

Northeast Oklahoma Electric Cooperative, Inc.
Bylaws Index

ARTICLE I—MEMBERSHIP

- Section 1.01 Eligibility
- Section 1.02. Application for Membership; Renewal of Prior Application
- Section 1.03. Membership Fee; Service Connection Deposit or Fee; Service Security and Facilities Extension Deposits; Contributions in Aid of Construction
- Section 1.04. Joint Membership
- Section 1.05. Acceptance into Membership
- Section 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts
- Section 1.07. Excess Payments to be Credited as Member-Furnished Capital
- Section 1.08. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification
- Section 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs

ARTICLE II—MEMBERSHIP SUSPENSION AND TERMINATION

- Section 2.01. Suspension; Reinstatement
- Section 2.02. Termination by Expulsion; Renewed Membership; Immediate Disconnection of Service and Expulsion
- Section 2.03. Termination by Withdrawal or Resignation
- Section 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners
- Section 2.05. Effect of Termination
- Section 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership
- Section 2.07. Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively

ARTICLE III—MEETINGS OF MEMBERS

- Section 3.01. Annual Meeting
- Section 3.02. Special Meetings
- Section 3.03. Notice of Member Meetings
- Section 3.04. Quorum
- Section 3.05. Voting

- Section 3.06. Credentials and Election Committee
- Section 3.07. Order of Business

ARTICLE IV—TRUSTEES

- Section 4.01. Number and General Powers
- Section 4.02. Qualifications
- Section 4.03. Election
- Section 4.04. Tenure
- Section 4.05. Trustee Districts
- Section 4.06. Nominations
- Section 4.07. Voting for Trustees; Validity of Board Action
- Section 4.08. Removal of Trustees by Members
- Section 4.09. Vacancies
- Section 4.10. Compensation; Expenses
- Section 4.11. Rules, Regulations, Rate Schedules and Contracts
- Section 4.12. Accounting System and Reports
- Section 4.13. Subscription to “Northeast Connection” and to the Statewide Publication
- Section 4.14. “Close Relative” Defined

ARTICLE V—MEETINGS OF TRUSTEES

- Section 5.01. Regular Meetings
- Section 5.02. Special Meetings
- Section 5.03. Notice of Special Board Meetings
- Section 5.04. Quorum

ARTICLE VI—OFFICERS; MISCELLANEOUS

- Section 6.01. Number and Title
- Section 6.02. Election and Term of Office
- Section 6.03. Removal
- Section 6.04. Vacancies
- Section 6.05. President
- Section 6.06. Vice President
- Section 6.07. Secretary
- Section 6.08. Treasurer

- Section 6.09. Delegation of Secretary’s and Treasurer’s Responsibilities; Facsimile Signatures
- Section 6.10. General Manager; Executive Vice President
- Section 6.11. Bonds
- Section 6.12. Compensation
- Section 6.13. Indemnification; Insurance
- Section 6.14. Reports

ARTICLE VII—CONTRACTS, CHECKS AND DEPOSITS

- Section 7.01. Contracts
- Section 7.02. Checks, Drafts, etc.
- Section 7.03. Deposits; Investments

ARTICLE VIII—NON PROFIT OPERATION

- Section 8.01. Interest or Dividends on Capital Prohibited
- Section 8.02. Patronage Capital in Connection with Furnishing Electric Energy
- Section 8.03. Patronage Refunds in Connection with Furnishing Other Services

ARTICLE IX—WAIVER OF NOTICE

ARTICLE X—DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

- Section 10.01. Disposition and Pledging of Property
- Section 10.02. Distribution of Surplus Assets on Dissolution

ARTICLE XI—FISCAL YEAR

ARTICLE XII—RULES OF ORDER

ARTICLE XIII—SEAL

ARTICLE XIV—AMENDMENTS

- Section 14.01. Power to Amend
- Section 14.02. Procedure for Amending

Northeast Oklahoma Electric Cooperative, Inc.
Bylaws

ARTICLE I
MEMBERSHIP

SECTION 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, State or political subdivision or agency thereof, or any body politic (each hereinafter referred to as “member,” “person,” “applicant,” “him” or “his”, “her” or “hers”) shall be eligible to become a member of, and, at one or more premises owned, leased as lessor or lessee, or directly occupied or used by the member, to receive electric service from, Northeast Oklahoma Electric Cooperative, Inc., (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative; and no membership shall be transferable.

SECTION 1.02. Application for Membership; Renewal of Prior Application. Application for membership — wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations, rate classifications and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted, repealed or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) — shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Trustees (“Board”) shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03, together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction or executed supplemental contract that may be required by the Cooperative (hereinafter called “other payments, if any”), which fee and other payments, if any, shall be refunded in the event the application is denied. Any former member of the Cooperative may, by the sole act of paying any outstanding account plus accrued interest thereon at a reasonable rate as from time to time established by the Board and in effect when such account first became overdue, compounded annually, together with other payments, if any, renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. Fee, Deposits, and Contributions In Aid Of Construction. Fees, deposits and contributions in aid of construction charged by the Cooperative shall be established according to schedules, tariffs and/or formula set by the Oklahoma Corporation Commission or such other regulatory body having jurisdiction in such matters.

SECTION 1.04. Joint Membership. A husband and wife, by jointly executing a membership application may be accepted into joint membership or, if one of them is already a member, may upon specifically so requesting in writing, automatically convert such membership into a joint membership. The words “member,” “applicant,” “person,” “his”, “him,” “her,” or “hers,” as

used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing —

- (a) The presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote; PROVIDED, if both be present but in disagreement on a vote, each shall cast only one-half (1/2) vote;
- (c) notice, to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) either, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if both meet the qualifications required therefore; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership unless such already existed prior to creation of the joint membership.

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, the Cooperative may reject or deny an application and refuse to furnish service, or to continue service it has already begun furnishing, if prior to connection it determines, or thereafter it discovers, that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for good cause, including but not limited to the fact that furnishing service to the applicant would be or is in violation of one or more of the Cooperative's service rules and regulations.

SECTION 1.06. 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 a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned, leased as lessor or lessee, or directly occupied or used by the member, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to the membership, unless and except to the extent that the Board 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 and, if in effect, in accordance with the provisions of any supplemental

contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with 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 him 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 him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to the member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VIII of these Bylaws.

SECTION 1.08. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the then-current edition of the National Electric Code, of any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall apply. Each member shall be responsible for such premises and all wiring and apparatuses connected thereto or used thereon; and shall indemnify and hold harmless the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage, including reasonable attorneys' fees, resulting from any defect in or improper use or maintenance thereof. Each member shall without charge make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from any hostile source, for meter reading and bill collecting and for connection, inspection, maintenance, replacement, relocation, repair, disconnection or reconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his/her best efforts to prevent others from so doing. Each member shall at his/her own expense also provide such protective devices to his/her premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to them. If such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall hold harmless and indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service

that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

SECTION 1.09. Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right of way over, across, on and/or under such lands owned or leased by or to, or mortgaged to, the member, and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to him/her or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. 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 electric load research.

ARTICLE II MEMBERSHIP SUSPENSION AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon the member's failure, after the expiration of the initial time limit prescribed either in a specific notice to the member or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other non-compliance with membership obligations, a person's membership shall automatically be suspended; and the member shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership; Immediate Disconnection of Service and Expulsion. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, the member may, without further notice, but only after due hearing before the Board, if such is in writing requested by the member, be expelled by resolution of the Board. After the expulsion of a member, the member may not again become a member except upon new application therefore as provided in Sections 1.02 and 1.05. The Board, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all membership obligations. Notwithstanding any other provision of these Bylaws, the Cooperative may, forthwith and without prior notice, (a) disconnect a member's electric service upon its determination that such is required because of the existence of an imminent hazard, in which event the Cooperative shall so inform the affected member and shall reconnect such service as soon as practicable after the hazard has been removed or corrected; or (b) disconnect a member's service and expel the

member from membership upon its determination that the electric meter has been bypassed or tampered with or that electric service is being utilized in the commission of a felonious crime.

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe and upon either (a) ceasing to (or, with the approval of the Board, resigning his membership in favor of a new applicant who also shall) own, lease as lessor, or lessee, or directly occupy or use all premises being furnished electric service pursuant to the membership, or (b) except when the Board specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human member shall automatically terminate the individual membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; PROVIDED FURTHER, neither a withdrawing partner nor his/her estate shall be released from any debts then due the Cooperative.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, the member or legal successor, shall be entitled to refund of the membership fee (and to service security deposit(s), if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither the member nor the member's estate, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board shall expressly so elect, constitute such release of such person from membership obligations as to entitle the member to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either of the spouses of a joint membership or upon their legal separation or divorce, such membership shall continue to be held solely by the survivor or by the separated or divorced one who, if such be the case, continues to own, lease as lessor or lessee, or directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership has never been joint; PROVIDED, the estate of the deceased spouse or of the other separated or divorced spouse shall not be released from any debts due the Cooperative.

SECTION 2.07. Board Acknowledgment of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board, so soon as practicable after such termination is made known to it, shall by appropriate

resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting. For the purposes of electing trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the third Saturday in September of each year, at such place in one of the counties in Oklahoma in which the Cooperative serves, and beginning at such hour, as the Board shall from year to year fix; PROVIDED, for cause sufficient to it, the Board may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting. If the election of trustees shall not be held on the day designated for an annual meeting or any adjournment thereof, the Board may cause the election to be held at a subsequent meeting of the members, which may be a special member meeting or the next annual member meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. Special Meetings. Except as otherwise provided by the Oklahoma statutes, a special meeting of the members may be called by the Board, the president, by a written request signed by any three trustees or by written petition signed by at least ten percent (10%) of the then-total members of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at any place within such one of the counties in Oklahoma in which the Cooperative serves, on such date, not sooner than forty (40) days after the call for such meeting is made if the call is by a member petition, and beginning at such hour as shall be designated by the member or those calling or petitioning for the same.

SECTION 3.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall, except as otherwise provided by the Oklahoma statutes, be delivered to each member not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, by any reasonable means, by or at the direction of the Secretary or, in the Secretary's default so to do, at the direction of the Secretary or those calling the meeting. Reasonable means of providing such notice shall include but not be limited to the United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No proposal, the adoption or approval of which, as provided by law or these Bylaws, requires the affirmative votes of more

than a majority of the Cooperative's members voting thereon shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. 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 and, whether mailed first-class or not, postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business on the ground that the meeting shall not have been lawfully called or convened or on some other lawful ground; but such objection shall be in writing and delivered to the Secretary prior to or at the beginning of the meeting.

SECTION 3.04. Quorum.

- (a) Except as otherwise provided in this Section 3.04 or by the Oklahoma statutes, business may be transacted at any meeting of the members if there are present in person at least five (5%) percent of the then-total members of the Cooperative.
- (b) The members may not vote on a proposal to sell, lease as lessor, lease-sell, transfer, convey, exchange or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets, to dissolve the Cooperative, or on a question of removing a trustee from office or to fill any vacancy that may thereby be created, unless there are present in person at least ten (10%) percent of the then-total members of the Cooperative; PROVIDED, subsection (a), not this subsection (b), shall apply if the question is whether to merge or consolidate the Cooperative with one or more other electric cooperatives.
- (c) If less than the required quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date; PROVIDED, the Secretary shall notify all members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present.

SECTION 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. A person entitled to cast the vote of such entity, who is also a member, may vote the member's own membership as well as that of the entity represented. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes.

SECTION 3.06. Credentials and Election Committee. The Board shall, not less than fifteen (15) nor more than forty (40) days before any annual meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of members not less than three (3) nor more than nine (9) who are not existing Cooperative employees, agents, officers, trustees or known candidates for trustee, and who are not close relatives (as hereinafter defined) or members of the same household of any such person. 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, the latter of who may be a member of the Cooperative's staff, at its first meeting. It shall be the responsibility of the Committee 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 present in person and as delegates of non-natural person members and 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 votes irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of trustees (including but not limited to the qualifications of candidates nominated from the floor as provided under Section 4.08, the regularity of such nominations and the election of trustees), and to pass upon any protest or objection filed with respect to any election of trustees or any other action at the meeting. In the exercise of its responsibilities, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a member has a protest or objection, it shall be filed in writing with the Committee during, or within the ten (10) business days next following the adjournment of, the meeting. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than fourteen (14) 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 an election, any other voting or any other action taken or procedure followed, 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, except as may thereafter be changed by a court having jurisdiction for such purpose.

SECTION 3.07. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (a) Report on the number of members present in person in order to determine the existence of a quorum;
- (b) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (c) Reading of unapproved minutes of previous meetings of the members unless same be waived and the taking of necessary action thereon;

- (d) Presentation and consideration of reports of officers, trustees and committees;
- (e) Election of trustees;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

ARTICLE IV TRUSTEES

SECTION 4.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) trustees. The Board 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.

SECTION 4.02. Qualifications. No person shall be eligible to become or remain a trustee of the Cooperative who:

- (a) while serving on the Board or during the five (5) years preceding nomination thereto shall have been finally adjudged to be guilty of a felony; or
- (b) is, becomes, or within the last five (5) years has been employed by the Cooperative, a subsidiary of the Cooperative or a labor union which represents, or has represented, or has endeavored to represent any employees of the Cooperative; or
- (c) is, and if elected and seated as a trustee will continue to be, a close relative of an incumbent trustee or of an employee of the Cooperative; or
- (d) has not continuously been, for at least one (1) year prior to nomination, or who ceases after election to be, a member in good standing of the Cooperative, receiving service therefrom at a permanent and year-round residence which is the member's primary residential abode in the Trustee District from which the member is elected; or
- (e) is not at least eighteen (18) years old; or

(f) is in any way employed by or financially interested in a substantially competing enterprise or a business selling electric energy, services, or supplies to the Cooperative or its subsidiary businesses; or

(g) is in any way employed by or financially interested in a business selling electrical or plumbing equipment, appliances, fixtures, supplies or wiring to the members.

Notwithstanding the restrictive provisions of this Section that are based upon close relative relationships, no incumbent trustee shall lose eligibility to remain a trustee or to be re-elected a trustee if, during incumbency, the trustee becomes a close relative of another incumbent trustee or of a Cooperative employee because of a marriage or an adoption to which the trustee was not a party.

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 Board to disqualify the nominee. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board to withhold such position from such person or to cause such person to be removed therefrom, as the case may be. Also, the office of a trustee shall automatically become vacant if the trustee is absent from three (3) consecutive regular meetings of the Board unless the remaining trustees resolve that there was good cause for such absences. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board unless such action is taken with respect to a matter in which one or more of the trustees have a personal interest in conflict with that of the Cooperative.

SECTION 4.03. Election. At each annual meeting of the members, trustees shall be elected by secret written ballot or secret electronic voting by the members; PROVIDED, when the number of nominees does not exceed the number of trustees to be elected from a particular Trustee District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. The candidates receiving the highest number of votes cast shall be elected. In the event of tie votes, the winner shall, when necessary, be determined by drawing of lots.

SECTION 4.04. Tenure. Trustees shall be so nominated and elected that one (1) trustee from each of three (3) districts shall be elected for three-year terms at each annual member meeting. Upon their election, trustees shall, subject to the provisions of these Bylaws with respect to the removal of trustees, serve until their successors shall have been elected and shall have qualified. If for any reason an election of trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, then such failure to hold an election shall entitle an incumbent whose trusteeship would have been voted on had such election been held to hold over for another three- (3) year term as trustee.

SECTION 4.05. Trustee Districts.

- (a) The territory served by the Cooperative shall be divided into nine (9) Trustee Districts, which are shown on an official map thereof that is maintained in the principal office of the Cooperative and is available for review by the members during the Cooperative's normal business hours.

- (b) Every odd year, the Board, not less than ninety (90) days prior to the earliest date on which the annual member meeting may be scheduled pursuant to these Bylaws to be held, shall review the Districts and Trusteeships. If the Board determines that the boundaries of Districts should be altered so as to correct any substantially inequitable factors regarding the residence of members or the geographic location of Districts, the Board shall amend these Bylaws accordingly. The Board shall cause all such amendments to be noticed in writing precisely to the members in the affected District no less than ten (10) days prior to the date on which the first District meeting is scheduled to be held for the purpose of nominating individuals to stand for election to the Board of Trustees in accordance with the provisions of Section 4.06 of these Bylaws. From and after the date of such notice, these Bylaws shall have been effectively amended accordingly; and any change so made by action of the Board shall be in full force and effect until at least the completion of the election of trustees at the annual meeting of the members first thereafter held. No such change, whether made by the Board or by the members, shall become effective so as to expand an incumbent trustee's existing term or, unless made solely by the Board and such trustee consents thereto in writing, so as to compel the vacancy of any trustee's office prior to the time such trustee's term would otherwise normally expire.

SECTION 4.06. Nominations. It shall be the duty of the Board to call, not less than thirty (30) nor more than ninety (90) days prior to the date of an annual meeting of the members at which trustees are to be elected, a district meeting of the members in each Trustee District in which a trustee's term is about to expire for the purpose of nominating no more than two (2) candidates to stand for election to the Board in accordance with the provisions of Section 3.05 and 4.07 of these Bylaws. Notices of such district meetings shall be given to each member of the Trustee District; PROVIDED, if a member has active service connections in more than one (1) Trustee District, the member shall receive notice of the meeting of the Trustee District in which the member's primary residential abode is located, unless the member, in writing notifies the Cooperative of a desire to receive notice of and vote in a meeting of another Trustee District in which the member has an active service connection; AND PROVIDED FURTHER, in the event a member has active service connections in more than one district, but does not receive service from the Cooperative at the member's primary residential abode, then the member shall receive notice of the meeting in which is located the service connection which reflects the highest usage of electricity on an annual basis, unless the member in writing notifies the Cooperative of a desire to receive notice of and to vote in a meeting of another Trustee District in which the member has an active service connection. Notices of the district meetings shall be made as provided in Section 3.03 of these Bylaws

Any member desiring to be nominated as a candidate for Trustee from the district of his/her residence, shall file, with the Cooperative, written notice on a form provided by the Cooperative, of his/her candidacy and intention to seek nomination for the office of Trustee from his/her district at such time as may be designated as the official filing period by the Board of Trustees. Only persons filing such written notice of candidacy and intention to seek nomination shall be eligible for nomination at said meeting. If no member files such notice of candidacy and intention to seek nomination during the official filing period, then the office shall be declared vacant by the Board of Trustees at their next regular meeting and said office shall be filled in accordance with the provisions of Article IV, Section 4.09 of these Bylaws. Any person desiring to seek nomination for Trustee from his/her district must file said notice of candidacy inside the Headquarters Office of the Cooperative, with the Manager or his designee, during regular business hours, during the filing period, and the filing period shall officially close at 4:00 p.m. on the last day of said designated filing period.

Each district meeting shall be called to order by an individual designated by the Board, or in default of such designation or the absence of such designated individual from the meeting, by any member residing within the district. The members shall then proceed to elect a chairman, who shall be a member of the District. The individual elected as chairman of the meeting shall appoint an individual to act as secretary for duration of the meeting. Fifteen (15) members of the district, present in person, shall constitute a quorum. Members of other districts present at the meeting may participate in the meeting, but they shall have no vote on any matter of business, including the nominations of candidates for trustee. Nominations for candidates to stand for election to the Board at an annual meeting of the members of the Cooperative shall be made from the floor at the district meeting; PROVIDED, a member shall not be entitled to nominate more than one (1) candidate. The meeting shall remain open for nominations until no further nominations are forthcoming. Nominees must meet the qualifications for trustees as contained in Section 4.02 of these Bylaws and must have filed written notice of candidacy as set forth in previous paragraph within the official filing period designated by the Board of Trustees.

Voting on candidates shall be in accordance with the provisions of Section 4.03 of these Bylaws; PROVIDED, no member at any district meeting shall vote by proxy or by mail. Each member eligible to vote may vote for only one (1) candidate. The two candidates receiving the highest number of votes shall be declared the official candidates of the district. Tie votes shall be resolved by the drawing of lots. The minutes of each district meeting shall set forth, among other matters, the name of each person nominated at the meeting, the number of votes received by each nominee, and shall specify the one or two official candidates of the district. A certified copy of the minutes of the meeting, signed by the secretary and the chairman of the district meeting, shall be delivered to the Secretary of the Cooperative within five (5) days after the adjournment of the district meeting.

SECTION 4.07. Voting for Trustees; Validity of Board Action. In the election of trustees, each member shall be entitled to vote for one (1) candidate from or with respect to each of the Trustee Districts from which trustees are to be elected. Ballots marked in violation of the foregoing restriction shall be invalid and shall not be counted with respect to the affected Trustee District. Notwithstanding the provisions contained in this Section and in Section 4.06, failure to

comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board after the election of trustees.

SECTION 4.08. Removal of Trustees by Members. Any member may bring one or more charges for cause against any one or more trustees, and may request the removal of such trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than ten percent (10%) of the then-total membership of the Cooperative, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more trustees are recalled, to elect their successor(s), and which specifies the place, time and date thereof within not less than forty-five (45) days after the filing of such petition or requests that the matter be acted upon at the next annual meeting of the members if the same will be held no sooner than ninety (90) days after such petition is filed. 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) 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. Notice of such charge(s) verbatim, of the trustee(s) against whom the charge(s) have been made and of the member(s) filing the charge(s) shall be contained in or accompany the notice of the meeting to the members not less than ten (10) nor more than twenty-five (25) days prior to the member meeting at which the matter will be acted upon; PROVIDED, the notice shall set forth (by random selection but otherwise in alphabetical order) only twenty (20) of the names and addresses of the charging members if more than twenty (20) members file the same charge(s) against the same trustee(s). Such trustee(s) shall be informed in writing of the charges after they have been validly filed and at least thirty-five (35) days prior to the meeting of the members at which the charge(s) are to be considered, 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 of the charge(s), and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, and shall be heard first. The question of the removal of such trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting. Any vacancy created by such removal shall be filled by the affirmative votes of a majority of the votes cast at such meeting, without compliance with the foregoing provisions with respect to pre-meeting nominations, and nominations shall be made from the floor; PROVIDED, the question of the removal of a trustee shall not be voted upon at all unless some evidence in support of the charge(s) against the trustee shall have been presented during the meeting; AND PROVIDED FURTHER, a charge that a trustee has in a lawful manner opposed or resisted any effort to sell, lease-sell, transfer, exchange, convey or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets or to dissolve the Cooperative shall not constitute a "charge for cause" on a basis of which a trustee may be removed from office under this section. A newly elected trustee shall be from the same Trustee District as was the trustee whose office the trustee succeeds and shall serve the unexpired portion of the removed trustee's term.

SECTION 4.09. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Trustees. A trustee thus elected shall serve out the unexpired term of the trustee whose office was originally vacated

and until a successor is elected and qualified; PROVIDED, such a trustee shall be from the same Trustee District as was the trustee's predecessor.

SECTION 4.10. Compensation; Expenses.

- (a) Trustees shall not receive a salary for their services as such. However, subject to subsection (b) below and as determined by policy adopted by the Board, trustees may receive a fee, which may include insurance benefits, for each day during which they attend meetings or otherwise perform duties on behalf of the Cooperative. Fees for otherwise performing their duties need not be the same as for attending meetings of the Board.
- (b) For attending such meetings and in otherwise performing duties pursuant to authorization thereof by the Board, trustees shall be advanced or reimbursed their related expenses actually, necessarily and reasonably incurred and expended by them, in accordance with the same policy established by the Board for advancement or reimbursement of expenses for Cooperative employees, except that use of personal automobiles may be treated differently.
- (c) 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 in a full-time position, except that (1) a trustee who is an officer of the Cooperative, or who is a trustee, officer or committee member of or a delegate to an organization of which the Cooperative is a member or stockholder, and who as such performs substantial additional duties on behalf of the Cooperative, may be paid such compensation therefore, on a per diem basis, as is authorized by the remaining trustees, and (2) a trustee or close relative of a trustee may be paid such compensation as is authorized by the Board upon its certification of such as a temporary emergency measure.

SECTION 4.11. Rules, Regulations, Rate Schedules and Contracts. The Board shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.13. Subscription to “Northeast Connection” and to the Statewide Publication.

For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the Cooperative’s newsletter, “Northeast Connection,” or any successor such publication, the annual subscription price will be set annually by the Board, and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to the statewide publication, “Oklahoma Rural News,” or any successor such publication, the annual subscription prices which will be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.14. “Close Relative” Defined. As used in these Bylaws, “close relative” shall be deemed to be a person who, by blood or by law, including half or step kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt or uncle of the principal.

**ARTICLE V
MEETINGS OF TRUSTEES**

SECTION 5.01. Regular Meetings. A regular meeting of the Board shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board shall also be held monthly at such date, time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice; PROVIDED, any trustee absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least seven (7) days prior to the next meeting of the Board; AND PROVIDED FURTHER, if a policy therefore is established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least seven (7) days’ notice thereof to all trustees.

SECTION 5.02. Special Meetings. Special meetings of the Board may be called by Board resolution, by the President, or by any three (3) trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President, or the trustees calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Oklahoma within which the Cooperative serves, unless all trustees consent to its being held in some other place in Oklahoma or elsewhere. Special meetings, upon proper notice as otherwise provided herein, may also be held via telephone conference call, without regard to the actual location of the trustees at the time of such a telephone conference meeting, if all the trustees consent thereto. Also, if no other trustee objects, a trustee may attend and participate in a Board meeting by being continuously

connected thereto by telephone in such a manner that he may speak to and be heard by such meeting and all other trustees there present may hear and speak to him.

SECTION 5.03. Notice of Special Board Meetings. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each trustee not less than seven (7) days prior thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by the President or by the trustees calling it in the case of a special meeting or by any trustee in the case of any meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the trustee at the trustee's address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least seven (7) days prior to the meeting date. The attendance of a trustee at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened, or on some other lawful ground.

SECTION 5.04. Quorum. The presence in person or telephonically of a majority of the trustees in office shall be required for the transaction of business, and, except as otherwise provided in these Bylaws, the affirmative votes of a majority of the trustees present and voting shall be required for any action to be taken; PROVIDED, a trustee who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of trustees in office or present; AND PROVIDED FURTHER, if less than a quorum be present at a meeting, a majority of the trustees present may adjourn the meeting from time to time, but shall cause all trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI OFFICERS; MISCELLANEOUS

SECTION 6.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office. The officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board at the first meeting of the board held after each annual meeting of the members. Election shall require the affirmative votes of the majority of trustees in office. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as may be convenient. Each such 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 duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of trustees by the members and to the removal of officers by the Board. Any other officers may be elected by the

Board from among such persons, and with such title, tenure, responsibility and authority, as the Board may from time to time deem necessary or advisable.

SECTION 6.03. 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. No person shall continue to hold an office named in Section 6.01 after he shall have ceased to be a trustee.

SECTION 6.04. Vacancies. A vacancy in any office elected or appointed by the Board shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. President. The President shall —

- (a) be the principal executive officer of the Board and shall preside at all meetings of the Board, and, unless determined otherwise by the Board, at all meetings of the members;
- (b) sign, with the Secretary, certificates of membership by the Cooperative in other organizations as authorized by resolution of the Board, and may sign 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 6.06. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the president, and when so acting, shall have all the powers of 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 by the Board.

SECTION 6.07. Secretary. The Secretary shall —

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and 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 or is required by law;

- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign, with the President, certificates of membership the issuance of which shall have been authorized by resolution of the Board;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 6.08. Treasurer. The Treasurer shall —

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for the receipt and issuance of receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected by the Board or by the general manager pursuant to delegation of such authority by the Board; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities; Facsimile Signatures. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 6.07 and 6.08, the Board 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 duties to one or more agents, other officers or employees of the Cooperative who are not trustees. 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, responsibility and authority. Any documents requiring the signature of any officer may be affixed with the officer's facsimile signature, unless manuscript signature is required by or would constitute negligence.

SECTION 6.10. General Manager; Executive Vice President. The Board shall appoint a general manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated executive vice president. Such officer shall perform such duties as the Board may from time to time require and shall have such authority as the Board may from

time to time vest in said officer; and the Board shall set forth and maintain, and shall from time to time review and appropriately revise, a written description of such duties and authority.

SECTION 6.11. Bonds. The Board shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond 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 give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12. Compensation. The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of a trustee shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefore approved by the Board.

SECTION 6.13. Indemnification; Insurance. The Cooperative shall indemnify and hold harmless its past and present trustees and officers, including the general manager—and may but shall not be obligated to so indemnify and hold harmless one or more of its past and present agents and other employees—against liability and related costs, including reasonable attorneys’ fees, because of any act or omission in connection with their relationship to the Cooperative in such capacities, to the maximum extent allowable by law; and the Cooperative may purchase insurance to cover such indemnification.

SECTION 6.14. Reports. The officers of the Cooperative shall submit at each annual meeting of the member’s reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board may authorize any Cooperative officer, agent or employee 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 7.02. 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 7.03. Deposits; Investments. All funds received by 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 selected as provided in these Bylaws.

**ARTICLE VIII
NON-PROFIT OPERATION**

SECTION 8.01. 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 patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 8.02. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons 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 patrons 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 patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each 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 patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; PROVIDED, individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations 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 patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of 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; PROVIDED, insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period insofar as is practicable, as determined by the Board, 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 then credited to patrons' accounts may be retired in full or in part. The Board shall determine the method, basis, priority and order of making such retirements, if any, for all amounts heretofore and hereinafter furnished as capital; PROVIDED, however, the Board shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions or capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of the member's estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire such capital immediately upon such terms and conditions as the Board, acting under policies of general application, and such legal representatives, shall agree upon: PROVIDED, however, the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the reasonable rate established by the Board and in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 8.03. 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 patrons from whom such amounts are obtained, on such basis and in such order of priority as the Board shall determine.

ARTICLE IX WAIVER OF NOTICE

Any member or trustee may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE X DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 10.01. Disposition and Pledging of Property.

- (a) The members may authorize any sale, lease-sale, exchange, conveyance, transfer or other disposition of all or a substantial portion of the Cooperative's properties and assets by the affirmative vote of not less than two-thirds (2/3) of all the members, and the Board may authorize the pledging of such properties and assets as securities, all as provided in Section 437.20 of the Rural Electric Cooperative Act. Not inconsistently with that section, the Cooperative's Board may authorize any sale, lease, lease-sale, exchange, conveyance, transfer or other disposition of less than a substantial portion (ten (10%) percent) or more of the fair market value of the Cooperative's total properties and assets) of the Cooperative's properties and assets and any property or merchandise no longer necessary or useful for the operation of the Cooperative.
- (b) Not in conflict with, or in lieu of, but rather as supplementary to the foregoing subsection (a), the following procedures shall be followed in authorizing such a sale, lease, lease-sale, exchange, conveyance, transfer or disposition of all or a substantial portion of the Cooperative's properties and assets ("transaction"):
 - (1) If the Board looks with favor upon any proposal for any such transaction, it shall first appoint three persons each of whom or which is independent of the Cooperative and of the other two and is expert in electric utility property evaluations, and commission them, separately, to study, appraise and evaluate such assets and properties, including their going concern value and the values associated with the right of the members to participate in the ownership and control of the Cooperative. Such appraisers shall be instructed to and shall take into account any other factors they may deem relevant in determining the present market value of such assets and properties. Within not more than sixty (60) days after their appointment and commission, each appraiser shall render his/her or its highest determination of such present value. The Board shall not recommend and submit

for member approval any proposal that within one (1) year theretofore or thereafter it shall have received for such a transaction—or, within one (1) year thereafter, make any offer of such a transaction—for a consideration that is less than the highest such determination rendered by the appraisers; nor shall it, following the expiration of one (1) year thereafter, make such a recommendation or offer without, again, first complying with the foregoing appraisal requirements.

- (2) If, after receiving such appraisals, the Board resolves to pursue the matter further, it shall, within sixty (60) days after such resolution, transmit the appraisals, together with any underlying data and information that may have accompanied them, to every other electric cooperative corporately sited and operating in Oklahoma and invite it to submit competing or alternative proposals, including proposals to merge or consolidate with the Cooperative. Such appraisals shall also be accompanied by any proposal for such a transaction received by the Cooperative within one (1) year prior to the receipt of the last appraisal or received subsequent thereto but prior to the adoption of such resolution; PROVIDED, only the most recent proposal from an entity that has made two or more proposals need be so transmitted. Such other electric cooperatives shall be given at least sixty (60) days within which to submit competing or alternative proposals, and they shall be notified in such transmittal of the actual final date for such submissions.
- (3) If, after such date, the Board so resolves, it shall recommend and submit to the members (A) a proposal for such a transaction or (B) a proposal to merge or consolidate the Cooperative with one or more other electric cooperatives. The Board may recommend and submit two or more such proposals in the alternative, in which case, it shall specify its preference as to which shall be approved by the members—that is, first choice, second choice, etc.—and the order in which such alternatives will be considered and acted upon at the meeting. The Board shall accompany its recommended proposal(s) with verbatim copies of all competing or alternative proposals it has received, together with all of the appraisals and any underlying data and information that may have accompanied such appraisals. The Board shall submit such recommendation and information to the members not less than sixty (60) days before calling and noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, stating in detail each of any such proposals. The special or annual meeting shall be held not less than ten (10) nor more than twenty-five (25) days after the giving of such notice thereof.
- (4) Any three hundred (300) or more members of the Cooperative may, over their respective signatures and within not less than forty-five (45) days prior to the date of such member meeting, petition the Cooperative to mail to all of the Cooperative's members any statement of opposition to the Board's recommendation and/or of their own recommendations that a competing or alternative proposal, which may be or include a proposition to merge or consolidate the Cooperative with one or more other electric cooperatives, be submitted to and acted upon by the members at such meeting, in which event the Board shall cause a printed copy of

the petition, including the printing of the names of the member signatories thereof, together with a printed copy of the statement, to be transmitted to all of the Cooperative's members via the United States mail, first-class postage prepaid, not less than twenty-five (25) days prior to such member meeting, with the cost of such printing and mailing to be borne by the Cooperative. When so mailed, such petition and statement shall constitute sufficient notice of any such competing or alternative proposal for the same to be considered and acted upon at such meeting. The meeting shall first consider and act upon the recommendation(s) of the Board. If two or more alternative such recommendations have been made by the Board, they shall be considered and acted upon in the order specified by the Board. If the members fail to approve any Board-recommended proposal, they shall then consider and act upon the competing, alternative proposal(s) which have, by petition, been submitted by members, in the order in which they were received, if two or more such proposals have been submitted, or in the order of priority specified in a petition. The members may take such action on such proposal(s) as may be legally availing to them.

- (c) No offer of such a transaction, whether made to or by the Board, shall be valid or, if made and accepted, enforceable unless the total consideration to be paid or otherwise furnished therefore, to the extent that the same is in excess of the amounts necessary to discharge or to provide for the discharge of all of the Cooperative's debts, obligations and liabilities, shall be distributed to or, if such be the case, allocated and assigned to the patrons or former patrons of the Cooperative in the manner provided for in the Articles of Incorporation, Bylaws or applicable law.
- (d) Neither subsection (a) nor (b) of this Section 10.01 shall apply to the Board-recommended consolidation of the Cooperative with one or more other electric cooperatives, or to a sale, exchange, transfer or conveyance if such is in the nature of a forced sale for the reason that the purchaser possesses and otherwise would exercise a legal right to acquire, damage, relocate, remove or destroy such property and assets by condemnation or otherwise without the Cooperative's consent. Subsection (b) shall not apply to a Board-recommended transaction if the substantive, effect thereof is to merge or consolidate the Cooperative with one or more other electric cooperatives.
- (e) Notwithstanding the foregoing provisions of this Section 10.01, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgage(s) or deed(s) of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether required or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any other lender of funds to the Cooperative.

SECTION 10.02. Distribution of Surplus Assets on Dissolution. Except if and to the extent in conflict with Oklahoma law providing for the dissolution of private corporations, 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 and not inconsistently with the provisions of the third paragraph of Section 8.02 of these Bylaws, be distributed without priority among all persons who are or who have been members of the Cooperative for any period during its existence, on the basis that their respective patronage during such periods bears to the total receipts of the Cooperative since its inception; PROVIDED, 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 XI FISCAL YEAR

The Cooperative's fiscal year shall begin on the first day of January of each year and end on the 31st day of December of the same year.

ARTICLE XII RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these Bylaws and of any other committee of the members or Board 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 Bylaws. This Article shall be subordinate to any other provision of these Bylaws pertaining to the votes required for action by members, trustees or committees.

ARTICLE XIII SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed about the circumference thereof the name of the Cooperative and the words, "Corporate Seal, State of Oklahoma" in the center portion thereof.

ARTICLE XIV AMENDMENTS

SECTION 14.01. Power to Amend. Subject to the provisions of Section 437.6 of the Oklahoma Rural Electric Cooperative Act, and of subsection (b) of Section 4.05 of these Bylaws, these Bylaws may be changed (supplemented, altered, amended or repealed) by the affirmative vote of not less than a majority of the votes cast by the members represented, at any regular or

special member meeting, as the case may be; PROVIDED, either the Board or the members may repeal or correct any bylaw if, as established by law, such bylaw is illegal or has become a legal nullity.

SECTION 14.02. Procedure for Amending. A bylaw may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member meeting at which it is to be acted upon; and (2) unless sponsored by the Board, it is sponsored by at least fifty (50) members who, over their signatures, file with the Cooperative a petition, proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective, at least forty-five (45) days prior to the date of the member meeting at which such change will be acted upon; PROVIDED, if the Cooperative is presented with a written request by one or more but less than fifty (50) members that a bylaw change be noticed to and acted upon by the members, and if the request sets forth with particularity the wording of the proposed change and the time that it is to become effective, the Board may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed change to be noticed and acted upon; PROVIDED FURTHER, the Board shall not cause any proposed bylaw change to be noticed or acted upon, or permit any amendment to a proposed bylaw change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity. A change so noticed may not be amended from the floor of the member meeting at which it is being considered.