

ARTICLE VII
DISPOSITION OF COOPERATIVE ASSETS

Section 1 – Transfer of Peninsula Assets. Except for a sale, lease, exchange, disposition, conversion, or other transfer (“Transfer”) of Peninsula Light Company’s Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to an existing legal obligation; (4) associated with a consolidation or merger; (5) consisting of the Peninsula’s ownership interest in an entity, including a subsidiary entity; (6) to an entity operating on a cooperative basis and providing electric energy services; or (7) to a subsidiary entity, Peninsula Light Company may transfer more than ten percent of Peninsula’s assets only if:

(a) At the expense of the person seeking to purchase, lease, or acquire Peninsula’s assets, the Board appoints three independent appraisers, each of whom, within a reasonable time of appointment, evaluates and renders an appraisal valuing the assets specified in the proposed transfer (“Appraisal”);

(b) The person seeking to purchase, lease, or acquire Peninsula’s assets provides to Peninsula any information requested by Peninsula;

(c) Within a reasonable time of receiving the Appraisals, Peninsula invites all other entities operating on a publicly or cooperatively owned basis, that provide electric energy, and primarily located within the state of Washington, or within a state adjacent to, the state of Washington to submit a proposal to purchase, lease, or acquire Peninsula’s assets specified in the proposed transfer, or to merge or consolidate with Peninsula;

(d) The Board approves the proposed transfer; and

(e) At least two-thirds of the total membership votes to approve the proposed transfer, whether voting in person or by mail;

Section 2. Provisos.

(a) Notwithstanding the foregoing:

- i. After the Members approve a Transfer, the Board may abandon the Transfer.
- ii. Nothing in this Article VII is intended to limit the Board’s authority to secure indebtedness of Peninsula Light Company or a subsidiary of Peninsula Light Company by mortgage, pledge, or other encumbrance of any asset of Peninsula Light Company.
- iii. As used in this Bylaw, a transfer includes the conversion of Peninsula from a mutual or cooperative corporation to another form of business.