party or parties to any action, suit or proceeding in which a claim or liability is asserted allegedly on the basis of acts or omissions by such person or persons, the Exchange shall indemnify and hold harmless such person or persons against judgments, fines, amounts paid on account thereof, whether settlement or otherwise, and reasonable expenses, including attorneys' fees, actually and reasonably incurred by such person or persons in connection with the defense of the action, suit, proceeding, claim for alleged liability or in connection with any appeal therein, whether or not the same proceeds to judgment or is settled or otherwise brought to a conclusion; provided, however, that no such person shall be so indemnified or reimbursed for any claim, obligation or liability which arose out of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of duty; and provided, further, that such person gives prompt notice thereof, executes documents and takes such actions as will permit the Exchange to conduct the defense or settlement

thereof and cooperates therein. In the event of a settlement approved by the Board of Directors of any claim, alleged liability, action, suit or proceeding, indemnification and reimbursements shall be provided, except as to matters covered by the settlement which the Board of Directors determines, after consultation with its own counsel, arose from such person's willful misfeasance, bad faith, gross negligence or reckless disregard of duty. The expenses, including attorneys' fees, incurred by such person as to which indemnification may be made pursuant to this Section may be paid in advance by the Exchange upon receipt of an undertaking by or on behalf of such person to repay the amount if it shall be ultimately determined that such person is not entitled to be indemnified by the Exchange. Such rights of indemnification and reimbursement shall be settled only out of the assets of the Exchange. Rights accruing to any such person under these provisions shall not exclude any of the rights to which such person may be lawfully entitled should anything contained herein restrict the right of the Exchange to indemnify or reimburse such person in any proper case, even though not specifically provided for herein, nor shall anything contained herein restrict the right of such person to such contribution as may be available under applicable law.

Section 5. Insurance. The Exchange shall be authorized to pay, in whole or in part, the premium or any other charge for any type of indemnity insurance under which any member of the Board of Directors or any member of any Committee of the Board of Directors, or any officer or employee of the Exchange or of the Attorney-in-Fact of the Exchange and the Subscribers is indemnified or insured against liability or loss arising out of his actual or asserted misfeasance or malfeasance in the performance of his duties, including, but not limited to, judgments, fines, settlements and expenses incurred in the defense of any action, proceedings and appeals therefrom.

ARTICLE VI Operating Guidelines

Section 1. Purpose. The purpose for which this Exchange is formed is to carry on and transact in the State of Kansas and other jurisdictions the

business of a reciprocal insurer for the benefit of its Subscribers by providing insurance.

Section 2. Surplus. The Exchange shall at all times endeavor to maintain a minimum surplus of assets over all liabilities of not less than two million four hundred thousand dollars (\$2,400,000), and such additional surplus as the Board of Directors, after consultation with the Attorney-in-Fact of the Exchange, determines is required for the continuing operation of the Exchange, after making provision for claims, losses, reserves, reinsurance, taxes and expenses of any nature whatsoever.

Section 3. Borrowing and Deposits. No loans shall be contracted on behalf of the Exchange and no evidence of indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. The Board of Directors may, from time to time, institute guidelines for the Attorney-in-Fact to obtain funds from Subscribers or others in order to establish and maintain the surplus of the Exchange within the levels determined pursuant to Section 2 of Article VI, and such funds may be obtained in the form of borrowings from Subscribers or third parties, surplus deposits or any other reasonable means, upon such terms and conditions as the Board of Directors shall deem necessary or appropriate, and the Board of Directors may authorize the Attorney-in-Fact to issue such form of contribution certificates, debentures or other written evidence of such borrowings or deposits as the Attorney-in-Fact shall deem appropriate. All funds of the Exchange not otherwise employed shall be deposited from time to time to the credit of the Exchange in such banks, trust companies or other depositories as may be selected by or under the authority of the Board of Directors.

ARTICLE VII Miscellaneous Provisions

Section 1. Inspection of Records. The subscribership register, the books of account, and minutes of proceedings and meetings of the Subscribers and directors, except executive sessions of Subscribers or directors, shall be open to inspection upon the written demand of any Subscriber at any reasonable time, and for a purpose

reasonably related to its interests as a Subscriber. Such inspection may be made in person or by an agent and shall include the right to make copies thereof. Demand for inspection shall be made in writing delivered to the Chairman of the Board of Directors or the Secretary.

Section 2. Report. The Board of Directors may cause to be sent to the Subscribers such reports in such form and at such times as may be deemed appropriate by the Board of Directors.

Section 3. Execution of Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Exchange, and such authority may be general or confined to specific instances.

Section 4. Authorization to Vote Investment Securities. The Board of Directors may authorize an officer of the Exchange and/or an officer of the Attorney-in-Fact, to vote, represent and exercise on behalf of the Exchange all rights incident to any and all shares of any corporation or corporations standing in the name of the Exchange or its agent or nominee. The authority herein granted to said officer to vote or represent on behalf of this Exchange any and all shares held by this Exchange in any other corporation or corporations may be exercised either by such officers in person or by any person authorized to do so by proxy or power of attorney duly executed by said officers. The authority to vote, represent and exercise on behalf of the Exchange all rights incident to any and all shares of any corporation or corporations standing in the name of the Exchange or its agent or nominee shall also apply with respect to any and all corporate or government bonds, securities, debentures, notes, and any other form of negotiable securities or evidence of debt.

Section 5. Inspection of Subscriber's Agreement. The Exchange shall keep in its principal office for the transaction of business at 7725 Renner Road, Shawnee, Kansas, the Subscriber's Agreement certified by the Secretary, which shall be open to inspection by the Subscribers at all reasonable times during ordinary business hours.

Section 6. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of the Exchange, shall be signed by such officer or officers, agent or agents, of the Exchange and in such a manner as shall from time to time be determined by or under the authority of the Board of Directors.

ARTICLE VIII
Rights of Subscribers on Liquidation;
Sale of Assets

Section 1. Liquidation. The Board of Directors of the Exchange, with the affirmative vote of sixty-six and two-thirds percent (66 2/3 %) of the Subscribers, may elect to terminate and liquidate the business of the Exchange. In the event of such voluntary termination and liquidation, or in the event of an involuntary liquidation by the Kansas Insurance Department, the liabilities of the Exchange shall be satisfied or provided for as required by applicable law. If any surplus exists after the payment of or provision for all liabilities, including for purposes of this Article VIII obligations of the Exchange under contribution certificates or similar instruments and surplus deposits maintained with the Exchange, such surplus shall be distributed to its Subscribers who are such Subscribers of the Exchange within twelve (12) months prior to the last termination of its license and a conservator or liquidator is appointed in the case of an involuntary liquidation. Each such Subscriber's share of such distribution shall be in such amount and in such proportion as shall be determined by the Board of Directors in its reasonable discretion in the case of a voluntary liquidation, or by the Kansas Insurance Department or a court having jurisdiction in the event a conservator or liquidator is appointed in the case of an involuntary liquidation. In the event such liquidation and distribution of assets as provided for herein shall be in conflict with existing state or federal law at the time of such liquidation, then such liquidation and distribution shall be conducted in conformity with then existing law.

Section 2. Sale of Assets Other than in Regular Course of Business.

(a) To the extent otherwise legally permissible, all or substantially all of the property of the Exchange may be sold, leased, exchanged or disposed of otherwise than in the usual and regular course of business, on the terms and conditions and for the consideration determined by the Board of Directors, if the Board of Directors adopts and the Subscribers approve of the proposed transaction. For a transaction within the immediately preceding sentence to be authorized:

(i) the Board of Directors, if it approves of the proposed transaction or cannot do so because of a conflict of interest or other special circumstances, shall submit the proposed transaction to the Subscribers with its recommendation of approval unless the Board determines that, because of a conflict of interest or other special circumstances, it should make no recommendation of approval and communicates the basis for its determination to the Subscribers with the submission of the proposed transaction; and

(ii) the Subscribers entitled to vote shall approve the transaction as provided herein.

(b) The Board of Directors may condition its submission of the proposed transaction on any basis.

(c) The Secretary shall notify each Subscriber of the proposed meeting in accordance with the provisions of Sections 2 and 4 of Article II of these Bylaws. The notice shall also state that the purpose, or one of the purposes, of the meeting is to consider the sale, lease, exchange or other disposition of all, or substantially all, of the property of the Exchange and contain or be accompanied by a copy or summary of the agreement pursuant to which the transaction will be effected. If only a summary of the agreement is sent to Subscribers, a copy of the agreement will be sent to any Subscriber who requests it.

(d) Unless the Board of Directors, acting pursuant to subsection (b) of this section, requires a lesser vote, the transaction to be authorized shall be

approved by more than three-fourths (3/4) of all Subscribers; provided, however, in no event, may the Board require the transaction to be approved by a vote of less than two-thirds (2/3) of all Subscribers.

(e) Unless the parties to the transaction have agreed otherwise, after a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned, subject to any contractual rights, without further Subscriber action in accordance with the procedures set forth in the resolution proposing the transaction or, if none is set forth, in the manner determined by the Board of Directors.

**ARTICLE IX
Amendments**

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the Board at any regular or special meeting of the Board by a majority of not less than two-thirds (2/3) of the members of the Board of Directors. The notice of such regular or special meeting shall specify the purpose of such alteration or amendment. Further, any Bylaw or amendment thereof changing the authorized number or manner of electing the Board of Directors shall be subject to the approval of not less than two-thirds (2/3) of Subscribers entitled to vote. The Subscribers entitled to vote, however, shall have the power to rescind, amend, alter or repeal any Bylaws and to enact new Bylaws which, if expressly so provided, may not be amended, altered or repealed by the Board, provided, such adoption, amendment or repeal of a Bylaw by the Subscribers shall be by a majority of the Subscribers entitled to vote.

End of Bylaws

GENERAL PROVISIONS

1. The intent and purpose of this instrument is to vest in said Attorney-in-Fact the power necessary to enable the undersigned Subscriber, through it, to exchange indemnity or insurance with other Subscribers; provided, however, that said

Attorney-in-Fact shall not bind the Subscriber by the obligations of any other Subscriber, but for itself alone, and shall have no power to make the Subscriber jointly liable with any other Subscriber and every liability of whatever nature which is authorized to be insured for Subscriber hereunder is in every case separate and not joint.

2. The Exchange shall be a non-assessable reciprocal and shall only issue non-assessable policies to its Subscribers as required under Kansas Statutes Annotated § 40-1630.

3. This Agreement is expressly limited to the use and purposes herein defined and specified and no other.

4. The term “premium” as used herein means the amount payable by the Subscriber under the terms of indemnity or insurance contracts issued to the Subscriber, including all fees.

5. The term “Subscriber” means a cooperative or mutual organization, association, individual, partnership, corporation or other entity or organization insured by the exchange of contracts of indemnity or insurance with others through Federated Rural Electric Insurance Exchange. If the Subscriber is an entity or association, it shall be represented by the chief executive officer/manager of such Subscriber, or any other officer or proxy appointed by such Subscriber.

6. The terms “equity account(s),” “subscriber equity account(s),” and “member equity account(s)” shall mean a combination of the subscriber savings account(s) and the subscriber capital account(s).

7. The term “subscriber savings account” means the account that is established and maintained for each Subscriber of the Exchange and which is comprised of the statutory savings of the Exchange credited to a Subscriber pursuant to section 832(f) of the Internal Revenue Code. The subscriber savings accounts created by the Exchange are only accounting entries on the books and records of the Exchange and not separate funded financial accounts.

8. The term “subscriber capital account” means the account that is established and maintained for each Subscriber of the Exchange and which is comprised of funds that are contributed to the Exchange by a Subscriber, that were converted to the Exchange when it converted to an exchange, or that are otherwise credited to the subscriber capital account of a Subscriber by the Exchange. The subscriber capital accounts are only accounting entries on the books and records of the Exchange and are not separate financial accounts.

9. All savings or net income, effected after setting aside reserves required by law, together with such additional reserves for losses and expenses as shall be determined by the Board of Directors to be necessary, may be credited to individual subscriber’s subscriber savings accounts at least annually. The Board of Directors shall determine whether to credit all, part or none of the Exchange’s savings or net income to Subscriber’s subscriber savings accounts for each tax year. If the Board of Directors determines to credit all or part of the Exchange’s savings or net income to subscriber savings accounts, the Board may allocate such savings or net income to be credited to individual subscriber savings accounts based upon such criteria, factors or by such formula as determined by the Board and may change such criteria, factors, and formula from year to year or time to time as the Board determines in its sole discretion. All Subscribers that have at least one insurance policy in force with the Exchange are potentially eligible for allocations and credits of savings to their subscriber savings accounts, though no Subscriber is entitled to a credit to their subscriber savings account. When the Exchange management determines that certain specific expenses pertain to, are generated by, or are more appropriately and fairly allocated to a particular Subscriber or Discontinuing Subscriber, then the Exchange management may direct the allocation of such expenses be applied to the specific Subscriber or Discontinuing Subscriber which generated the expense or that the expenses pertain to and to which such expenses are more fairly allocated.

10. As permitted under Kansas law, at any time as the Board of Directors determines, in its reasonable discretion, that the surplus of the

Exchange is adequate for the estimated continuing operating requirements of the Exchange and the protection of the Subscribers, and that additional surplus is available for a return of capital or payment of a distribution of savings to Subscribers of the Exchange, the Board of Directors may declare a return of capital or a distribution of savings or both to the Subscribers of the Exchange in the amount of such additional surplus available for distribution, or any portion thereof, and each Subscriber's share of such return or distribution shall be in such amount and in such proportion as shall be determined by the Board of Directors and in conformity with the Subscriber's Agreement and Power of Attorney and applicable law. In determining whether surplus is available for return or distribution to Subscribers, the Board of Directors may take into account the Exchange's present needs, future needs, projected needs and any other factors or circumstances it deems relevant, including reserves for future repayment of contributions, advances, or borrowings from its Subscribers and other interested parties that are permitted by applicable law to be treated as surplus of the Exchange.

11. A Subscriber becomes a "Discontinuing Subscriber" at such time as such Subscriber is no longer insured under an Exchange then current year issued in force insurance policy. Such Discontinuing Subscriber shall remain subject to the Subscriber's Agreement and Power of Attorney. A Discontinuing Subscriber remains a Discontinuing Subscriber until the policy years for the policies issued to the Discontinuing Subscriber are no longer subject to adjustment. A Discontinuing Subscriber's equity accounts shall remain subject to adjustment during this time. All policies of insurance issued to a Discontinuing Subscriber when it was a Subscriber shall continue in effect in accordance with the insurance policies' terms and conditions and shall not be affected in any way by this Agreement. All claims made against a Discontinuing Subscriber under Exchange insurance policies issued to it shall be handled strictly in accordance with those insurance policies terms and conditions and shall not be affected in any way because of the change of status from Subscriber to Discontinuing Subscriber and shall not be affected in any way by this Agreement. The Board shall adopt a policy regarding the payment of subscriber

savings account balances to Discontinuing Subscribers, which may be amended from time to time, and which shall determine when and over what period of time such payments shall be made. The Board shall adopt a policy regarding the payment of subscriber capital account balances to Discontinuing Subscribers, which may be amended from time to time, and which shall determine when and over what period of time such payments shall be made. At the time a Discontinuing Subscriber is to receive any payment from its subscriber savings account, the Exchange shall make a downward adjustment, if applicable, to a Discontinuing Subscriber's subscriber equity accounts to reflect such Discontinuing Subscriber's correct proportionate share, resulting from any difference between the statutory surplus available to pay the Exchange Subscribers as reflected on the most recent annual statutory financial statements of the Exchange, as such statutory surplus shall be increased or decreased by unrealized capital gains and losses (not taking into account unrealized capital gains and losses in stocks), and the aggregate statement of account balances for all subscribers (the "Adjustment"). The Exchange shall apply the Adjustment to any of the Discontinuing Subscriber's subscriber equity accounts in such amounts as the Exchange management deems appropriate. The Adjustment shall be applied beginning May 19, 2016 to all Discontinuing Subscribers, including those that had become Discontinuing Subscribers prior to May 19, 2016. If a Discontinuing Subscriber can no longer be located by the Exchange, after reasonable attempts to do so for a period of at least 180 days, or ceases to exist, or is the subject of proceedings, whether voluntary or involuntary, for bankruptcy, insolvency or the winding down of its affairs, then the Exchange shall reallocate the amount of such Discontinuing Subscriber's subscriber savings account to the other Subscribers, not including Discontinuing Subscribers, based on each Subscriber's pro rata share of Subscriber capital to the total Subscriber capital of all Subscribers as reflected on the Exchange's most recent annual statutory financial statements. To the extent such Discontinuing Subscriber's subscriber savings account balance is less than \$2,000, then such amounts may be reallocated to other Subscribers pro rata as provided immediately above or, in the discretion of the Exchange management, allocated to the unallocated surplus of the Exchange.

The Discontinuing Subscriber shall be responsible for all third party expenses incurred by the Exchange in attempting to locate the Discontinuing Subscriber or in connection with any bankruptcy or insolvency filings or proceedings, which amounts may be offset against the Discontinuing Subscriber's equity accounts or otherwise charged and invoiced to the Discontinuing Subscriber. Upon the payment by the Exchange to the Discontinuing Subscriber of all of the Discontinuing Subscriber's equity account balances the Discontinuing Subscriber shall no longer be subject to the Subscriber's Agreement and Power of Attorney which shall automatically terminate with regards to such Discontinuing Subscriber.

12. The funds and costs necessary to operate and manage the Exchange may be advanced, paid, or loaned to the Exchange by the Attorney-in-Fact. The Exchange shall reimburse such advance or issue subordinated notes to the Attorney-in-Fact as evidence of this debt. The subordinated loans shall be payable on demand; however, no payment in respect of principal or interest on such subordinated loan may be made by the Exchange, except out of the insurer's surplus in excess of its minimum required surplus of two million four hundred thousand dollars (\$2,400,000).

13. Subscribers, by the Board of Directors, may be divided into classes or groups in accordance with the nature of their business, the geographic location of their business, the risk or liabilities assumed, their loss experiences, or such other criteria deemed appropriate by the Board of Directors. The premiums charged and the losses and expenses incurred may be allocated on a group or class basis under the direction and at the discretion of the Board of Directors.

14. The Subscriber agrees to be bound by Policy No. 103 adopted by the Board of Directors with respect to handling unsolicited offers to acquire all or substantially all of the Exchange's assets, and as such policy may be amended from time to time by the Board of Directors. A copy of Policy No. 103 shall be made available to any Subscriber requesting a copy in writing, subject to signing a nondisclosure and confidentiality agreement acceptable to the Exchange.

15. The term "person" means any individual, entity, corporation, limited liability company, partnership, unincorporated association, cooperative, local, state, or federal governmental entity, liquidator, rehabilitator, or any party claiming by or through a person directly or indirectly.

16. Any personal pronoun used herein to refer to the Attorney-in-Fact shall apply regardless of whether the Attorney-in-Fact is a firm, corporation or one or more individuals. The use of pronouns of any specific gender shall not in any way be deemed to limit the applicability of such pronoun, and each pronoun shall be deemed to include the corresponding pronoun of the opposite gender.

17. It is hereby expressly stipulated that the power of attorney to the Attorney-in-Fact shall be and hereby is limited to uses contemplated, expressed, and related to matters in this Agreement.

18. The Subscriber agrees to accept and be bound by all of the terms and conditions of this Subscriber's Agreement and Power of Attorney, including the Bylaws, and to comply with, and make payment as required by, all contracts of indemnity or insurance issued by the Attorney-in-Fact pursuant to the authority delegated hereunder. The Subscriber agrees, accepts, and understands that this Subscriber's Agreement and Power of Attorney supersedes any previous Subscriber's Agreement and Power of Attorney. Regardless of whether the Subscriber has executed or not executed this Subscriber's Agreement and Power of Attorney, the Subscriber agrees to be bound and is bound by the most recent Subscriber's Agreement and Power of Attorney on file with the Attorney-in-Fact and the Kansas Insurance Department. If the most recent Subscriber's Agreement and Power of Attorney on file with the Attorney-in-Fact and the Kansas Insurance Department differs from this or a Subscriber's Agreement and Power of Attorney filed subsequent to this one, then the Subscriber agrees that the most recent Subscriber's Agreement and Power of Attorney filed with the Attorney-in-Fact and the Kansas Insurance Department shall govern and shall supersede and replace this Subscriber's Agreement and Power of Attorney and

any previously filed Subscriber's Agreement and Power of Attorney.

19. Modification of the terms of the Subscriber's Agreement and Power of Attorney (not including the Bylaws) shall be made jointly by the Board of Directors and Attorney-in-Fact. Any such modification shall be filed with the Attorney-in-Fact and the Kansas Insurance Department, and such filing shall bind all Subscribers the same as if each Subscriber individually adopted and executed the modified, altered or amended Subscriber's Agreement and Power of Attorney. No modification shall be effective retroactively, nor shall it affect any insurance contract issued prior to the modification, unless agreed to in writing by the Subscriber. Notwithstanding any provision to the contrary, the Bylaws that are incorporated and made a part of this Subscriber's Agreement and Power of Attorney may be amended in the manner provided in the Bylaws.

PLEASE NOTE THESE SECTIONS:

20. General Standard of Director Conduct.

(a) A member of the Board of Directors shall discharge his duties as a director, including his duties as a member of a committee, in accordance with his good faith business judgment of the best interests of the Exchange as a reciprocal insurer organized and existing as such under Chapter 40, Article 16 of the Kansas Statutes Annotated, as amended. It is the intention of this Section 20 that the "good faith" of a member of the Board of Directors be measured by the director's resort to an informed decision-making process. "Good faith" shall not be measured by the decision ultimately made, or the reasonableness or rationale of such decision. The Model Business Corporation Act's reasonableness standard for judging the propriety of director conduct is specifically rejected by this Exchange in favor of the standard set forth above. In addition, it is the intention of this Section 20 that the standard of conduct of members of the Board of Directors as set forth in this Section 20 shall apply to all actions taken by members of the Board of Directors, including director actions taken in response to a hostile takeover or unsolicited offer to acquire all or substantially all of the property of the Exchange.

(b) Unless he has knowledge or information concerning the matter in question that makes reliance unwarranted, a director is entitled to rely on information, opinion, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(i) one or more officers or employees of the Exchange or its Attorney-in-Fact whom the director believes, in good faith, to be reliable and competent in the matters presented;

(ii) legal counsel, public accountants, or other persons as to matters the director believes, in good faith, are within the person's professional or expert competence; or

(iii) a committee of the board of which he is not a member if the director believes, in good faith, that the committee merits confidence.

(c) A director shall not be liable for any action taken as a director or any failure to take any action if he performed the duties of his office in compliance with this section.

(d) A person alleging a violation of this Section or making any legal claim against a director shall have the burden of proving the violation by clear and convincing evidence and shall further have the burden of proving damages that allegedly result from such violation by clear and convincing evidence. Clear and convincing evidence shall be defined as the standard of clear and convincing evidence that exists under Kansas law at the time the alleged violation occurred.

21. General Standard of Officer Conduct.

(a) An officer shall discharge his duties as an officer in accordance with his good faith business judgment of the best interests of the Exchange as a reciprocal insurer organized and existing as such under Chapter 40, Article 16 of the Kansas Statutes Annotated, as amended. It is the intention of this Section 21 that the "good faith" of an officer be measured by the officer's resort to an informed decision-making process. "Good faith" shall not be measured by the decision ultimately made, or the reasonableness or rationale of such decision. In

addition, it is the intention of this Section 21 that the standard of conduct of officers as set forth in this Section 21 shall apply to all actions taken by officers, including officer actions taken in response to a hostile takeover or unsolicited offer to acquire all or substantially all of the property of the Exchange.

(b) Unless he has knowledge or information concerning the matter in question that makes reliance unwarranted, an officer is entitled to rely on information, opinion, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(i) one or more other officers or employees of the Exchange or its Attorney-in-Fact whom the officer believes, in good faith, to be reliable and competent in the matters presented; or

(ii) legal counsel, public accountants, or other persons as to matters the officer believes, in good faith, are within the person's professional or expert competence.

(c) An officer shall not be liable for any action taken as an officer or any failure to take any action if he performed the duties of his office in compliance with this section.

(d) A person alleging a violation of this section or making any legal claim against an officer shall have the burden of proving the violation by clear and convincing evidence and shall further have the burden of proving damages that allegedly result from such violation by clear and convincing evidence. Clear and convincing evidence shall be defined as the standard of clear and convincing evidence that exists under Kansas law at the time the alleged violation occurred.

22. In the event of any dispute relating to or arising out of this Agreement, or otherwise related to or arising out of the participation in the Exchange as a Subscriber (that is not a dispute concerning coverage under an insurance policy issued by the Exchange, which such dispute shall not be governed by these provisions), that cannot be resolved by negotiation, then the parties to this Agreement, as a condition precedent to filing or pursuing any legal remedy (including suit in any court or arbitration),

agree to participate in good faith in at least a half day of non-binding mediation, assisted by a trained neutral mediator. The mediation shall be conducted by an independent mediation firm or association selected by the Exchange. The independent mediation firm or association shall select and appoint an independent mediator to conduct the mediation from its panel of mediators in accordance with its rules and procedures for selecting and appointing a mediator (the "Mediator"). The mediation shall be conducted in the Kansas City metropolitan area at a site selected by the Mediator and conducted in accordance with the rules and procedures established by the Mediator. Either party may initiate mediation by requesting mediation under this section. The costs of the mediation services shall be shared equally by the parties. The provisions of this Section shall be governed by the laws of the State of Kansas.

23. If any Subscriber, Discontinuing Subscriber, former Subscriber, or any person or entity making allegations on behalf of or through such Subscriber, Discontinuing Subscriber or former Subscriber (all of which shall be referred to for purposes of this section as a "Subscriber Entity"), directly or indirectly, files a lawsuit, complaint, motion for judgment or initiates any other legal proceeding, not including a mediation initiated in accordance with section 22 above, (all of which shall be referred to for purposes of this section as a "Legal Proceeding") against the Exchange, the Attorney-in-Fact, or either or both of the Exchange's or the Attorney-in-Fact's directors, officers, attorneys, accountants or advisors (all of which shall be known for purposes of this section as an "Exchange Entity"), such Subscriber Entity agrees to pay and shall pay the reasonable third party fees and costs, including but not limited to reasonable attorney fees incurred by the Exchange Entity in defending the Legal Proceeding if the Subscriber Entity does not prevail in the Legal Proceeding; provided, however if such Subscriber Entity prevails in its Legal Proceeding against the Exchange Entity, the Exchange agrees to pay and shall pay the reasonable third party fees and costs, including but not limited to reasonable attorney fees incurred by the Subscriber Entity in prosecuting the Legal Proceeding. If a Subscriber Entity does not prevail in its Legal Proceeding against an Exchange Entity and fails to pay the Exchange Entity the

reasonable third party fees and expense the Exchange Entity incurs in defending same, the Exchange shall have the right to set off any amount it determines is so owed by reducing any one or all of such Subscriber Entity's equity accounts by such amount. Notwithstanding anything contained herein to the contrary, this section shall not control or affect in any way any Legal Proceeding brought by

an insured against the Exchange or by the Exchange against any insured in connection with any policy of insurance issued by the Exchange to such insured; in such cases each party shall be responsible for paying its own legal expenses and costs.

IN CONSIDERATION OF THE PREMISES, the undersigned Subscriber does hereby covenant and agree that it will fully and faithfully carry out, execute, and perform everything which the Attorney-in-Fact shall by virtue hereof bind it, and in the same manner hereby ratifies all that it may lawfully do or cause to be done by virtue hereof.

ENTITY OR ASSOCIATION SUBSCRIBER

IN WITNESS WHEREOF, the Subscriber has caused these presents to be executed by its proper officers and its seal to be hereunto affixed, this ____ day of _____, ____.

_____(SEAL)
Entity or Association Name (Subscriber)

By: _____
Signature

Name and Title

Street Address

State Zip

ATTEST:

Secretary

Subscriber's Agreement and Power of Attorney as of November 17, 2022