

BYLAWS

of



19306 US HWY 81 N
PO Box 299
Kingfisher, Oklahoma | 73750

ARTICLE I: MEMBERSHIP

SECTION 1: REQUIREMENTS FOR MEMBERSHIP

Any person or Entity will become a member (“Member”) of Cimarron Electric Cooperative, Kingfisher, Oklahoma, (“Cooperative”) upon receipt of electric service from the Cooperative, provided that he, she, or it has first:

- (a) made a written application for membership therein.
- (b) agreed to purchase from Cooperative electric energy as hereinafter specified.
- (c) agreed to comply with and be bound by the Governing Documents; and
- (d) paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws. The “Governing Documents” are the written membership application signed by an Applicant or Member and the following documents and actions, all as currently existing or as later adopted or amended: (1) the Articles of Incorporation; (2) these Bylaws ; (3) the Cooperative’s service rules and regulations; (4) the Cooperative’s rate or price schedules; and (5) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board.

SECTION 2: EVIDENCE OF MEMBERSHIP

Membership in the Cooperative shall be evidence by inclusion of the name of the applicant for membership in minutes of the board of trustees (“Board”).

SECTION 3: JOINT MEMBERSHIP

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership (“Joint Membership”). The term “member” as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and of constituting a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one vote.
- (c) A waiver of notice signed by either or both shall constitute a joint waiver.
- (d) Notice to either shall constitute notice to both.
- (e) Expulsion of either shall terminate the joint membership.
- (f) Withdrawal of either shall terminate the joint membership.
- (g) Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

SECTION 4: CONVERSION OF MEMBERSHIP

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, Bylaws and rules and regulations adopted by the board.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5: MEMBERSHIP AND SERVICE CONNECTION FEES

The membership fee shall be fifty dollars, upon the payment of which a member shall be eligible for one service connection. Charges for each additional service connection shall be fixed by the board.

SECTION 6: PURCHASE OF ELECTRIC ENERGY

Except as otherwise provided in these Bylaws or by the Board, all electric energy purchased by a member and used on the premises specified in the member's application for membership, shall be purchased from the Cooperative as soon as such electric energy shall be available. Such member shall pay for the electricity at rates which shall from time to time be fixed by the Board. Each member shall also pay all other amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7: TRANSFER OF MEMBERSHIP

A membership may not be transferred to another person or entity.

SECTION 8: TERMINATION OF MEMBERSHIP

- (a) Upon application by a member to terminate his membership in the Cooperative, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee amount of any debts or obligations owing from the member to the Cooperative; and, provided, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a nonmember patron as provided in these Bylaws, shall be repaid to the member only in accordance with the provisions of these Bylaws with respect to the retirement of patronage capital. No electric service shall be rendered to any person, firm, association, or corporation except to members, provided that electric service may be rendered to governmental agencies, political subdivisions, lodge halls, public schools, associations, other public and semi-public buildings, and to other persons, associations, and corporations not in excess of ten per centum of the number of its members, upon service application as nonmembers.
- (b) Withdrawal from membership may be made as provided in (a) above, and/or on compliance with such other or uniform terms and conditions as the board may prescribe from time to time.
- (c) The board of the Cooperative may, by the affirmative vote of not less than two-thirds of all trustees, expel any member who shall have refused or failed to comply with any of the provisions of the articles of incorporation, Bylaws, rules or regulations adopted by the board, but only if such member shall have been given written notice by the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board or by vote of the members at any annual or special meeting.
- (d) The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the board.
- (e) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, except that upon the death of a member, the surviving spouse may succeed to the membership upon satisfaction of and compliance with the requirements of Article 1, Section 1 of these Bylaws, except the payment of the membership fee. After the successor's application for membership has been accepted in accordance with the provisions of Article 1, Section 1 of these Bylaws, the membership shall be evidenced by inclusion of the successor in the minutes of the board allowing application of the membership. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

SECTION 9: PROVISION OF COOPERATIVE SERVICE

A Member shall comply with any reasonable procedure required by the Cooperative regarding the provision of a Cooperative Service. A "Cooperative Service" is: (1) electric energy provided by the Cooperative; and (2) as determined by the Cooperative's Board, a good or service provided by the Cooperative. Based upon different costs of providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for providing the Cooperative Service.

- (a) **Interruption of Cooperative Service.** The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, noncontinuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt the provision of Cooperative Services to Members.
- (b) **Safe and Protected Operation of Cooperative.** A Member shall take or omit any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and provide a Cooperative Service, which act involves: (1) a residence, office, building, premise, structure, facility or other location ("Location") which such Member engages in a business at, owns, controls, or otherwise occupies ("Occupies") and to or for which the Cooperative provides or will provide a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest ("Member Property"); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative. As necessary to operate safely, reliably, and efficiently the Cooperative and provide a Cooperative Service, the Cooperative may temporarily suspend or terminate provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.
- (c) **Member Equipment Connected to Cooperative Equipment.** Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:
 - (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection.
 - (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative's ability to operate safely, reliably, and efficiently the Cooperative or provide a Cooperative Service.
 - (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether the Member Equipment and connection comply with the Governing Documents; and
 - (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative's

ability to operate safely, reliably, and efficiently the Cooperative or provide a Cooperative Service.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to Member Property; (4) the Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the Member is liable for, and must indemnify the Cooperative against, injury or death to any person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

(d) Suspension or Termination of Cooperative

Service. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the provision of a Cooperative Service to the Member upon determining or discovering:

- (1) that Cooperative Equipment used to provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired.
- (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to operate safely, reliably, and efficiently the Cooperative or provide a Cooperative Service.
- (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
- (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

"Cooperative Equipment" is a product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative. "Member Equipment" is a product, equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

SECTION 10: GRANT OF PROPERTY RIGHTS

As required by the Cooperative for a Cooperative Purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member Property; and (2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest in Member Property, and execute a document regarding this grant or conveyance.

A "Cooperative Purpose" is at any time, and in a manner determined by the Cooperative: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation; (3) providing a Cooperative Service to a Member or one or more other Members; (4) monitoring, measuring, or maintain a Cooperative Service provided to a Member or one or more other Members; (5) providing electric energy to a person or one or more other persons; (6) monitoring, measuring, or maintaining electric energy provided to a person or one or more other persons; (7) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; or (8) safely, reliably, and efficiently operating the Cooperative or providing a Cooperative Service.

ARTICLE II: NON-LIABILITY OF MEMBERS

SECTION 1: NON-LIABILITY FOR DEBTS OF THE COOPERATIVE

The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and no Member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III: MEETING OF MEMBERS

SECTION 1: ANNUAL MEETING

The annual meeting of the members shall be held each year on such date, time and place determined by the Board and shall be designated in the Notice of the meeting. The purpose of the meeting shall be to receive certified copies of the minutes of the District Meetings of members; receiving and passing upon reports for the previous fiscal year; and transacting such other business that properly comes before the meeting. The failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2: SPECIAL MEETINGS

Special Meetings of the members may be called by Resolution of the Board; by the President; by written request to the President by any three Trustees; or by twenty percent (20%) or more of all the members. The time and place of said meeting shall be designated by the Board. It shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

SECTION 3: NOTICE OF MEMBERS' MEETINGS

Written, printed, or digital notice stating the date, place and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days before the date of such meeting, either personally, by mail, or by digital means by or at the direction of the Secretary. Digital notices shall only be valid when sent to members that have 'opted in' to receiving digital notices. Should the Secretary default or fail to perform the duty of the Secretary's Office, then such Notice should be given to each member by the person or persons calling the meeting. If mailed, with postage thereon prepaid, such Notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address appearing in the records of the cooperative. If sent digitally, such Notice shall be deemed to be delivered when sent using the digital means used by the Cooperative. Such Notice shall be deemed sufficient if, within the time prescribed above, it is incorporated with the monthly member service billings or as an integral part of the Cooperative's newsletter. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both. The failure of any member to receive notice shall not invalidate any action that may be taken by the members at any such meeting.

SECTION 4: QUORUM

Five percent of the members (or such other minimum percentage as shall be fixed by statute) shall constitute a quorum except as provided for district meetings. The minutes of each meeting shall contain a list of the members present in person. If less than a quorum is present at any meeting a majority of those present in person may adjourn the meeting from time to time without further notice, provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting. If specified in the meeting notice, in-person registrations shall be counted toward the required five percent of members necessary to constitute a quorum. Any vote taken at a time when less than five percent of all members are physically present shall be taken only on proposed actions which were specifically identified and provided to the members in advance through the meeting notice.

SECTION 5: VOTING

Each member and each joint membership shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the articles of incorporation or these Bylaws.

- (a) A member may vote on any proposed actions which were specifically identified and provided to the members in advance through the meeting notice at the time the member registers for the meeting in person. If said member then leaves the location of the meeting after voting during registration, that member's vote shall be counted as if it were made during the official business portion of the meeting. If a member votes during the in-person registration process and stays at the meeting location and votes during the official business portion of the meeting, said member's vote made during the in-person registration process will be deemed null and void and will not be counted. Further, any vote given pursuant to this subsection (a) shall supersede any vote made by a member pursuant to subsections (b) or (c) below.
- (b) A member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after sixty days from the date of its execution. No proxy shall be valid unless it shall designate the meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may give his proxy only to another member or to an adult relative living in the same home with such member, and no person may hold more than three proxies at any meeting. The presence of a member at a meeting shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.
- (c) Any member who is absent from any annual or special meeting of the members may vote by mail or via digital means provided by the Cooperative at such meeting upon any motion or resolution pertaining to the borrowing of funds from the United States of America or any agency or instrumentality thereof, or the sale, mortgage, lease or other disposition, or encumbrance of the Cooperative's property to the United States of America or any agency or instrumentality thereof. The Secretary shall be responsible for enclosing with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member shall express his vote thereon by placing a cross (X) in the space provided therefore opposite each such motion or resolution. If voting by mail, such absent member shall enclose each such copy so marked in a sealed envelope bearing his name and addressed to the Cooperative. When such written vote so enclosed is received by mail from any absent member, it shall be counted as the vote of such member at such meeting. If voting by digital means, the member will use the service selected by the Cooperative, which will store the vote in a secure manner. If a husband and wife hold a joint membership and are absent from any annual or special meeting of the members, they shall jointly be entitled to vote by mail or digital means as provided in this section. The failure of any absent member to receive a copy of any such motion shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 6: ORDER OF BUSINESS

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

1. Report on the number of members present in person to determine the existence of a quorum.

2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation of certified minutes of each district meeting of members particularly showing election of trustee by each.
5. Presentation and consideration of reports of officers, trustees, and committees.
6. Unfinished Business.
7. New Business.
8. Adjournment.

ARTICLE IV: BOARD MEMBERS

SECTION 1: GENERAL POWERS

The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all the powers of the Cooperative except such as are by law, the articles of conversion and incorporation or these Bylaws conferred upon or reserved to the members.

- (a) The said trustee shall be elected for a three-year term so staggered that there will be elected three trustees each year from three of the nine districts.
- (b) No person shall be elected or serve as a trustee who is not a member of the Cooperative.

SECTION 2: VOTING DISTRICTS

The territory served and to be served by the Cooperative shall be divided into nine districts, each of which shall contain approximately an equal number of members and each of which shall elect and be represented by one trustee. Said districts as now constituted and numbered shall represent the original districts following the adoption of these Bylaws. The boundaries of each of said districts as now constituted and designated by the board are hereby adopted and it is further provided that these boundaries and districts may be reconstituted and redesignated from time to time upon review of the board not less than sixty days before any meeting of the members at which the board members are to be elected. At such review, in the event the board should find inequalities in representation, they shall be corrected by re-delineation of the district and the boundaries reconstituting the districts thereby, that each shall contain as nearly as possible the same number of members.

SECTION 3: ELECTION OF TRUSTEES BY DISTRICTS

The board shall, each year, by a resolution adopted not later than sixty days preceding each annual meeting of the members, fix a date, which shall not be less than fourteen days nor more than thirty days preceding the annual meeting of the members, for the holding of the district meeting of the members residing therein, in three of the nine districts for the purpose of electing, by ballot, by and from the members of said districts a trustee to serve as a trustee of the Cooperative.

- (a) Following the adoption of the changes in these Bylaws, at the regular district meetings held thereafter, trustees shall be elected for terms of three years in the districts as follows:
 - 1970 Districts 4, 6 and 8.
 - 1971 Districts 1, 3 and 5.
 - and 1972 Districts 2, 7, and 9.

all to be done at the regular district meetings in the aforementioned years and successive years in the same sequence for three-year terms each, and all the trustees so elected shall hold office for the proper term and until their successors shall be elected and qualified.

- (b) The board of trustees shall fix the time and place for each district meeting of the members and cause notice of each such meeting to be mailed at the direction of the Secretary by the Cooperative to each member of each such District, not less than ten (10) days before the meeting. The notice shall designate the district to which each member belongs and shall state that the election of a Trustee is to be the primary purpose of the meeting. Each such District Meeting shall be called to order by the Trustee representing such District, or such other person as may be designated by the Board President. The members shall then proceed to elect a chairman, who shall be someone other than a Trustee, and a secretary, each to act for the duration of the meeting.
- (b-1) Notice of Candidacy. Any member of a district desiring to be a candidate for election as Trustee from that District shall file with the Secretary of the Cooperative at the Cooperative office written notice, on a form provided by the Cooperative, of his candidacy and intention to stand for election to the office of Trustee from his/her District not less than thirty (30) days nor more than thirty-five (35) days prior to the meeting of the members of said District. Only persons filing written notice of their candidacy and intention to stand for election as provided herein shall be eligible for election at said meeting. If no member files such notice of candidacy and intention to stand for election with the Cooperative within the time prescribed above, then the office shall be declared vacant by the Board at their next regular meeting and said office shall be filled by vote of the Board at such meeting without regard to any provisions herein regarding nominations and election of Trustees.
- (c) The presence of at least five per centum of the members of the Cooperative residing in such district at such duly called district meeting shall constitute a quorum. Proxy voting shall not be permitted at such district meetings.
- (d) The member in each voting district receiving a majority number of votes cast at the election at such district meeting shall be elected a trustee of the Cooperative to take office immediately following the ensuing annual meeting of members and serve his proper term and until his successor shall have been elected and qualified.
- (e) IN THE EVENT A QUORUM IS NOT PRESENT AT SAID MEETING AND IF NOT OTHERWISE PROVIDED BY LAW, THE INCUMBENT TRUSTEE SHALL HOLD OVER FOR A TERM OF THREE YEARS AND UNTIL HIS SUCCESSOR IS ELECTED AND QUALIFIED.
- (f) The chairman and Secretary of each district meeting of members shall certify the minutes of the meeting and shall immediately deposit the same with the secretary of the Cooperative and said minutes shall show the name of the person elected as trustee by the district.

SECTION 4: QUALIFICATIONS

No person shall be eligible to become or remain a Trustee, or to hold any position of trust in the Cooperative, who:

- (a) is not a member in good standing of the Cooperative; does not have the capacity to enter legally binding contracts; is not a bona fide resident of the district from which the person is elected; and does not receive electric service from the Cooperative at his/her principal place of abode.
- (b) is in any way employed by or substantially and/or materially financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies and/or similar goods or services to the members of the Cooperative.
- (c) is the incumbent of or a candidate for an elected public office of any municipality owning its own public utility system and located within the certified service territory of the Cooperative, or an elective

public office for any other entity within the certified service territory of the Cooperative which is, or may be, a competitor of the Cooperative in the manner described in (b) hereinabove.

- (d) is an employee or former employee of the Cooperative, or any entity owned or controlled by the Cooperative.
 - (e) has been convicted of or pleaded guilty to a felony offense or misdemeanor offense involving moral turpitude.
 - (f) is a close relative of any incumbent Trustee or any employee of the Cooperative.
 - (g) as used in these Bylaws, "close relative" is defined as a person who is related to the principal person by consanguinity or affinity within the third degree, including but not necessarily limited to, those persons identified in Article IV, Section 8, and including a great-grandchild, great-grandparent, aunt, uncle, nephew, or niece, by blood or in-law, or any person residing in the same residence, of the principal.
- Notwithstanding anything herein to the contrary, no Trustee shall become ineligible to continue serving or to be reelected as a Trustee, upon becoming a close relative of any employee or another Trustee because of marriage or adoption to which he/she was not a party.

Only individuals can be a trustee. An Entity Member cannot be a trustee and does not have the right to appoint a trustee. An "Entity" includes a domestic or foreign; cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government. "Individual" means a "natural person" or "human being". Upon establishment of the fact that a nominee for Trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Chairperson presiding at the meeting at which such nominee would otherwise be voted upon, or seated, to disqualify such nominee.

Upon establishment of the fact that a Trustee, or any person being considered for the position of Trustee, or already holding any other position of trust in the Cooperative, is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board to remove such person from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board.

Notwithstanding anything hereinabove to the contrary, nothing contained in this Section shall affect any Trustee or employee serving the Cooperative at the time of adoption hereof and allowed by provisions of previous bylaws of the Cooperative.

SECTION 5: REMOVAL OF TRUSTEE BY MEMBERS

Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by ten per centum of the members and request the removal of such trustee by reason thereof. The trustee against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges, and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be voted upon at the next regular or special meeting of the members.

SECTION 6: REMOVAL OF TRUSTEE BY THE BOARD

If a member of the Board of Trustees fails to attend four consecutive regular meetings, the Board, following at least ten days written notice to the affected trustee, may declare his office vacant and, thereafter, may fill the vacancy so created by appointing a new trustee from the same district to serve the unexpired portion of the term of office.

SECTION 7: VACANCIES

Any vacancy occurring in the board shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term. A member elected as trustee to fill such vacancy must reside in the same district as the trustee to whose office he succeeds.

SECTION 8: COMPENSATION

Trustees shall not receive any salary for their services as such, except that the Board of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, including, but not limited to attendance at trustees' meetings, conferences and meetings designed to promote electric cooperatives, training programs, committee assignments, and related activities, when authorized by the Board. In addition to the said fixed sum, if authorized by the Board, Trustees also may be reimbursed for their expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment of compensation be specifically authorized by a vote of the members or the service of such Trustee or close relative shall have been certified by the Board as an emergency measure. The term "Close Relative" means an individual who: (1) through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or (2) resides in the same residence. An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

ARTICLE V: MEETINGS OF TRUSTEES

SECTION 1: REGULAR MEETINGS

A regular meeting of the Board shall be held monthly at such time and place as the Board of Trustees may determine by Resolution. Such regular monthly meetings may be held without notice other than as provided in such Resolution fixing the time and place thereof. In the event the President of the Board determines that the regular meeting date conflicts with other business of the Trustees, he is authorized to change said date by giving at least five (5) days' notice to the Trustees.

SECTION 2: SPECIAL MEETINGS

Special meetings of the board may be called by the President or by any three trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the trustees calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3: NOTICE OF TRUSTEES' MEETINGS

Written notice of the time, place, and purpose of any special meeting of the board shall be delivered to each trustee, either personally, by mail, or by digital means provided by the Cooperative, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to

the trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4: QUORUM

A majority of the board shall constitute a quorum, provided, that if less than such majority of the trustees is present at said meeting, a majority of the trustees' present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent trustee of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these Bylaws.

ARTICLE VI: OFFICERS

SECTION 1: NUMBER

The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2: ELECTION AND TERM OF OFFICE

The officers shall be elected annually by and from the Board at the next regular meeting of the Board following the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3: REMOVAL OF OFFICERS AND AGENTS BY TRUSTEES

Any officers or agent elected or appointed by the board may be removed by the board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer by filing with the Secretary such charges in writing, together with a petition signed by ten per centum of members or 300, whichever is the lesser, and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal, if requested by the person making the charges, shall be considered, and voted upon at the next meeting of the members.

SECTION 4: PRESIDENT

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the board, shall preside at all meetings of the members and the board.
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the board from time to time.

SECTION 5: VICE-PRESIDENT

In the absence of the President, or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the board.

SECTION 6: SECRETARY

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board of trustees; provided that the Secretary may delegate the physical responsibility of keeping the minutes to the Attorney or some qualified agent for that purpose, all subject to his approval, however.
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law.
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws.
- (d) keeping a record of the names and post office addresses of all members.
- (e) having general charge of the books of the Cooperative in which record of the members is kept.
- (f) keeping on file at all times a complete copy of the articles of incorporation, of conversion, and the Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- (g) in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board.

SECTION 7: TREASURER

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative.
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative from any source whatsoever, and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board.

SECTION 8: MANAGER

The board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall be vested with sole responsibility and discretion in the selection and termination of employees of the Cooperative in accordance with policies duly enacted by the Board of Trustees: PROVIDED, notwithstanding anything to the contrary, no person who has previously served, or is currently serving, as a Trustee or Director of the Cooperative, or any entity owned or controlled by the Cooperative, shall be eligible to be or become the manager or an employee of the Cooperative in either a permanent or interim or temporary capacity. The manager shall perform such other duties and shall exercise such authority as the Board may otherwise and from time-to-time vest in him.

SECTION 9: BONDS OF OFFICERS

The Treasurer and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall

determine. The Board in its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10: COMPENSATION

The powers, duties and compensation of any officers, agent and employees shall be fixed by the board, subject to the provisions of these Bylaws with respect to compensation for trustees and close relatives of trustees.

SECTION 11: REPORTS

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII: DISTRICT MEETINGS

SECTION 1: DISTRICT MEETINGS

In addition to district meetings called for the purpose of electing trustees, meetings of the members within a particular district may be called by resolution adopted by a majority of the board, or upon written request signed by the trustee residing in the particular district, or upon a written request signed by ten per centum or more of the members located within such district, for the purpose of making recommendations to the board, or the entire membership, with respect to any matters pertaining to the business of the Cooperative and it shall thereupon be the duty of the Secretary of the Cooperative to cause notice of such meeting to be given as hereinafter provided. Such meeting may be held at any place within the district and at any time as specified in the notice of the meeting. The presence of at least fifteen per centum of the members of the Cooperative resident within the district at a duly called district meeting shall constitute a quorum. The incumbent trustee shall call the meeting to order, or in his absence, some member designated at the meeting may do so, and thereafter the members at the meeting shall elect a chairman and a secretary, each to act for the duration of the meeting. Proxy voting shall not be permitted at any district meeting.

SECTION 2: NOTICE OF DISTRICT MEETINGS

Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be mailed or personally delivered by an officer of the Cooperative, not less than ten days before such meeting. Meetings shall be opened for discussion of any matters pertaining to business of the Cooperative, regardless of whether such matters were listed in the notice of the meeting except that as to a meeting at which a trustee is to be elected, or one where charges are to be discussed concerning the trustee, the notice must specify that such action is to be taken at the meeting.

ARTICLE VIII: COOPERATIVE OPERATION

SECTION 1: NONPROFIT AND COOPERATIVE OPERATION

The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Patrons.

SECTION 2: RULES OF ORDER

Except as otherwise provided by the Board at any time, the rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Cooperative Member, board, and district meetings and in all other cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Cooperative may adopt.

SECTION 3: ALLOCATING CAPITAL CREDITS

The Cooperative shall allocate Capital Credits as provided in this bylaw. The Cooperative must allocate Capital Credits in a Patron's name as shown in the Cooperative's records, regardless of the Patron's marital status.

- (a) Patron. The term "Patron" means, during a fiscal year; (1) a Member; and (2) any other person using a Cooperative Service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the Cooperative Service. A Cooperative Service is: (1) electric energy provided by the Cooperative; and (2) as determined by the Cooperative's Board, a good or service provided by the Cooperative.
- (b) Allocating Earnings. For each Cooperative Service provided during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the quantity or value of the Cooperative Service used by the Patron during the fiscal year and timely paid for by the Patron, the Cooperative's operating earnings from providing the Cooperative Service during the fiscal year. Operating earnings mean the amount by which the Cooperative's operating revenues from providing a Cooperative Service exceed the Cooperative's operating expenses of providing the Cooperative Service, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative may, as determined by the Board, use, retain, or equitably allocate the Cooperative's non-operating earnings. Non-operating earnings mean the amount by which the Cooperative's non-operating revenues during a fiscal year exceed the Cooperative's non-operating expenses during the fiscal year, less any amount needed to offset an operating loss.

- (c) Allocating Losses. For each Cooperative Service provided during a fiscal year, the Cooperative shall: (1) equitably allocate to each Patron, in proportion to the quantity or value of the Cooperative Service used by the Patron during the fiscal year, the Cooperative's operating loss from providing the Cooperative Service during the fiscal year; or (2) offset the Cooperative's operating loss from providing the Cooperative Service during the fiscal year: (A) against the Cooperative's operating earnings from providing the Cooperative Service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); or (B) first against the Cooperative's non-operating earnings during the current fiscal year, second against the Cooperative's unallocated non-operating earnings during any past fiscal year(s), and third against the Cooperative's non-operating earnings during any future fiscal year(s). Operating loss means the amount by which the Cooperative's operating expenses of providing a Cooperative Service during a fiscal year exceed the Cooperative's operating revenues from providing the Cooperative Service during the fiscal year, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative shall: (1) allocate to each Patron, in proportion to the quantity or value of Cooperative Services used by the Patron during the fiscal year, the Cooperative's non-operating loss; or (2) offset the Cooperative's non-operating loss against the Cooperative's non-operating earnings during any fiscal year(s). Non-operating loss means the amount by which the Cooperative's non-operating expenses during a fiscal year exceed the Cooperative's non-operating revenues during the fiscal year.

- (d) Capital Credits. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the

Cooperative as capital. The term “Capital Credits” means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.

Consistent with this bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest unretired Capital Credits as determined by the Board. To secure a Patron’s obligation to pay amounts owed to the Cooperative, including any compounded interest and late payment fee, and in return for the Cooperative providing a Cooperative Service to the Patron, the Cooperative has a security interest in Capital Credits allocated to the Patron. The Patron authorizes the Cooperative to perfect this security interest by filing a financing statement.

- (e) Different and Separate Allocations. As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method, and timing. If the Cooperative is a Member, Patron, or owner of an Entity from which the Cooperative uses a good or service in providing a Cooperative Service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the Board and consistent with this bylaw, the Cooperative may separately identify and allocate to the Cooperative’s Patrons this capital credit or similar amount allocated by the Entity.
- (f) Joint Memberships. Upon receiving written notice and sufficient proof of the termination, conversion, or alternation of a Joint Membership: (1) through the death of a Joint Member, the Cooperative shall assign and transfer to each surviving Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership; or (2) other than through the death of a Joint Member, and except as otherwise provided by a court or administrative body of competent jurisdiction, and except as otherwise provided by the Joint Members, the Cooperative shall assign and transfer to each Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership.

SECTION 4: NOTIFICATION AND ASSIGNMENT OF CAPITAL CREDITS

Within a reasonable time after the end of each fiscal year, the Cooperative shall notify each Patron in writing or electronically of the stated dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron’s Capital Credits; (1) the Cooperative must receive a written request signed by the Patron to assign or transfer the Capital Credits; (2) the Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve the assignment or transfer. Except as otherwise ordered by a court or instructed by a deceased individual Patron’s legal representative, the Cooperative may assign or transfer the Patron’s Capital Credits to a Close Relative using a Cooperative Service at the Location previously occupied by the Patron. Except as otherwise ordered by a court or instructed by a dissolved or liquidated Entity Patron’s legal representative, the Cooperative may assign portions of the Patron’s Capital Credits to the Patron’s owners, but only to the extent of the Patron’s Capital Credits that accrued after the effective date of this provision which is August 2, 2012. Such transfer must be in the same proportion as the ownership of the Entity.

SECTION 5: RETIRING CAPITAL CREDITS

The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron’s name as shown in the Cooperative’s records, regardless of the Patron’s marital status. If the Cooperative mails a retired Capital Credit payment, then the Cooperative shall mail the payment to the Patron or former Patron’s address as shown in the Cooperative’s records.

- (a) General Capital Credit Retirements. At any time before the Cooperative’s dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons and former Patrons.
- (b) Special Capital Credit Retirements. The Cooperative may specially retire and pay some or all Capital Credits allocated to an individual Patron or former Patron: (1) after the death of the individual; (2) after receiving a written request from the deceased individual’s legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased individual’s legal representative.
- (c) Capital Credit Recoupment and Offset. Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Patron or former Patron, including any compounded interest and late payment fee, by reducing the allocated amount of retired Capital Credits paid to the Patron or former Patron by the amount owed to the Cooperative.
- (d) Capital Credit Retirement Discretion. The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative’s financial condition. Consistent with this bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.
- (e) Different and Separate Capital Credit Retirements. As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method, and timing. If the Cooperative separately identified and allocated Capital Credits representing Capital Credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a Member, Patron, or owner, then the Cooperative may retire and pay these Capital Credits only after the Entity retires and pays the Capital Credits or similar amounts to the Cooperative.
- (f) Unclaimed Capital Credits. As allowed by law, the Board may adopt a policy that allows the Cooperative to retain Capital Credits retired and paid to a Patron or former Patron, but not claimed by the Patron or former Patron within seven years of retirement and payment.

SECTION 6: PATRON AGREEMENT

Each Patron and former Patron agrees that:

- (1) Capital Credits are not securities under state or federal law.
- (2) The Patron’s right to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the Capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and
- (3) As required by law, each Patron will: (A) report to the appropriate Entity all allocated or retired Capital Credits; and (B) pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

SECTION 7: NON-MEMBER PATRONS & NON-MEMBER NON-PATRONS

As a condition of using a Cooperative Service, and except as otherwise provided by the Board:

- (1) To the same extent as a Member, a Patron who is not a Member (“Non-Member Patron”) and a person using a Cooperative Service who is not a Member or Patron (“Non-Member Non-Patron”) must abide

by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members:

- (2) A Non-Member Patron or Non-Member former Patron has none of the rights granted by the Governing Documents to Members, other than the rights to: (A) be allocated Capital Credits; and (B) be paid retired Capital Credits; and
- (3) A Non-Member Non-Patron has none of the rights granted by the Governing Documents to Members.

SECTION 8: REASONABLE RESERVES

Regardless of a contrary bylaw, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). The Cooperative must keep records necessary to determine, at any time, each Member's rights, and interest in Reasonable Reserves.

ARTICLE IX: DISPOSITION OF COOPERATIVE ASSETS

SECTION 1: TRANSFER OF COOPERATIVE ASSETS

Except for a sale, lease, exchange, disposition, conversion, or other transfer ("Transfer") of Cooperative 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 Cooperative's ownership in an Entity; or (6) to a Cooperative Subsidiary, the Cooperative may transfer all or any substantial portion of the Cooperative's assets only if:

- (1) At the expense of the person seeking to purchase, lease, or acquire the Cooperative's assets, the Board appoints three independent appraisers, each of whom, within a reasonable time of appointment, evaluates and renders an appraisal valuing the Cooperative's assets specified in the proposed Transfer ("Appraisal").
- (2) The person seeking to purchase, lease, or acquire the Cooperative's assets provides to the Cooperative any information requested by the Cooperative.
- (3) Within a reasonable time of receiving the Appraisals, the Cooperative invites any other Entity operating on a cooperative basis, providing electric energy, and primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located, to submit proposals to purchase, lease, or acquire the Cooperative's assets specified in the proposed Transfer, or to Merge or Consolidate with the Cooperative.
- (4) The Board approves the proposed Transfer.
- (5) At least two-thirds of the total membership approves the proposed Transfer.
- (6) Notice of a Member Meeting at which Members will consider the proposed Transfer states that one of the purposes of the Member Meeting is to consider the Transfer and includes a copy or summary of the proposed Transfer.
- (7) No trustee will benefit from the Transfer, financially or otherwise, in a manner different from other Members; and
- (8) In proportion to the value or quantity of Cooperative Services used by Members during the period in which the Cooperative owned a Cooperative asset, the Cooperative allocates to Members as Capital Credits any consideration received for the Cooperative's assets that exceeds the amount paid for the Cooperative assets.

SECTION 2: MERGER OR CONSOLIDATION

The Cooperative may Consolidate or Merge only with an Entity operating on a cooperative basis that provides a Cooperative Service (“Consolidate” or “Merge”). To Consolidate or Merge, the Cooperative must comply with this bylaw.

- (a) Board Approval. To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge (“Consolidation” or “Merger Agreement”) stating the:
 - (1) terms and conditions of the Consolidation or Merger.
 - (2) name of each Entity Consolidating or Merging with the Cooperative.
 - (3) name of the new or surviving Consolidated or Merged Entity (“New Entity”).
 - (4) manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity.
 - (5) number of trustees of the New Entity, which must equal or exceed nine.
 - (6) date of the New Entity’s Annual Meeting.
 - (7) names of New Entity trustees who will serve until the New Entity’s first Annual Meeting; and
 - (8) other information required by law.
- (b) Member Approval. To Consolidate or Merge after the Board approves a Consolidation or Merger Agreement, two-thirds of the Members voting in person must approve the Consolidation or Merger Agreement.
- (c) Notice. The Cooperative shall notify trustees of a Board Meeting, and Members of a Member Meeting, at which trustees or Members may consider a Consolidation or Merger Agreement. This notice must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement and the New Entity’s Articles of Incorporation and Bylaws and any provision which would require trustee or Member approval if contained in a proposed articles or Bylaws amendment.
- (d) Other Requirements. The New Entity trustees named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by law.

SECTION 3: DISTRIBUTION OF COOPERATIVE ASSETS UPON DISSOLUTION

Upon the Cooperative’s dissolution, (1) the Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities; (2) the Cooperative shall retire and pay all Capital Credits allocated to Patrons and former Patrons; and (3) after paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, and after retiring and paying all Capital Credits, and to the extent practical.

- (A) the Cooperative shall first distribute gains from selling an appreciated Cooperative asset to Members and former Members who used Cooperative Services during the period in which the Cooperative owned the Cooperative asset in proportion to the value or quantity of Cooperative Services used by the Member or former Member during the period the Cooperative owned the Cooperative asset.
- (B) the Cooperative shall then distribute non-operating earnings used by the Cooperative as permanent, unallocated equity to Members who used Cooperative Services during the period in which the Cooperative received the earnings in proportion to the value or quantity of Cooperative Services used by the Member during the period the Cooperative received the earnings; and
- (C) the Cooperative shall then pay or distribute any remaining Cooperative assets, and any amounts received from selling any remaining Cooperative assets, to the Members in proportion to the value or quantity of Cooperative Services used during the seven years before the Cooperative’s dissolution.

ARTICLE X: SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, Kingfisher, Oklahoma."

ARTICLE XI: FINANCIAL TRANSACTIONS

SECTION 1: CONTRACTS

Except as otherwise provided in these Bylaws, the board may authorize any officer or officers, agent, or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2: CHECKS, DRAFTS, ETC.

All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee, or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board.

SECTION 3: DEPOSITS

All funds, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board may select.

SECTION 4: CHANGE IN RATES

Written notice shall be given to all required state or federal agencies not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective. Courtesy notice of changes in rates may be given to state or federal agencies not required to be notified at the discretion of the board.

SECTION 5: FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XII: MISCELLANEOUS

SECTION 1: MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in, financing or otherwise furthering the cause of rural electrification, or with the approval of the Administrator of the Rural Utilities Service, of any other corporation for the purpose of acquiring and extending the use of electric facilities.

SECTION 2: WAIVER OF NOTICE

Any member or trustee may waive in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or a trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 3: POLICIES, RULES AND REGULATIONS

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

SECTION 4: ACCOUNTING SYSTEM AND REPORTS

The board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by any regulatory body that the Cooperative may be subject to. The board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5: AREA COVERAGE

The board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XIII: INDEMNITY PROVISIONS

SECTION 1: TRUSTEE AND OFFICER INDEMNIFICATION

The Cooperative shall indemnify each present and future Trustee and officer of Cooperative against, and each such Trustee and officer shall be entitled without further act on his part to indemnity from the Cooperative for, all expenses (including the amount of judgments and the amount of reasonable settlements made with a view to the curtailment of costs of litigations, other than amounts paid to Cooperative itself) reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his being or having been a Trustee or officer of Cooperative or of any company or Cooperative which he serves as a Trustee or officer at the request of the Cooperative, whether or not he continues to be such Trustee or officer at the time of incurring such expenses; provided, however, that such indemnity shall not include any expenses incurred by any such Trustee or officer (a) in respect of matters as to which he shall be finally adjudged in any such action, suit or proceeding to have been derelict in the performance of his duty as such Trustee or officer, or (b) in respect of any matter in which any settlement is effected, to an amount in excess of the amount of expenses which might reasonably have been incurred by such Trustee or officer in conducting such litigation to a final conclusion; provided, further, that in no event shall anything herein contained be so construed as to protect, or to authorize the Cooperative to indemnify, such Trustee or officer against any liability to the Cooperative or to its security holders to which he would otherwise be subject by reason of his willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office as such Trustee or officer. The foregoing right of indemnification shall inure to the benefit of the heirs, executors, or administrators of each such Trustee or officer and shall be in addition to all other rights to which such Trustee or officer may be entitled as a matter of law.

SECTION 2: INSURANCE

The Cooperative may purchase, at the discretion of its Board of Trustees, Trustees' and officers' liability policies, with the premiums therefore paid by Cooperative, covering each of its Trustees and/or officers, securing them against liability arising in the manner mentioned in Section 1 above. In the event such policy or policies are purchased by the Cooperative, then the indemnity provision provided in Section 1 above shall apply only to any excess liability over and above the policy coverage.

ARTICLE XIV: AMENDMENTS

These Bylaws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

ARTICLE XV: DEFINITIONS

SECTION 1: DEFINED TERMS

These Bylaws define certain words, phrases, and terms (“Defined Terms”). In general, Defined Terms are: (1) defined in a full sentence or part of a sentence; (2) capitalized and enclosed within quotation marks when defined; (3) enclosed within parenthesis when defined in part of a sentence; and (4) capitalized when otherwise used in these Bylaws. Except as otherwise provided in these Bylaws and subject to the context requiring otherwise, Defined Terms have the meaning specified in the appropriate Bylaw. References are to Article and Section numbers.

- Appraisal (IX, 1)
- Board (1, 2)
- Capital Credits (VIII, 3); Close Relative (IV, 8); Consolidate/Consolidation (IX,2); Cooperative (I,1); Cooperative Equipment (I, 9); Cooperative Purpose (I, 9); Cooperative Service (I, 9)
- Entity (IV, 4)
- Governing Documents (I, 1)
- Individual (IV, 4)
- Joint Membership (I, 3)
- Location (I, 9)
- Member (I, 1 & 3); Member Equipment (I, 9); Member Meeting (IX, 1); Member Property

These Bylaws incorporate or delete in part amendments approved as follows:

August 18, 1959.
August 15, 1961.
August 20, 1963.
August 18, 1964.
August 14, 1969.
August 12, 1971.
August 3, 1972.
August 2, 1973.
August 14, 1975.
August 10, 1989.
August 10, 1995.
August 22, 2002.
August 21, 2003.
August 8, 2006.
August 2, 2012.
September 12, 2019.
and September 8, 2022.