



# Shelby Energy Cooperative



A Touchstone Energy Cooperative



Bylaws of Shelby Energy Cooperative, Inc.  
Established 1937  
Shelbyville, Kentucky

*This Bylaws edition supersedes all previous issues 2015*

*This institution is an equal opportunity provider and employer.*

Shelby Energy Cooperative, Inc.

Your Touchstone Energy® Partner

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ESTABLISHED 1937  
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## **ARTICLE I MEMBERSHIP**

Section 1.1 Requirements for Membership. Any natural person, partnership, association, corporation, limited liability company, body politic or subdivision thereof, or other legal entity will become a member of Shelby Energy Cooperative, Inc. (hereinafter called the "Cooperative"), provided that he, she, or it has first:

(a) Made application for membership therein;

(b) Agreed to purchase from the Cooperative electric energy as hereinafter specified, or gas or other energy if permitted by KRS 279.090(2) or other law;

(c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors (hereinafter called the "Board");

(d) Paid the Membership Fee, if any; and

(e) Paid all debts owed to the Cooperative by the member, spouse, or any other person physically living in or deriving economic benefit from the premises to be served, plus accrued interest thereon from the date such debt became overdue until paid in full, compounded annually, at the Kentucky judgment legal rate.

The Membership Application shall be accompanied by any service security deposit, service connection deposit or fee, facility extension fee, or contribution in aid of construction that may be required by the Cooperative. With respect to any particular classification of service for which the Board shall require it, such application shall also be accompanied by a supplemental contract, executed by the applicant on such form as is provided by the Cooperative. No member shall have more than one membership in the Cooperative, and no membership shall be transferable, except as provided in these Bylaws.

Section 1.2 Membership Evidence. Membership in the Cooperative shall be evidenced in such form and shall contain such provisions as may be determined by the Board.

Section 1.3 Membership Fee and Other Deposits or Fees. The membership fee, if any, shall be fixed from time to time by the Board. Payment of the membership fee and any other deposits or fees required shall entitle the member to one service connection. A service connection deposit or fee in such amount as shall be prescribed by the Cooperative and any other deposits or fees required shall be paid by the member for each additional service connection.

Section 1.4 No Guarantee of Continuous Service; Purchase of Electric, Gas, or Other Energy; Power Production by Member; Application of Payments to Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric, gas, or other energy service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof. Production of electric, gas, or other 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 Board.

Each member, for so long as such premises are owned or directly occupied or used by him or her, shall purchase from the Cooperative and pay for all electric, gas, or other energy purchased for use on all premises to which electric, gas, or other service has been furnished by the Cooperative pursuant to his or her 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, gas, or other energy actually used) established by the Board and, if in effect, in accordance with the provisions of any supplemental contract. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be allocated and credited at the Cooperative's sole discretion between his or her outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures may not reflect such allocation.

## Section 1.5 Termination of Membership.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) 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, but only if such member shall have been given written notice by the Cooperative that such failure makes the member liable for expulsion and such failure shall have continued for at least ten (10) days after such notice was given. A hearing shall be held if requested by the member. Any expelled member may be reinstated by vote of the Board or by 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 him, has not purchased electric, gas, or other 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.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership of any manner shall not release a member or his or her 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 him or her, provided, however, that the Cooperative shall deduct from the amount of the membership fee and deposit, if any, the amount of any debts or obligations owed by the member to the Cooperative.

## **ARTICLE II RIGHTS, OBLIGATIONS, AND LIABILITIES OF MEMBERS**

Section 2.1 Property Interest of Members. Upon dissolution, the remaining assets of the Cooperative shall be distributed among members as set forth in these Bylaws in Article 8, Section 8.2.

Section 2.2 Non-Liability for Debts of the Cooperative. Except for capital credits in the Cooperative, the private property of members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be personally liable or responsible for any debts or liabilities of the Cooperative.

Section 2.3 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, gas, or other energy pursuant to his or her membership to become and to remain wired in accordance with the specifications of the National Electrical Code and any applicable state code or local government ordinances. Each member shall be responsible for and shall indemnify the Cooperative, its directors, officers, employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in, or improper use or maintenance of, such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for furnishing and metering electric, gas, or other energy service and at all reasonable times shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnecting of such facilities. As partial consideration for 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 or her best efforts to prevent others from doing so. In the event such facilities and their operation are interfered with, impaired or damaged by the member, or by any other person on the premises, the member shall indemnify the Cooperative, its directors, officers, 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 such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its facilities. In no event shall the responsibility of the Cooperative for furnishing electricity, gas, or other energy extend beyond the point of delivery.

Section 2.4 Bylaws and Articles are Contract With The Cooperative. Each member of the Cooperative, by dealing with the Cooperative, acknowledges that the terms and provisions of the Articles of Incorporation, Bylaws, any special contract or any rules and regulations adopted by the Board, shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the member are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions.

Section 2.5 Attorney/Collection Fees. In the event a member fails to comply with any of the terms of these Bylaws, the Articles of Incorporation, any special contracts, or any other rules and regulations adopted by the Board, including but not limited to non-payment of debt, and if action is taken by the Cooperative to enforce such terms, the Cooperative shall be entitled to collect in such proceeding its reasonable attorney's fees, court costs and up to 40% collection agency fees.

Section 2.6 Access to Land and Premises. By virtue of becoming a member, and at no cost to the Cooperative, each member grants to the Cooperative a perpetual easement over, under, above, across, and through the land and premises of the member to erect, construct, place, locate, and build and thereafter use, operate, inspect, repair, maintain, service, replace, and move electric, communication, gas, or other energy distribution system facilities, including but not limited to, new or existing lines of any type, wires, poles, anchors, or other appurtenant parts thereof. Unless otherwise agreed in writing, the easement shall be 30' wide, and the centerline of the easement shall be the line or other facility as constructed. No swimming pool or other structure shall be placed within an applicable easement or under any power line in violation of national, state, or local electric codes. The Cooperative may at the member's cost relocate or raise the Cooperative's facilities or remove or require the member to remove any such structure. The above easement shall include, but shall not be limited to, 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's land or premises for the purpose of providing and/ or extending electric, communication, gas, or other energy service to another member of the Cooperative. Unless otherwise agreed in writing, any new lines shall be constructed along existing exterior boundary lines, roads, and interior fence lines when physically and financially reasonable. The member further 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, whether inside or outside the easement, which are of such height and/or such location in proximity to the Cooperative's line and/ or facilities that the trees, vines, bushes and/or landscaping, whether inside or outside the easement, may interfere with and/ or create a hazard to the operation of said lines and facilities. Upon request by the Cooperative, the member and the member's spouse, if any, shall at no cost to the Cooperative, execute a recordable easement incorporating the aforementioned easement rights. All service lines supplying the member with electric, communication, gas, or other 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, gas, or other energy 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, gas, or other energy service set forth herein, the perpetual easement granted by the provisions to this paragraph shall remain in full force and effect. The Board may expel from membership and/ or discontinue electric, gas, or other energy service to any member who fails or refuses to comply with the provisions of this Bylaw.

### **ARTICLE III MEETING OF MEMBERS**

Section 3.1 Annual Meeting. The annual meeting of the members shall be held on a date after the first day of May and before the first day of October at such place within any of the counties served by the Cooperative 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 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 result in a forfeiture or dissolution of the Cooperative.

Section 3.2 Special Meetings. Special meetings of the members may be called upon request by any four board members, or by 10% or more of all members by filing with the Secretary the request in writing stating the purpose and signed by the requesting members, which request shall state the purpose of the special meeting. Upon

verification of the signatures of the members requesting a special meeting, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings by the members may be held at such time and at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

Section 3.3 Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the annual 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 to each member not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail, facsimile, other electronic transmission, or by publication at least one time in the newspapers of largest circulation in Henry, Shelby, and Trimble Counties, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting. Any such notice delivered by mail may be included with member service billings or as part of the Cooperative's monthly newsletter and/ or its monthly insert in *Kentucky Living*. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her 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 3.4 Quorum. One-hundred (100) members present in person, or represented by properly signed and dated proxy, shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice.

Section 3.5 Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. Members may not cumulate their votes. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy except as otherwise provided by law, the Articles of Incorporation or these Bylaws. The vote of a member who is not a natural person, such as an association, corporation, limited liability company, partnership, or body politic, shall be cast by the highest ranking officer of such member present at the meeting, unless such member shall have designated in writing another person to represent it at such meeting. Such officer or representative shall at said meeting present at the registration desk either credentials of his or her authority or sign a statement that he or she is the authorized officer or representative.

The Board shall, prior to any meeting of the members at which directors are to be elected, appoint such number of assistant secretaries as it deems advisable for the purpose of checking registrations. Should the Board 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 or President may in like manner appoint assistant secretaries.

Section 3.6 Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be received at the Cooperative headquarters office at least seven (7) days before the date of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated, or at any adjournment of such meeting. Other than the Secretary of the Cooperative (or in his or her absence the Board Chairman or the President), who shall vote at the direction of the Board, no member shall vote as proxy for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke the proxy theretofore executed by him or her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he or she had not executed a proxy. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the event a member executes two (2) or more proxies for the same meeting, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized.



Section 3.7 Credentials and Election Committee. The Board shall, not less than eighty (80) days nor more than one hundred forty (140) days before the annual meeting of the members, 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 nine (9), 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 IV, Section 4.1, 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, other than candidates nominated by the Nominating Committee, 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. Any nominee or anyone designated in writing by such nominee may be present in the counting room. No other person shall be present in the counting room except the Cooperative attorney who may be present at any part of the election process. In the event a protest or objection is filed concerning any election, such protest or objection shall be filed with the chairman of the Credentials and Election Committee or at the headquarters 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 thirty (30) 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. Any action challenging the Committee's decision must be filed in a court of competent jurisdiction within thirty (30) days after the minutes reflecting the Committee's decision are approved by the Committee. The Committee shall be appointed for a one (1) year term and the Cooperative may compensate them for their services.

Section 3.8 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 by the Board at least forty (40) days prior to such meeting. Any agenda item proposed by anyone other than the Board 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 request in writing stating the purpose of the agenda item proposed, that it be submitted to the annual meeting for consideration and signed by not less than one hundred (100) requesting members. A proposal must be determined to be legitimate by the Board in order to be placed on the agenda of the member's annual meeting.

Section 3.9 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:

- (a) Report on the number of members present in person or by valid proxy, in order to determine the existence of a quorum;
- (b) 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;
- (c) Reading of unapproved minutes of the previous meeting of the members, and the taking of necessary action thereon;

- (d) Presentation and consideration of reports of officers, directors, and committees;
- (e) Election of, or report on election of, board members;
- (f) Other agenda items, if any, and
- (g) Adjournment.

## **ARTICLE IV DIRECTORS**

Section 4.1 Number, Duties and General Powers. The business and affairs of the Cooperative shall be managed by a board (the Board) of six (6) directors. The Board shall exercise all the powers of the Cooperative except such as are by law or by the Articles of Incorporation or these Bylaws conferred upon or reserved to the members. A director shall discharge his duties as a director:

- (a) In good faith;
- (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (c) In a manner he reasonably believes to be in the best interest of the Cooperative. A director may not act in his self-interest and should not vote in a matter in which he has a direct personal interest.

Section 4.2 Districts. The Cooperative shall be divided into three (3) territorial districts and all directors or nominees for the office of director shall be members and shall be residents of their respective districts. The boundaries of said districts shall be as follows:

District 1 shall include all of Shelby County and those portions of Anderson, Franklin, Jefferson, and Spencer Counties served by the Cooperative.

District 2 shall include all of Henry County and that portion of Owen County served by the Cooperative.

District 3 shall include all of Trimble County and those portions of Carroll and Oldham Counties which are served by the Cooperative.

Section 4.3 Election and Tenure. Each Director on the Board as of September 25, 1997, shall continue in office until the expiration of his or her current term. At the annual meeting of members for the year 1998, one director shall be elected from District 2 and one director shall be elected from District 3 for regular three (3) year terms. At the annual meeting of members for the year 1999, one director shall be elected from District 1 and one director shall be elected from District 2 for regular three (3) year terms. At the annual meeting of members for the year 2000, one director shall be elected from District 1 and one director shall be elected from District 3 for regular three (3) year terms. Thereafter, two directors to fill the offices, the terms of which are then expiring, shall be elected at each annual meeting of members, and the term of each shall be three (3) years or until his or her successor shall have been elected and qualified.

Directors shall be elected by a majority of the votes cast. Each member shall be eligible to cast one (1) vote per director elected. Cumulative voting for directors is not allowed. In case of any tie votes, drawing by lot by the candidate shall resolve any tie votes. The entire membership shall retain the right to vote for directors in all districts. All contested elections shall be by secret ballot.

The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the Nominating Committee and nominations made by petition, if any. If the election of directors 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 directors within a reasonable time thereafter.

Section 4.4 Qualifications. To be eligible to become or remain a director of the Cooperative a person shall:

- (a) Be a member of the Cooperative whose permanent, principal residence is presently located and has been located during the past 60 months in the district served by the Cooperative where the vacancy exists;
- (b) Not be an employee of or financially interested in (i) a competing enterprise, other than indirect and minimal ownership through a mutual stock or bond fund or similar investment entity, or (ii) an entity which sells goods or services to the Cooperative, if the entity derives more than 1% of its annual gross income from sales to the Cooperative;
- (c) Have the capacity to enter into legally binding contracts;
- (d) Before becoming a director, graduate from high school or earn an equivalent degree or certification;
- (e) Not be an employee of, retired employee of, nor have been employed by the Cooperative during the past 60 months, nor be the spouse of such a person;
- (f) Not be a close relative of an active employee, director or attorney of the Cooperative;
- (g) Not have entered a plea of guilty to, or no contest to, or have been convicted of, a felony, or while a director and prior to becoming a director, not have a final judgment entered against them involving civil fraud, ethical violations, discrimination and/or acts of harassment;
- (h) While a director, and during the eighty-four (84) months immediately before becoming a director, not have been discharged of debt in a federal bankruptcy proceeding or have had as a debtor a final order entered against them in a similar proceeding under applicable state law such as insolvency, liquidation, receivership reorganization, or assignment for the benefit of creditors;
- (i) While a director, and during the eighty-four (84) months immediately before becoming a director, not have been a party to a foreclosure or other proceeding (judicial or non-judicial), which resulted in an involuntary sale of any of the director's property which proceeding is or was instituted because of the the director's default on indebtedness;
- (j) Except as otherwise provided by the Board of Directors for good cause shown, receive a Credentialed Cooperative Director designation, Director's Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within thirty-six (36) months of becoming a Shelby Energy Director and after becoming a Director, participate in and complete additional director training as may be required by the Board of Directors;
- (k) Except as otherwise provided by the Board of Directors for good cause shown, attend at least ninety (90%) percent of all properly noticed regular and special board meetings, committee meetings and Board telephone/video conference meetings during each twelve (12) month rolling period.
- (l) Except as otherwise provided by the Board of Directors for good cause shown, shall not miss more than two (2) consecutive properly noticed regular Board meetings;
- (m) While a director, not breach the director's fiduciary duties to the Cooperative, violate confidences, or engage in illegal activity under the color of authority as a director;
- (n) While a director, provide a "Disclosure and Authorization" form which may be used for obtaining a periodic background check based on employment purposes;
- (o) Comply with any other reasonable qualifications determined, made adopted, amended, and/or disseminated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation regulations, or these Bylaws.

(p) While a director, and during the thirty-six (36) months immediately before becoming a director, not be an employee of an entity of which the Cooperative is a member or owns an interest;

(q) While a director, and during the thirty-six (36) months immediately before becoming a director, not have been a director, officer, employee or agent of a union or other entity representing, or seeking to represent, Cooperative employees regarding the terms and conditions of employment with the Cooperative;

Notwithstanding any of the foregoing provisions, no incumbent director shall lose eligibility to remain a director or be re-elected as a director if he or she becomes a close relative of another incumbent director, a Cooperative employee, or a Cooperative attorney because of a marriage to which he or she was not a party.

As used in these bylaws "close relative" is defined as a person who by blood or marriage, 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.

Upon establishing the fact that a director is holding the office in violation of any of the foregoing provisions, unless the violation is corrected promptly and to the complete satisfaction of the Board, the Board shall remove such director from office. Nothing contained in this section shall affect the validity of any action taken at any meeting of the Board.

Section 4.5 Nominations. It will be the duty of the Board to appoint, not less than eighty (80) days nor more than one hundred forty (140) days before the date of the meeting of the members at which directors are to be elected, a nominating committee consisting of not less than two (2) nor more than six (6) 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 director shall be on such committee. The committee shall prepare and post at the principal office of the Cooperative at least seventy (70) days before the meeting a list of nominations for directors.

Any nomination by members shall be submitted to the headquarters office of the Cooperative or to the Secretary at least sixty (60) days prior to the annual meeting by filing with the Secretary a petition calling for the nomination signed by at least one hundred (100) members who reside in the same district as the person who is being nominated. Each page of the petition shall contain a verbatim statement of such nominations(s). The petition shall be signed by each member in the same name as he or 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 from each district and showing separately the nominations made by the nominating committee and the nominations made by petition, if any. No nominations may be made from the floor. 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 after the election of directors.

Section 4.6 Removal of Directors by Members. Any member may bring one or more charges for cause against any director and may request the removal of such director at a special or regular meeting by filing with the Secretary such charges in writing signed by said member, together with a petition signed by not less than ten percent (10%) of all the members. For the purpose of this section, "cause" means an act or omission adversely affecting the Cooperative which amounts to gross negligence, fraud, or criminal conduct. Charges must be against the individual director rather than the Board as a whole. If the petition is to be heard at the annual member meeting, the petition shall be filed at the cooperative's principal business office in the format set forth 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 petition shall be signed by each member and state the name and address of the each member using the same name and address as the member is billed by the Cooperative filing such charges, and each page shall contain a verbatim statement of such charges and the name of the director against whom the charges are being made. A statement of such charges verbatim, the name of the director against whom the charges have been made, the purpose of the meeting, and the name of the member filing the charges shall be contained in the notice

of the meeting. Such director shall be informed in writing of the charges after they have been validly filed and at least thirty (30) days prior to the meeting of the members at which the charges 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 charges; and the person bringing the charges shall have the same opportunity, but must be heard first. The question of the removal of such director 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 charges 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. Removal shall be by the affirmative vote of a majority of those members present. 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.

Section 4.7 Vacancies. Vacancies occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term. The appointed director shall be from the same district as was the director whose office was vacated.

Section 4.8 Compensation and Expenses. Directors shall not receive any salary for their services as such, except that the Board may authorize insurance coverage and/ or a fixed sum 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, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for these expenses. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director 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 director or his or her close relative shall have been certified by the Board as an emergency measure.

Section 4.9 Amendments to Article IV. Notwithstanding anything in these Bylaws to the contrary, this Article IV, Sections 1, 2, 3, 4, 5, and 6 may not be amended without the affirmative vote of at least two-thirds of the members of the Board.

## **ARTICLE V MEETINGS OF THE BOARD**

Section 5.1 Regular Meetings. Regular meetings of the Board shall generally 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 meetings may be held without notice other than such resolution fixing the time and place thereof. The regular meeting will normally not be held during the month within which falls the Cooperative's annual meeting.

Section 5.2 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 5.3 Notice of Directors' Meetings. Notice of the date, time, place, and purpose of any special meeting of the Board shall be delivered to each director, if personally or by facsimile, email, or other electronic method, at least 24 hours before the date set for the meeting, if by reputable overnight delivery service at least 48 hours before the date set for the meeting, or if by mail at least five (5) days before the date set for the meeting, all by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 5.4 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.

## **ARTICLE VI OFFICERS**

Section 6.1 Number. The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary and Treasurer, each of whom shall be a director and shall be elected by the Board. Such other officers and assistant officers, including the President and Chief Executive Officer (CEO), as may be deemed necessary may be elected or appointed by the Board. The offices of Secretary and Treasurer may be held by the same person. The offices of President and Secretary may not be held by the same person.

Section 6.2 Election and Term of Office. The elected officers of the Cooperative shall be elected annually at the first regular meeting of the Board 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 qualified.

Section 6.3 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 (10) 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 6.4 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 6.5 Chairman of the Board. The Chairman of the Board shall:

(a) Unless otherwise determined by the Board, preside or designate some other individual to preside at all meetings of the members and the Board and, with the assistance of the President and CEO, formulate and prepare the agendas for such meetings;

(b) 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.

Section 6.6 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.

Section 6.7 Secretary. The Secretary shall be responsible for:

(a) Keeping, or causing to be kept, the minutes 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, or causing to be kept, a register of the names and post office addresses of all members;
- (e) Keeping on file at all times a complete copy of the current Articles of Incorporation, Bylaws, and rules and regulations of the Cooperative (which copies shall always be open to the inspection of any member) and furnishing a copy of the current Bylaws to each member upon request therefore; and
- (f) 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.

Section 6.8 Treasurer. The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit and investment of all such monies in the name of the Cooperative in such financial institution(s) as may 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 6.9 Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.7 and 6.8, the Board 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 directors. To the extent that the Board does so delegate with respect to the Secretary or Treasurer, that officer shall be released from such duties, responsibilities and authorities except as may be otherwise provided in these Bylaws.

Section 6.10 President and CEO. The Board shall appoint a President and CEO who may or may not be a member of the Cooperative, and need not be a director. The President and CEO shall be the principle Executive and operating officer of the Cooperative and shall:

- (a) Sign deeds, mortgages, 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 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.
- (b) In general perform all duties incident to the office of President and CEO and such other duties as may be prescribed by the Board from time to time.

Section 6.11 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 6.12 Indemnification of Officers, Directors, Employees and Agents.

- (a) Suit by Third Parties. 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, committee member, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee, committee member, or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorney's 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 or 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.

(b) Suit by Cooperative. 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, committee member or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a director, officer, employee, committee member, or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses, (including attorney's 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 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. The Board may determine whether such reimbursement shall be made at the final conclusion or during the pendency of the action, suit or proceeding.

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 paragraph (a) or (b) of this section, 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 paragraph (a) or (b) of this section (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, committee member, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in paragraph (a) or (b) of this section and that the expenses claimed are reasonable. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding or (2) 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 (3) by the members.

In order for any person to receive indemnification under this bylaw, he shall vigorously assert and pursue any and all defenses to those claims, charges or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Cooperative or any attorneys involved in the defense of any such claim, charges, or proceedings.

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 in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee, committee member 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 bylaw.

The indemnification provided by this bylaw 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, committee member, 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, committee member, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee, committee member, 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 Bylaw.

Section 6.13 Compensation. The powers, duties and compensation of officers, agents, committee members, and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a Board Member and close relatives of a Board Member.

Section 6.14 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 7.1 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. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 7.2 Patronage Capital. In the furnishing of energy, the Cooperative's operations shall be so conducted that all members 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 for all amounts received and receivable from the furnishing of energy in excess of operating costs and expenses. 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 as capital. The Cooperative is obligated to pay, by credits to a capital account for each member, 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 is clearly reflected and credited in an appropriate record to the capital account of each member.

All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member 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 on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, 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 then credited to members' accounts may be retired in full or in part. After December 31, 1992, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only the successors in interest or successors in occupancy in

all or part of such member's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of the Bylaws, the Board at its discretion shall have the power at any time upon the death of any member, who was a natural person, if the legal representative of his or her estate shall request that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon, including without limitation the option to receive an immediate cash payment in a reduced amount representing the value of those capital credits discounted to their present value; provided, however, that the financial condition of the Cooperative will not be impaired thereby; and provided, further, that no payment of capital credits to the estate of a deceased member 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.

The Cooperative, before retiring any capital credits to any member's account, shall deduct therefrom any amount owing by such member to the Cooperative, together with interest thereon at the Kentucky legal rate on judgments in effect when such amount became due, compounded annually, and such member hereby grants the Cooperative a security interest against such capital credits for such amounts owed.

## **ARTICLE VIII DISPOSITION AND PLEDGING OF PROPERTIES AND BORROWING MONEY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION**

Section 8.1 Disposition and Pledging of Property and Incurring Debt. The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property (including but not limited to merger, consolidation or dissolution) unless such sale, lease or other disposition is authorized by a vote of not less than three-fourths of all of the directors and at a meeting of the members thereof by the affirmative vote of not less than the majority of all of the members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the members thereof shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds 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 acquired 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; provided further that the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof sell lease or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

No sale, lease, lease-sale, exchange, transfer or other disposition of all or substantially all of the Cooperative's property shall be authorized except in conformity with the following:

(a) If the Board 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 the 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.

(b) If the Board, 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, and after satisfaction of any

option to purchase or rights of first refusal which may have been granted, it shall first give every other cooperative organized under KRS Chapter 279 (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 other cooperatives, 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 other cooperatives 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.

(c) 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 the 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.

(d) Anyone hundred (100) 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.

(e) In connection with the exercise of its judgment in determining what is in the best interest of the Cooperative 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 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.

Notwithstanding anything in these Bylaws to the contrary, this Article VIII, Section 8.1, may not be amended without the affirmative vote of at least three-fourths of the members of the Board.

Section 8.2 Distribution of Surplus Assets on Dissolution. Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, and all capital furnished through total un-retired patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall, to the extent practicable as determined by the Board, be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members during the period beginning with the oldest unretired patronage capital and ending with the date of the filing of the certificate of dissolution;

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 FINANCIAL TRANSACTIONS**

Section 9.1 Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract to 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 9.2 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 9.3 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 may select.

Section 9.4 Change in Rates. All rate changes shall be submitted to the Public Service Commission, other applicable regulatory agencies, and lenders as required.

Section 9.5 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 X MISCELLANEOUS**

Section 10.1 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 to any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in the case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

Section 10.2 Policies, Rules and Regulations. The Board shall have power to make, amend, 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 10.3 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 or its successor entity. 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.

Section 10.4 Area Coverage. The Board shall make diligent effort to see that energy service is extended to all un-served persons within the Cooperative serviced area who (a) desire such service, and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 10.5 Computation of Time. In computing any period of time prescribed or allowed by these Bylaws, the day of the act or event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, a Sunday, or a legal holiday, in which event the period runs until the end of the next day which is not a Saturday, a Sunday, or a legal holiday. When the period of time prescribed or allowed is less than seven (7) days, intermediate Saturdays, Sundays, and legal holidays shall be excluded in the computation period.

Section 10.6 Amendments. These Bylaws may be altered, amended, or repealed only by a two-thirds vote of the all of Cooperative's directors, except as otherwise provided in Article IV, Section 4.10 and Article VIII, Section 8.1.

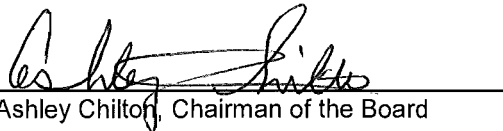
The notice of the meeting shall contain a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof. If the Bylaws have been altered, amended or repealed, a copy of same shall be delivered to any member upon request by that member within a reasonable time after such action has been taken.

Section 10.7 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.

ADOPTED by unanimous vote of the Board of Directors on July 16, 2015.

  
Roger Taylor, Secretary-Treasurer

ATTEST:

  
Ashley Chilton, Chairman of the Board