

# BYLAWS OF OWEN ELECTRIC COOPERATIVE, INC.

Revised October 2019

## ARTICLE I MEMBERSHIP

**SECTION 1. Requirements for Membership.** Any natural person, firm, association, corporation, body politic, or subdivision thereof, shall become a member of Owen Electric Cooperative, Inc., (hereinafter called the "Cooperative") upon the occurrence of either of the following:

- (a) Signing of an application for membership in the Cooperative and payment of the membership fee hereinafter specified; or
- (b) Payment of the first bill received from the Cooperative for electric energy and the membership fee hereinafter specified.

Provided, however, the membership application or payment of the first electric bill shall be accompanied by the membership fee provided for in Section 4, together with any service security deposit, service connection deposit or fee, facility extension fee or contribution in aid of construction [hereinafter referred to as other deposits or fees] that may be required by the Cooperative. 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. A member shall comply with and be bound by all of the provisions of the Articles of Incorporation and Bylaws of the Cooperative and such rules, regulations and policies as may, from time to time, be adopted by the Cooperative Board of Directors.

**SECTION 2. Membership.** Membership in the Cooperative shall be evidenced in such form and shall contain such provisions as shall be determined by the board of directors.

**SECTION 3. Joint Membership.** A husband and/or wife that applies for membership in the Cooperative, regardless of whether one or both sign the Application for Membership as referred to in Section 1(a) of this Article, shall be considered to hold 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 of 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 shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint 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 board member, provided that both meet the qualifications for such office; and
- (h) Upon the death of either spouse, such membership shall be held solely by the survivor. Provided, however, the Estate of the deceased shall not be released of any debts due the Cooperative.

**SECTION 4. Membership Fees.** The membership fee shall be TWENTY-FIVE DOLLARS (\$25.00), upon the payment of which, a member shall be eligible for any number of service connections.

**SECTION 5. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts.** The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee an uninterrupted and/or distortion-free supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the board of directors may in writing waive such requirement, and shall pay therefore at

the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used), established by the board of directors and Public Service Commission, and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by the member to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by such member for service from the Cooperative may, unless directed in writing by the member to the contrary, be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

The Cooperative's monthly rates will be fixed by the Kentucky Public Service Commission and/or the board of directors.

## SECTION 6. Termination of Memberships.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe.

The board of directors may, by the affirmative vote of not less than two-thirds, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the board of directors, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by a two-thirds vote of the board of directors or by a two-thirds vote of the members at any annual or special meeting.

The membership of a member who for a period of six (6) months after service is available to the member has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the board of directors.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or a member's estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by the member, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligation owed by the member to the Cooperative.
- (d) Any member who withdraws, terminates or otherwise leaves the Cooperative's service owing an outstanding account to the Cooperative and thereafter wishes to re-apply for service must pay a new membership fee and any outstanding account plus accrued interest thereon at the Kentucky legal rate on judgments in effect when such account first became overdue, compounded annually.

**SECTION 7. Access to Lands and Premises.** Without being paid compensation therefore, each member or patron shall grant, transfer, convey and give to the Cooperative a perpetual easement and right and privilege of free access over, under, above, across, and through the land and premises of the member or patron to erect, construct, place, locate and build and thereafter use, operate, inspect, repair, maintain, service, replace and move its electric distribution system, new or existing lines of any type, wire, poles, anchors or other appurtenant parts thereof.

The member or patron specifically grants to the Cooperative the right to connect to and hook up to any existing service and/or service line and/or service facility of any type that might be located on the member or patron's land or premises for the purpose of providing and/or extending electric service to another member or patron of the Cooperative. The member or patron grants to the Cooperative the right and privilege to cut down, trim and/or treat with herbicides any and all trees, vines, bushes and/or landscaping which are of such height and/or location in proximity to the Cooperative's distribution line and/or facilities that the trees, vines, bushes and/or landscaping may interfere with and/or create a hazard to the operation of said lines and facilities. All service lines supplying the applicant with the electric energy and all switches, meters and equipment constructed or installed by the Cooperative on said land or premises shall be the sole property of the Cooperative. The Cooperative shall have the right to remove its electric distribution system of any type and all appurtenant parts thereof, upon discontinuance of service for any reason. Provided, however, upon cancellation of the contract for electric service set forth herein, the perpetual easement and right and privilege of access and maintenance of said facilities granted by provisions of the paragraph shall remain in full force and effect.

**SECTION 8. Service to Non-Members.** The Cooperative shall render service to its members only; provided, however, that service may be rendered with board approval upon the same terms and conditions as are applicable to members, to non-members of the Cooperative, including any federal agency, any other state, and any county, city or political subdivision thereof to the extent of not more than ten percent (10%) of the Cooperative's total business; and provided further, that should the Cooperative acquire any electric facilities dedicated or devoted to the public use it may, for the purpose of continuing service and avoiding hardship and to an extent which together with all other persons served by the Cooperative on a non-member basis shall not exceed forty (40) percent of the Cooperative's total business, continue to serve the persons served directly from such facilities at the time of such acquisition without requiring that such persons become members; and provided further that such non-members shall have the right to become members upon nondiscriminatory terms.

**SECTION 9. Participation in Load Management.** Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, to more efficiently utilize or conserve electric energy or to conduct load research.

## ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

**SECTION 1. Property Interest of Members.** Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members according to law, during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

**SECTION 2. Non-Liability for Debts of the Cooperative.** The private property of the members shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**SECTION 3. Contract with the Cooperative.** Each member or patron of the Cooperative, by dealing with the Cooperative, acknowledges that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each member or patron, and both the Cooperative and the members or patrons are bound by such contract, as fully as though each member or patron had individually signed a separate instrument containing such terms and provisions.

**SECTION 4. Noncompliance with Bylaws/Articles of Incorporation.** In the event a member or patron fails to comply with any of the terms of these Bylaws or the Articles of Incorporation of the Cooperative, and legal action is taken by the Cooperative to enforce such terms, the Cooperative shall be entitled to collect in such proceedings its reasonable attorney's fees and court costs.

## ARTICLE III MEETING OF MEMBERS

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held each year at such place within a county served by the

Cooperative and on such day and at such hour as may be selected by the board, and which shall be designated in the notice of the meeting, for the purpose of electing board members (as needed), passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time 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 a majority of the board or by four hundred or more of all the members by filing with the Secretary a request in writing stating the purpose and signed by requesting member(s), which request and petition calls for a special member meeting, the stated purpose of which shall be to hear and act upon such matter(s) as stated. Each page of the petition shall, in the forefront thereof, state the name(s) and address(es) of such member(s) filing such request(s) and a verbatim statement of such request(s). The petition shall be signed by each member in the same name as the member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Upon filing of the request, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Secretary shall verify the signatures of the members requesting a special meeting, within thirty (30) days of receipt of the request, and the meeting shall be called not less than thirty (30) days nor more than ninety (90) days following the verification of members' signatures. Special meetings of the members may be held at any place within a county served by the Cooperative in the State of Kentucky, which shall be specified in the notice of the special meeting as determined by the board of directors.

The Chairman of the said meeting shall be a licensed attorney appointed by the attorney to the board, and the Cooperative shall compensate him/her for such services.

**SECTION 3. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 4. Quorum.** Twenty-five members present shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present.

**SECTION 5. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote of the members. All questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation, or board policy, or Bylaws. The vote of a member who is a firm, association, corporation or body politic, shall be cast by the ranking officer of such member, unless such member shall have elected another person to represent it. Such officer or representative shall present either credentials of his or her authority or sign a statement that he or she is the authorized officer or representative.

The board members shall, prior to any meeting of the members at which directors are to be elected, appoint such number of Assistant Secretaries as they may deem advisable for the purpose of checking registrations.

Should the board of directors fail to appoint a sufficient number of Assistant Secretaries or should it develop that the number appointed is for any reason insufficient, then the Secretary may, at or before said meeting, appoint such number of Assistant Secretaries as he or she may deem necessary from among the employees of the Cooperative. Should the Secretary be absent or fail to act, then the Board Chairman may in like manner appoint Assistant Secretaries.

**SECTION 6. Proxies.** Voting by proxy is prohibited by these Bylaws.

**SECTION 7. Credentials and Election Committee.** The board of directors shall, not less than seventy-five (75) days before the annual meeting of the members at which directors are to be elected, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of Cooperative members, not less than five (5) nor more than seven (7), who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives as defined in Article XI, Section 5, or members of the same household thereof. In appointing the Committee, the board shall have regard for the equitable representation of the several areas served by the Cooperative.

The Committee shall elect its own chairman and secretary prior to the member meeting. If a petition or petitions are received on behalf of a candidate for inclusion on the ballot, then the Credentials and Election Committee shall meet at least thirty (30) days prior to the annual meeting to certify signatures on the petition and to determine the eligibility of such person to serve if elected. It shall be the Committee's responsibility to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection may be filed with the chairman of the Credentials and Election Committee or at the principal office of the Cooperative during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s) who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The Committee shall be appointed for a one (1) year term and the Cooperative may compensate them for their services.

**SECTION 8. Agenda.** No proposal shall be voted upon, or board action taken upon any matter at the Annual Meeting, unless it has been placed on the agenda at least forty (40) days prior to such meeting. Any agenda item proposed by anyone other than the board of directors shall be submitted to the headquarters office of the Cooperative or to the Secretary at least seventy (70) days prior to annual meeting by filing with the Secretary a request in writing stating the purpose of the agenda item proposed, that it be submitted to the annual meeting for consideration and signed by the requesting member(s). Any proposal determined to be legitimate by the board of directors may be placed on the agenda of the members' annual meeting.

**SECTION 9. Order of Business.** The order of business at the annual meeting of the members, as established by the board, and so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meetings of the members, the taking of necessary action thereon;
4. Presentation and consideration of reports of officers, trustees and committees;

5. Election of board members (as needed);

6. Other business; and,

7. Adjournment

#### ARTICLE IV BOARD MEMBERS

**SECTION 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven (7) members which shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

Voting for the board members shall occur at the annual meeting of members and at the Cooperative's Headquarters and three (3) District offices beginning on the first business day of the month of said annual meeting and continuing until the close of business the day of the annual meeting. The specific procedures for voting for board members shall be set forth in a policy adopted by the Board of Directors.

**SECTION 2. Election and Tenure of Office.** Either two (2) or three (3) board members shall be elected at annual meetings of the members for terms of four (4) years according to the following schedule:

| 2020       | 2021       | 2022         | 2023       |
|------------|------------|--------------|------------|
| District 1 | District 4 | Non-election | District 2 |
| District 3 | District 5 | Year         | District 6 |
|            | District 7 |              |            |

All contested elections shall be by secret ballot. Board members shall serve until the annual meeting in the year during which their term expires or until their successors have been elected and qualified subject to the provisions of these Bylaws as to removal of directors.

If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members shall be elected by a plurality of the votes cast.

**SECTION 3. Qualifications.** To be eligible to become or remain a board member of the Cooperative a person shall:

- (a) Be a member of the Cooperative whose permanent, principal residence is presently located and has been located for the five (5) immediate past years in the district served by the Cooperative where the vacancy exists;
- (b) Not be an employee of or 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 or plumbing appliances, fixtures or supplies to the members of the Cooperative.
- (c) Any person who is a member of Owen Electric Cooperative, Inc. may seek membership on the board of directors if that person has the legal capacity to enter into a binding contract.
- (d) Not have been employed by the Cooperative during the past five years nor be the spouse of such former employee, nor a person/spouse thereof who is covered by any retirement or insurance benefit paid for partly or completely by the Cooperative, except those who receive these benefits for serving/having served as a director or spouse of a director.

No person shall take or hold office as a board member who is the incumbent of or candidate for an elective public office in connection with which a salary is paid.

Must agree to provide a complete, accurate and truthful expenditure report listing all amounts spent personally, and by supporters or others on your behalf, as part of your election efforts to become a cooperative board member.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the board shall remove such board member 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.

**SECTION 4. Districts.** The territory served or to be served by the Cooperative shall be divided into seven (7) districts, giving due consideration to population density and geographical location. Each district shall be represented by one (1) board member. The present boundaries of said (7) districts are as follows:

District 1. includes all of Owen County.

District 2. includes all of Carroll County and Gallatin County.

District 3. includes all of Grant County and Scott County.

District 4. includes all of Pendleton County and Campbell County.

District 5. includes portions of Boone County found in map block numbers 316-317; 330-333; 345-348; 359-363; 373-377; 387-393; 403-409; 418-424; 433-435; 447-452 on the cooperative's system maps.

District 6. includes all of Kenton County.

District 7. includes portions of Boone County found in map block numbers 460-466; 471-477; 480-487; 488-495; 496-501; 502-505; 506-507 on the cooperative's system maps.

Not less than sixty (60) days before any meeting of the members at which board members are to be elected, the board will review the composition of the several districts for any modification as deemed appropriate.

**SECTION 5. Nominations.** It shall be the duty of the board of directors to appoint, not less than sixty (60) days, nor more than one hundred and five (105) days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) members nor more than seven (7) members, who shall be selected so that at least one member from each district from which a director is to be elected will serve on the nominating committee.

No officer or member of the board of directors shall be appointed a member of this committee. This committee shall prepare and post at the principal office of the cooperative at least forty-five (45) days before the meeting a list of nominations for directors. However, any forty (40) or more members may make other nominations in writing over their signatures not less than seventy (70) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. Any person or persons nominating a candidate by petition shall be a member from the same district.

Any nomination by member(s) shall be submitted to the headquarters office of the Cooperative or to the Secretary at least seventy (70) days prior to the annual meeting by filing with the Secretary a petition calling for the nomination signed by at least forty (40) members who reside in the same district as the person who is being nominated. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of such member(s) filing such request(s) and a verbatim statement of such nomination(s). The petition shall be signed by each member in the same name as he/she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings.

The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected. The nomination from the floor by members for the office of director is expressly prohibited.

Notwithstanding the provisions contained in this section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the board of directors after the election of directors.

**SECTION 6. Removal of Directors by Members.** (a) Any member(s) may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) at a special meeting by reason thereof, by filing with the Secretary such charge(s) in writing signed by said member(s), together with a petition signed by not less than four hundred (400) of the members, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act upon such charge(s). Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is(are) being made. The petition shall be signed by each member in the same name as the member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. A statement of such charge(s) verbatim, the name(s) of director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting. Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect

to the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him or her shall have been presented during the meeting through oral statements, documents, or otherwise, with the ruling concerning same to be made by the chairman of the special meeting. The chairman of said meeting shall be a licensed attorney appointed by the attorney to the board, and the Cooperative shall compensate him or her for such services.

(b) Any member(s) may bring one or more charge(s) for cause against one or more director(s) and may request the removal of such director(s) at the annual meeting by reason thereof, by filing at the Cooperative's principal business office a copy of a petition in the format set forth in Section 6 (a) above, at least seventy (70) days prior to such annual meeting. The petition shall be added to the agenda of the annual meeting if all the requirements for filing are met. The procedures for notifying the director(s) of the charge(s), as well as the procedure for considering such charge(s) shall be the same as set forth in Section 6 (a) above, with the exception that the licensed attorney appointed by the attorney to the board shall preside over that portion of the annual meeting during which charge(s) made against director(s) are being considered.

**SECTION 7. Removal of Directors for Absence.** Removal of Directors for Absence. Any board member who is absent from three consecutive regular meetings of the board, unless excused by the affirmative vote of a majority of the other board members, shall be deemed to have vacated his office. After declaring the vacancy to exist, the remaining board members shall proceed to fill the vacancy.

**SECTION 8. Vacancies.** All vacancies occurring in the board of directors shall be filled by a majority vote of the board of directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated and until a successor is elected and qualified; PROVIDED that such a director shall be from the same directorate district as was the director whose office was vacated and meet all qualifications as in Article IV, Section 3.

**SECTION 9. Compensation.** Board members shall not receive any salary for their services as such, except that directors of the Cooperative may by resolution authorize a fixed sum which may include insurance coverage, for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs, or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for 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 board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the board as an emergency measure.

**SECTION 10. Retirement, Cessation of Service from the Board.** Retirement means the cessation of active service for any reason. However, if a Director resigns because of inappropriate actions that has caused or may cause embarrassment to the Cooperative, or is removed for cause as provided by Article IV, Section 6, all insurance coverage and per diem allowances shall cease at that time.

## ARTICLE V MEETINGS OF BOARD

**SECTION 1. Regular Meetings.** A regular meeting of the board shall be held without notice, immediately before, and at the same place as the annual meeting of the members.

A regular meeting of the board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members.

A regular meeting of the board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2. Special Meetings.** Special meetings of the board may be called by the Chairman or by any three board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or board members calling the meeting shall fix the time and place for the holding of the

meeting, within the Cooperative area, unless all directors consent to its being held in some other place in Kentucky or elsewhere.

**SECTION 3. Notice of Directors' Meetings.** Notice of the date, time, place, and purpose of any special meeting of the board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) 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 board is present at said meeting, a majority of the board present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these bylaws.

**SECTION 5. Qualifying Meetings.** Attendance at meetings of the Board may be in person or via telephone/video conference. When applicable, roll call will be taken at the beginning of the meeting to establish telephone/video conference participation.

## ARTICLE VI OFFICERS

**SECTION 1. Number.** The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such other officers as may be determined by the board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**SECTION 2. Election and Term of Office.** The officers shall be elected by ballot, annually by and from the board at the meeting of the board held immediately after 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 or her successor shall have been elected and shall have qualified, provided however the maximum length of time that any board member can hold consecutive terms of office is four years. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

**SECTION 3. Removal.** Any officer, agent, or employee 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. The principal 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 or her shall have the same opportunity.

**SECTION 4. Vacancies.** A vacancy in any office elected or appointed by the board of directors shall be filled by the board for the unexpired portion of the term.

**SECTION 5. Chairman of the Board.** The Chairman of the Board shall:

- (a) Be the principal officer of the Cooperative and, unless otherwise determined by the members or the board, shall preside at all meetings of the members and the board;
- (b) Sign, with the Secretary, 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 Chairman and such other duties as may be prescribed by the board from time to time.
- (d) When the Chairman, while presiding at a meeting of the members or of the board of directors, chooses to vacate the chair, and the Vice Chairman is absent or chooses not to preside, the Chairman shall designate another person as Chairman for any part or all of the remainder of the meeting.

**SECTION 6. Vice-Chairman.** In the absence of the Chairman, or in the event of his or her inability or refusal to act, the Vice-Chairman shall

perform the duties of the Chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice-Chairman shall also perform such other duties as from time to time may be assigned to him or her by the board.

When the Vice-Chairman, while presiding at any meeting of the members or board of directors, chooses to vacate the chair, he or she shall designate another person as Chairman for any part or all of the remainder of the meeting.

**SECTION 7. Secretary-Treasurer.** The Secretary function shall be:

- (a) Keeping the minutes of the meeting of the members and of the board in books provided for that purpose;
- (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 register of the names and post office addresses of all members;
- (e) Signing, with the Chairman, all documents expressly authorized by the board or the members to be executed, as provided for in Section 5;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and 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 each member upon request therefore; 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 or her by the board.

The Treasurer function shall be:

- (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 and for the deposit and investment 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 or her by the board.

**SECTION 8. Delegation of Secretary's and Treasurer's Responsibilities.**

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 7, the board of directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**SECTION 9. President and Chief Executive Officer.** The President and Chief Executive Officer shall be the chief operating officer of the Cooperative. He or she is charged with the duties and obligations of managing the foreseeable business affairs of the Cooperative that shall include, but is not limited to, the Cooperative's approved budget and programs, and the formulation and preparation of the agenda for each regular meeting of the board of directors. Also, the President and Chief Executive Officer shall perform such other duties and have such other authority that the board may from time to time vest in him or her.

**SECTION 10. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded or insured 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 or insured in such amount and with such surety as it shall determine.

**SECTION 11. Indemnification of Officers, Directors, Employees and Agents.** The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action, suit, or proceeding, whether civil, criminal,

administrative or investigative (other than an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a director, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses, (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to the best interests of the Cooperative, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for believed to be in, or not opposed to the best interests of the Cooperative, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

To the extent that a director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in paragraphs 1 and 2, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

Any indemnification under paragraphs 1 and 2 (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in paragraphs 1 and 2. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding or (b) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the members.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the board of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Cooperative as authorized in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

**SECTION 12. Compensation.** The powers, duties and compensation of officers, agents, and employees of the Cooperative, except as provided in Article IV, Section 9, shall be fixed as follows:

- (a) The board of directors shall establish a wage and salary plan for all professional, technical, supervisory and clerical employees.
- (b) It shall be the duty of the President & CEO with the assistance of his or her staff, to carry out the Wage and Salary Plan as previously approved by the board of directors;
- (c) The salary of the President & CEO shall be established by the board of directors.
- (d) The compensation for employees represented by IBEW shall be determined by such contracts as may from time to time be agreed upon between the Cooperative and the IBEW group, which agreements shall be approved by the board of directors.

**SECTION 13. 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 NON-PROFIT OPERATION

**SECTION 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its members and patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members or patrons. (Security Deposits are not to be construed as capital furnished for purposes of this Section.)

**SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.** Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members and patrons alike will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members and patrons alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the members and patrons alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each member or patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member or patron is clearly reflected and credited in an appropriate record to the capital account of each member or patron.

All such amounts credited to the capital account of any member or patron shall have the same status as though they had been paid to the member or patron in cash in pursuance of a legal obligation to do so and the member or patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members or patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members or patrons, as herein provided. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the

capital credited to members' or patrons' accounts may be retired in full or in part. Capital credited to the account of each member or patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such member's or patron's premises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative, the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provisions of these Bylaws, the board at its discretion shall have the power at any time, upon the death of any member or patron who was a natural person receiving electric services under a Schedule One (1) Farm/Home Account, if the legal representative(s) of his or her estate shall request in writing that the capital credited to said member's or patron's Schedule One (1) Farm/Home account be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to said member's or patron's Schedule One (1) Farm/Home account immediately upon such terms and conditions as the board, acting under the policies of general application and the legal representative's of such member's or patron's estate shall agree upon, provided however, that the financial condition of the Cooperative will not be impaired thereby; and further provided that no payment of capital credits to the estate of a deceased member or patron shall be made except to the extent said credits represent margins earned by the Cooperative from its own operations and amounts received in cash from margins distributed by organizations or other cooperatives of which this cooperative is a member. This shall be construed to exclude capital credits assigned, but not paid in cash by such other cooperatives. Separate records shall be kept of Patronage Capital received and receivable.

Notwithstanding any other provisions of these Bylaws, the board at its discretion, shall have the power at any time, to declare a special retirement of patronage capital to school district members who desire to install or replace electric energy equipment of a higher efficiency rating or on an emerging technology basis. The patronage refund will be subject to discounting to its present value, based on the current refund rotation schedule and the cooperative's estimated cost of capital over the same period. Such refunds shall be used exclusively for the cost of the purchase and installation of equipment that improves the member's electrical usage efficiency, the cooperative's overall operational cost or efficiency, and be in the general best interest of the cooperative membership and the community. Refunds shall not exceed the cost of the purchase and installation of the equipment.

The Cooperative, before retiring any capital credits to any member's or patron's account, shall deduct therefrom any amount owing by such member or patron to the Cooperative, together with interest thereon at the Kentucky legal rate on judgments in effect when such amount became overdue, compounded annually.

**SECTION 3. Patronage Refunds in Connection with Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those members or patrons from whom such amounts were obtained at such time and in such order or priority as the board of directors shall determine. However, interest differential from deposits and margins on other goods and services shall be grouped with margins from electrical operations and allocated to members or patrons, consistent with Section 2.

**SECTION 4. Patronage Refunds in Connection with Joint Membership.** All capital credits as provided for in this Article shall be regarded as being held jointly with rights of survivorship between spouses holding a joint membership. Upon the death of either spouse, said capital credits shall become the sole property of the surviving spouse.

#### ARTICLE VIII

#### DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

**SECTION 1. Disposition and Pledging of Property.** Not inconsistently with Kentucky Revised Statute, Section 279.140 and paragraph 2 hereof, the Cooperative may authorize the sale, lease, lease-sale,

exchange, transfer or other disposition of any of the Cooperative's properties and assets only upon the affirmative votes of two-thirds (2/3) of the then-total members of the Cooperative at a duly held meeting of the members. However, the board of directors shall have full power and authority:

- (a) to borrow monies from any source and in such amounts as the board may from time to time determine;
- (b) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefore; and
- (c) to lease, lease-sell, exchange, transfer or otherwise dispose of services and electric energy, property acquired for resale, merchandise, property not necessary or useful for the operation of the Cooperative: PROVIDED, that sales of such unnecessary property shall not in any one year exceed ten percent in value of all the property of the Cooperative other than merchandise and property acquired for resale.

Supplementary to the first sentence of paragraph 1, and any other applicable provisions of law or these bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of any of the Cooperative's properties and assets shall be authorized except in conformity with the following:

- (1) If the board of directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a Circuit Court Judge for the Judicial District in Kentucky in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the board of directors.
- (2) If the board of directors, after receiving such appraisals, (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members, it shall first give every other electric cooperative corporately sited and operating in Kentucky (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such electric cooperative shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) If the board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall first adopt by the affirmative vote of three-fourths of all directors a resolution recommending the sale and directing the submission of the proposal to a vote of the members at a duly held member meeting, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not sooner than ninety (90) days after the giving of such notice to the members; PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the board so determines, and if such annual meeting is held not sooner than ninety (90) days after the giving of such notice.
- (4) Any four hundred (400) or more members, by so petitioning the board not less than forty (40) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the board has made.
- (5) In connection with the exercise of its judgment in determining what is in the best interest of OEC and its members when evaluating any proposal for dissolution, merger, consolidation, sale of assets, lease, transfer, or other disposition of all or substantially all of the Cooperative's assets, the board of directors shall consider all of the following factors and other factors which it deems relevant:
  1. The long-term as well as short-term interest of the Cooperative and its members, including the possibility that those interests may be best served by the continued existence of the Cooperative;

2. The societal and economic impact of the transaction upon the community and service territories; and
3. The societal and economic effects of the transaction upon the Cooperative's employees.

The provisions of this Section shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives or if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives.

**SECTION 2. Distribution of Surplus Assets on Dissolution.** Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the board of directors, be distributed without priority but on an equal basis among all persons who were active members on the last day of business of the Cooperative; PROVIDED HOWEVER, that, if in the judgment of the board, the amount of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

#### ARTICLE IX SEAL

The Corporate Seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal" and "Kentucky."

#### ARTICLE X 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 evidences of indebtedness issued in the name of the Cooperative, shall be signed and/or countersigned 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, Investments.** All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the board of directors may select.

**SECTION 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Utilities Services of the United States of America and to National Rural Utilities Cooperative Finance Corporation, 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. All rate changes shall be submitted to the Public Service Commission and other applicable regulatory agencies as required.

**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 XI MISCELLANEOUS

**SECTION 1. Waiver of Notice.** Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**SECTION 2. 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 these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**SECTION 3. 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 the Administrator of the Rural Utilities Service of the United States of America. The board shall also after the close of each fiscal year cause to be made by 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 4. 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.

**SECTION 5. Close Relative Defined.** As used in these Bylaws, "close relative" means a person who, by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

#### ARTICLE XII AMENDMENTS

These Bylaws may be altered, amended, or repealed by a majority vote of the board of directors at any regular or special board meeting. The notice of the meeting shall contain a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof. Upon the Bylaws being altered, amended or repealed, a copy of same shall be delivered to each member of the Cooperative within a reasonable time after such action has been taken, upon request therefore.

#### ARTICLE XIII RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the board of directors, of any committee provided for in these Bylaws, and of any other committee of the members or board of directors which may from time to time be duly established, shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or board policy or Bylaws.

#### NONDISCRIMINATION STATEMENT

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audio-tape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) Mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights 1400  
Independence Avenue, SW  
Washington, D.C. 20250-9410;
- (2) Fax: (202) 690-7442; or
- (3) Email: [program.intake@usda.gov](mailto:program.intake@usda.gov)

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