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Bylaws

Red River Valley Rural Electric Association, Inc.

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Article 1 – General

Section 1.1 – Law and Articles. These Bylaws are subject to Law and the Articles of Incorporation of Red River Valley Rural Electric Association, Inc., (“Articles”). If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. “Law” includes applicable:

- (1) local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and
- (2) legally binding contracts enforceable by or against Cooperative, including legally binding contracts between Cooperative and an Applicant or Member.

Article 2 – Cooperative Membership

Section 2.1 – Member Qualifications. Except as otherwise provided in these Bylaws, an individual or Entity may become and remain a member of the Cooperative only if: (1) the individual or Entity is a person with the capacity to enter legally binding contracts (“Person”); and (2) the Person consumes, receives, purchases, or otherwise uses (“Uses”), or requests or agrees to Use when available a Cooperative Service generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (“Provided”) by the Cooperative. A “Cooperative Service” is: (1) electric energy Provided by the Cooperative; and (2) as determined by the Cooperative’s Board of Trustees (“Board”), a good or service Provided by the Cooperative.

An “Entity” includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or subdivision thereof.

Except as otherwise provided in these Bylaws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies (“Occupies”) a residence, office, building, premise, structure, facility, or other location (“Location”):

- (1) Occupied by a second Person, other than a landlord, tenant, or similarly related Person, who:
 - (A) is a Member, other than a Joint Member; or
 - (B) owes the Cooperative for a Cooperative Service Provided to or for the Location, if the first Person Occupied the Location when the Cooperative Provided the Cooperative Service; or
- (2) previously Occupied by an Entity owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service Provided to or for the Location.

A Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one membership in the Cooperative. Persons Occupying a Location to or for which the Cooperative Provides a Cooperative Service may not hold more than one membership in the Cooperative.

Section 2.2 – Membership Procedure. Except as otherwise provided in these Bylaws or by the Board, a qualified Person seeking to become or remain a Member (“Applicant”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“Membership Procedures”) before initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Applicant.

To become or remain a Member, an Applicant must complete and sign a written membership application provided by the Cooperative in which the Applicant agrees to:

- (1) comply with the Governing Documents;
- (2) ensure that Member Equipment connected to Cooperative Equipment, and any act or omission involving Member Equipment connected to Cooperative Equipment, comply with the Governing Documents;
- (3) be a Member;
- (4) as determined by the Board, pay a membership fee;
- (5) at prices, rates, or amounts determined by the Board, and pursuant to the terms, conditions, time, and manner specified by the Cooperative, pay the Cooperative for Cooperative Services Provided to the Applicant or Provided to or for a Location Occupied by the Applicant, and for dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and
- (6) the use of dues, assessments, contributions, or other amounts paid by the Applicant or Member to the Cooperative to pay for periodical subscriptions received by the Applicant or Member from the Cooperative or from an Entity in which the Cooperative is a member or owner.

The “Governing Documents” are the written membership application signed by an Applicant or Member and the following documents and actions, all as currently existing or as later adopted or amended: (1) all Law regarding or affecting the Cooperative’s property, property rights, and assets (“Assets”), the Cooperative’s operation, the Cooperative’s Members and Members, the Provision and Use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (2) the Articles; (3) these Bylaws; (4) the Cooperative’s service rules and regulations; (5) the Cooperative’s rate or price schedules; and (6) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board. A copy of these Bylaws must be available at the Cooperative’s office or published on the Cooperative’s internet web site.

“Cooperative Equipment” is a product, equipment, structure, facility, or other good owned, controlled, operated, or furnished by the Cooperative. “Member Equipment” is a product,

equipment, structure, facility, or other good: (1) owned, controlled, operated, or furnished by an Applicant or Member; and (2) located on property owned, controlled, operated, or furnished by an Applicant or Member.

To become or remain a Member, an Applicant must: (1) give the Cooperative all information requested by the Cooperative, including the Applicant's photographic identification satisfactory to the Cooperative including the Applicant's federal tax identification number; and (2) complete any additional or supplemental document, contract, or action required by the Board for the Cooperative Service which the Applicant is Using or requesting or agreeing to Use. Except as otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential information regarding a Member.

Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative: (1) dues, assessments, fees, deposits, contributions, and other amounts required by the Governing Documents; and (2) outstanding amounts owed to the Cooperative by the Applicant.

Section 2.3 – Membership. Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative ("Member") and consents to being a Member upon using, or requesting or agreeing to Use, a Cooperative Service and completing the Membership Procedure. The Cooperative may issue membership certificates to Members in a manner, method, and form determined by the Board.

If the Board determines that a qualified Person is unable to complete the Membership Procedure, then the Board may refuse, suspend, or terminate the Person's membership in the Cooperative. For other good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.

Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred

Section 2.4 – Membership Agreement. A Member shall: (1) comply with the Governing Documents; and (2) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents.

The Articles and these Bylaws are contracts between the Cooperative and a Member. By becoming a Member, the Member acknowledges that: (1) Every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in an interdependent relationship.

In general, a Member is not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations solely because of membership in the Cooperative. A Member may become liable to the Cooperative as provided in the Governing Documents or as otherwise agreed to by the Cooperative and the Member.

In the event any clause or provision of these bylaws shall be adjudged to be invalid or void, or determined to be in conflict with any existing laws, rules and regulations of the United States of America, State of Oklahoma, or any governing body having jurisdiction over the Cooperative, then and in the event, such laws, rules and regulations shall take precedence over the particular bylaw and the fact that any such clause or provision may be invalid or void shall not serve to invalidate the remaining bylaws, clauses or provisions contained herein.

Section 2.5 – Joint Membership. Persons who qualify to be Members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist only of Persons married or otherwise joined in a legal relationship recognized by the State of Oklahoma and occupying the same location, each of whom qualifies to be a Member.

(a) **Creating a Joint Membership.** To become or remain joint members of the Cooperative, qualified Persons must jointly complete the Membership Procedures before initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Persons. Qualified Persons become joint members of the Cooperative ("Joint Members") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member's individual membership to a Joint Membership with a qualified Person.

(b) **Rights and Obligations of Joint Members.** Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

- (1) notice of a meeting provided to a Joint Member constitutes notice to all Joint Members;
- (2) waiver of notice of a meeting signed by a Joint Member constitutes waiver of notice for all Joint Members;
- (3) the presence of a Joint Member or all Joint Members at a meeting constitutes the presence of one Member at the meeting;
- (4) the presence of a Joint Member at a meeting waives notice of the meeting for all Joint Members;

(5) if any party of a Joint Member votes on a matter, signs a document, or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;

(6) except upon the cessation of the legally recognized relationship, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and

(7) a Joint Member qualified to be a member of the Board (“Trustee”) may be a Trustee, regardless of whether another Joint Member is qualified to be a Trustee, but if more than one Joint Member is qualified to be a Trustee, then only one Joint Member may be a Trustee.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of the legally recognized relationship. Upon determining or discovering the cessation of the legally recognized relationship:

(1) if one Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of this Person;

(2) if more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of these Persons;

(3) if all Joint Members remain qualified to be Joint Members and continue to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership of Persons determined by Cooperative; and

(4) if no Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership terminates.

Section 2.6 – Provision of Cooperative Service. A Member shall comply with a reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of Providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for Providing the Cooperative Service.

(a) **Interruption of Cooperative Service.** The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing inadequate, non-continuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative’s gross negligence or willful misconduct. The Cooperative’s responsibility and liability for Providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member.

(b) **Safe and Protected Operation of Cooperative.** A Member shall take or omit an act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative

Service, which act involves: (1) a Location Occupied by the Member and to or for which the Cooperative Provides a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest (“Member Property”); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain a protective device, and implement and follow a protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, the Cooperative may temporarily suspend or terminate Provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.

(c) Member Equipment Connected to Cooperative Equipment. Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:

- (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with, the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether they comply with the Governing Documents;
- (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service; and
- (5) shall pay the Cooperative for income not received or accrued because of the connection.

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

liable for, and must indemnify the Cooperative against, injury or death to any Person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

(d) Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member for a Suspension Reason. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:

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

Article 3 – Member Meetings and Member Voting

Section 3.1 – Annual and Regular Member Meetings. Within a county in which the Cooperative Provides a Cooperative Service, the Cooperative: (1) shall annually hold a meeting of Members (“Annual Member Meeting”); and (2) may regularly hold meetings of Members (“Regular Member Meetings”). The Board must determine the date, time, and location of an Annual or Regular Member Meeting. The Cooperative's failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative.

At the Annual Member Meeting: (1) the President or their designee shall provide a written or oral report regarding the activities of the Cooperative; and (2) the Secretary-Treasurer or their designee shall provide a written or oral report regarding the financial condition of the Cooperative and any Cooperative Subsidiary.

Section 3.2 – Special Member Meetings. Within a county in which the Cooperative Provides a Cooperative Service, the Cooperative shall hold a special meeting of Members (“Special Member Meeting”) upon receiving: (1) a written or oral request from the Board (majority rules); or (2) one or more written demands signed and dated within 60 days after the first signature by at least 10 percent of the total number of Members (“Total Membership”), with each page of each written demand requesting and describing the purpose of the meeting (“Member Demand”). The Board shall determine the date, time, and location of a Special Member Meeting.

Section 3.3 – Notice of Member Meetings. As directed by the President, Secretary-Treasurer, or any other Officer properly calling the Member Meeting, the Cooperative shall deliver written notice of a

Member Meeting personally or by mail to all Members entitled to attend the meeting. This notice must indicate the date, time, and location of the meeting and must be delivered at least 10 days, but no more than 25 days, before the meeting. For a Special Member Meeting, this notice must state the purpose of the meeting and describe any matter to be considered or voted or acted upon at the meeting. This notice must describe any matter that Members have properly requested be raised and discussed at the meeting.

Except as otherwise provided in these Bylaws, a mailed notice of a Member Meeting is delivered when deposited in the United States mail in a sealed envelope with prepaid postage affixed and addressed to a Member at the Member's address shown on the records of the Cooperative. The good faith, inadvertent, and unintended failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

Section 3.4 – Member Quorum. A quorum of Members is five percent of the Total Membership or the minimum number required by the laws of the State of Oklahoma, whichever shall be larger.

If less than the Member Quorum are present in person at a Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting without further notice, provided, that the Secretary-Treasurer shall notify any absent members of the time and place of such adjourned meeting and Incumbent Trustee positions up for election shall be extended for another three (3) year term.

Section 3.5—Member Voting. If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, then, regardless of the value or quantity of Cooperative Services Used, the Member may cast one (1) vote on a matter for which the Member is entitled to vote. To vote for any firm, association, corporation, body politic, or subdivision thereof having membership in the Cooperative, the aforementioned entity shall designate in writing a natural person to cast the vote of such entity. Such written authority, as reasonably required by the Cooperative, shall be presented to the Credentials and Election Member Committee at any Member Meeting where a matter is to be voted upon.

Except as otherwise provided in these Bylaws or laws required by the State of Oklahoma, Members approve a matter if: (1) a Member Quorum is present in person; and (2) a majority of Members present in person, who are entitled to vote on the matter, vote in favor of the matter.

Section 3.6 – Trustee Districts and Offices. Periodically, based upon geographic, population, membership, or other equitable consideration determined by the Board, the Cooperative shall divide the general area in which the Cooperative provides Cooperative Services ("Cooperative Service Area") into three (3) districts that equitably represent the Members ("Trustee Districts"). Each Trustee District shall be represented by three (3) Trustees.

A Trustee District revision may not: (1) increase an existing Trustee's Trustee Term; or (2) unless the affected Trustee consents in writing, shorten an existing Trustee's Trustee Term; or (3) be administered in a manner to preclude an otherwise qualified candidate from seeking a Trustee office.

Section 3.7 – Credentials and Election Committee. Before a Member Meeting, the Board shall appoint a Credentials and Election Member Committee (“C&E Committee”) for the Member Meeting consisting of an uneven number of Members between three and nine. In appointing the members of the C&E Committee, the board shall have regard for equal representation of the Trustee Districts.

(a) **C&E Committee Members.** A C&E Committee member must not be: (1) a Trustee of the Cooperative; or (2) an existing, or a Close Relative of an existing, Cooperative Official or known Trustee candidate. As determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members.

(b) **C&E Committee Duties.** Within a reasonable time before, the Member Meeting for which the C&E Committee was appointed, the C&E Committee shall:

- (1) elect a chairperson and secretary;
- (2) establish, or approve, the manner or method of Member registration and voting;
- (3) oversee or supervise Member registration and voting, and the tabulation of Member votes;
- (4) a drawing by lot must determine the order, listing and placement of names on a Written Ballot; and
- (5) consider and decide all questions, issues, or disputes regarding: (A) Member registration and voting; (B) the tabulation of Member votes; (C) Trustee nominations; and (D) whether a Trustee nominee or newly elected Trustee satisfies the Trustee Qualifications (collectively, “Member Meeting Issues”).

At the Cooperative’s expense, the Cooperative shall make available legal counsel to the C&E Committee.

A C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present. The C&E Committee may authorize the chairperson and legal counsel to jointly decide questions, issues or disputes regarding member registration, voting or tabulations of member votes. Except as otherwise provided in this Bylaw, C&E Committee decisions or actions during, or within a reasonable time before or after, a Member Meeting are final. As used in this Bylaw, Member voting includes voting by Written Ballot or voice.

(c) **Member Challenge.** A Member entitled to vote at a Member Meeting may comment upon a Member Meeting Issue, or challenge the C&E Committee’s decision or action regarding a Member Meeting Issue, by filing a written description of the Member’s comment or challenge (“Member Challenge”) with the Cooperative within three business days following the Member Meeting addressed by the Member Challenge.

Within thirty days of receiving a Member Challenge, the C&E Committee shall:

- (1) as determined by the C&E Committee, meet and receive oral or written evidence from a Member, or legal counsel representing a Member, directly and substantially implicated in, or affected by, the Member Challenge; and
- (2) consider, decide, and rule on the Member Challenge.

The C&E Committee's decision regarding a Member Challenge is final. Upon written request by a Member received by the C&E Committee within thirty days of a C&E Committee decision or action, the C&E Committee shall prepare a written report summarizing and explaining the C&E Committee's decision or action. The failure of the Cooperative or the C&E Committee to act as required by this Bylaw shall not, by itself, affect a vote, Trustee election, or other action taken at a Member Meeting.

Section 3.8 – Nomination and Election of Trustees.

(a) Nomination

1. Cooperative Members may nominate (Member Petition Nominations), through an Official Petition Form provided by the Cooperative, qualified individuals to run for an Expiring Term Trustee Office at the Annual Member Meeting.
2. Nominating members make Member Petition Nominations by delivering the completed Official Petition Form to the Cooperative not less than thirty (30) days nor more than forty-five (45) days prior to the Annual Member Meeting.
3. Trustees appointed to fill vacancies who wish to run for re-election at the conclusion of their Appointed Term shall be subject to the Member Petition Nomination requirements.
4. Incumbent Elected Trustees who wish to run for re-election shall not be subject to the Member Petition Nomination requirements.

(b) Trustee Vacancy. Except as otherwise provided in these Bylaws:

1. by an affirmative vote of the majority of remaining Trustees, the Board may fill a vacant Trustee position, including a vacant Trustee position resulting from increasing the number of Trustees; and
2. Trustees appointed by the Board to fill vacancies shall serve the unexpired Trustee Term of the Vacant Trustee Position.
3. if a Trustee vacancy will occur at a future specified date, then the Board may fill the vacancy before the vacancy occurs and the new Trustee takes office when the vacancy occurs.
4. an individual appointed to fill a vacant Trustee position must comply with the Trustee Qualifications.

5. except as otherwise provided in these Bylaws, and as used in the Bylaw, “vacant Trustee position” and “Trustee vacancy” do not include Trustee positions vacated due to an expired Trustee Term.

(c) Notice of Candidacy. Any Member duly qualified for a Trustee position, whether an Incumbent Trustee, appointed Trustee or Trustee candidate(s) nominated by Member Petition Nominations, shall file with the Cooperative a written Notice of Candidacy for the appropriate Trustee District. The Cooperative shall provide the Notice of Candidacy form. Completed Notice of Candidacy forms shall be delivered to the Cooperative office not less thirty (30) days nor more than forty-five (45) days prior to the Annual Member Meeting.

Should an open Trustee District fail to draw a qualified Trustee candidate, the Board at its next Regular Board Meeting may declare the Trustee District vacant and appoint a Trustee to serve the unexpired Trustee Term of the Vacant Trustee District.

The written notice of the Annual Member Meeting shall name all open Trustee Districts and identify all duly qualified Trustee candidate(s).

(d) Election of Trustees. At each Member Meeting at which a Trustee position is scheduled for election by Members, the Members shall elect the Trustee from the Member Petition Nominations by a plurality of votes cast by the Members with a Quorum present in person.

(e) Tenure of Office. Except as otherwise provided in these Bylaws, a Trustee’s term is three (3) years or until a successor Trustee is elected or appointed (“Trustee Term”). A Trustee’s term begins: (1) after the individual consents to being elected or appointed as a Trustee; and (2) at the beginning of the first Board Meeting held after the Trustee is elected or appointed. A Trustee’s term ends after: (1) a successor Trustee consents to being elected or appointed; and (2) immediately after a successor Trustee’s election or appointment.

The Cooperative shall stagger Trustee Terms by dividing the total number of authorized Trustee Districts into groups of approximately equal number. Members must annually elect qualified Trustee candidates who represent an expiring term of a Trustee District and any other Trustee Districts as declared open by the Board. Subject to a Trustee’s consent, decreasing the number of Trustees or length of Trustee Terms may not shorten an incumbent Trustee’s Trustee Term.

(f) Trustee Resignation. A Trustee may resign at any time. To resign, a Trustee must sign and deliver a written notice of resignation to the Board President or Secretary-Treasurer. Except as a later date is otherwise provided in a written notice of resignation, a Trustee’s resignation is effective when the Board, President, or Secretary-Treasurer receives the written notice of resignation. If a Trustee’s resignation is effective at a later date, and if the successor Trustee does not take office until the effective date of the Trustee’s resignation, then the pending Trustee vacancy may be filled before the effective date of the Trustee’s resignation.

(g) Except as otherwise provided in these Bylaws, the Board may remove a Trustee designated or appointed by the Board for any reason.

Section 3.9 – Agenda, Attendance, and Action at Member Meetings. Except as otherwise provided in these Bylaws, before or at an Annual, Regular, or Special Member Meeting (“Member Meeting”), the Board shall determine the agenda, program, or order of business for the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, the President: (1) shall preside at the Member Meeting; (2) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter described in the notice of the Member Meeting.

Article 4 – Board of Trustees

Section 4.1 – General Powers. Except as otherwise provided in these Bylaws:

- (1) Cooperative powers must be exercised by the Board, or under the Board’s authority;
- (2) Cooperative affairs must be managed under the Board’s direction; and
- (3) the Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Governing Documents authorize a Person to exercise a power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

Section 4.2 – Trustee Qualifications and Disqualifications. A Trustee or Trustee candidate must comply with this Bylaw.

(a) **General Trustee Qualifications.** To become or remain a Trustee, a Person must comply with the following general qualifications (“General Trustee Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) while a Trustee, and during the five (5) years immediately before becoming a Trustee, not: (A) be convicted of a felony; or (B) plead guilty to a felony;
- (4) while a Trustee and during the one (1) year immediately before becoming a Trustee, must permanently occupy and use a Cooperative Service at a location within the Trustee District from which the Trustee is nominated, appointed or elected;
- (5) while a Trustee and during the seven (7) years immediately before becoming a Trustee, not be an employee of the Cooperative;

(6) while a Trustee, not be a Close Relative of a Cooperative Official or Cooperative Employee;

(7) while a Trustee and during the one (1) year immediately before becoming a Trustee, not advance or have a Close Relative that advances the individual's pecuniary interest by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary;

(8) while a Trustee and during the one (1) year immediately before becoming a Trustee, not be employed by, control, own more than ten (10) percent of, serve as a Trustee or officer of, or receive more than ten (10) percent of annual gross income from an entity that : (A) advances the entity's pecuniary interest by competing with the Cooperative or a Cooperative Subsidiary; or (B) receives more than ten (10) percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary;

(9) except as otherwise provided by the Board for good cause, attend a majority of all Board Meetings during each twelve month period; and

(10) comply with any other reasonable qualifications determined by the Board.

(b) Trustee Disqualification. After being elected or appointed, if a Trustee does not comply with all General Trustee Qualifications, then, as otherwise provided by the Board for good cause, the Board shall disqualify the Trustee and the individual is no longer a Trustee if:

(1) the Board notifies the Trustee in writing of the basis for, and provides the Trustee an opportunity to comment regarding, the Board's proposed disqualification; and

(2) within thirty (30) days after the Board notifies the Trustee of the proposed disqualification, the Trustee neither complies with nor meets the Trustee Qualification.

If a majority of Trustees authorized by these Bylaws complies with the Trustee Qualifications and approves a Board action, then the failure of a Trustee to comply with Trustee Qualifications does not affect the Board action.

Section 4.3 – Close Relative. The term "Close Relative" means an individual who:

(1) through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, or daughter-in-law; or

(2) resides in the same residence (collectedly, "Close Relative").

An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

Section 4.4 – Removal of Trustees by Members. Except as otherwise provided in these Bylaws, the Board may remove a Trustee for any reason.

As provided in this Bylaw, and for taking or omitting a negligent, fraudulent, or criminal act significantly and adversely affecting the Cooperative, the Members (“Removing Members”) may remove a Trustee.

(a) **Trustee Removal Petition.** For a Trustee for whom removal is requested, the Removing Members must deliver to the President or Secretary-Treasurer a dated written petition (“Trustee Removal Petition”):

- (1) identifying the Trustee on each page;
- (2) explaining, on each page, the basis for the Trustee’s removal; and
- (3) as Removing Members existed on the Trustee Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days following the Trustee Removal Petition date, of at least ten (10) percent of the Removing Members.

Within thirty (30) days after the President or Secretary-Treasurer receives a Trustee Removal Petition: (1) the Cooperative shall forward a copy of the Trustee Removal Petition to the implicated Trustee; and (2) the Board shall meet to review the Trustee Removal Petition.

(b) **Member Meeting.** If the Board determines that the Trustee Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board’s determination. Notice of the Member Meeting must state that: (1) a purpose of the Member Meeting is to consider removing a Trustee; (2) evidence may be presented, and a Member vote taken, regarding removing the Trustee; and Members may elect a successor Trustee.

If a Member Quorum is present in person at the Member Meeting, then for the Trustee named in a Trustee Removal Petition:

- (1) before a Member vote, evidence must be presented supporting the basis for removing the Trustee;
- (2) the Trustee may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Trustee; and
- (3) after the Trustee’s presentation and Member discussion, the Removing Members must vote whether to remove the Trustee.

If a majority of Removing Members present vote to remove the Trustee, then the Trustee is removed effective the time and date of the Member vote. At the Member Meeting, the Removing Members

may elect a new Trustee to succeed the removed Trustee without complying with the Trustee Nomination or notice provisions of these Bylaws. A successor Trustee elected by the Removing Members must comply with the Trustee Qualifications and serves the unexpired Trustee term of the removed Trustee. A Trustee Removal Petition or Trustee removal does not affect a Board action.

Removing Members may not remove a Trustee for lawfully opposing a Transfer of Cooperative Assets or a Cooperative dissolution.

Section 4.5 – Trustee Compensation. As determined or approved by the Board, the Cooperative may reasonably reimburse, compensate, or provide insurance or other benefits to Trustees or reimburse Trustees a fixed fee and expenses for attending a: (1) Board Meeting; (2) function, meeting, or event involving or relating to the Cooperative; or (3) function, meeting, or event involving, relating to, or reasonable enhancing the Trustee’s ability to serve in the role of Trustee. The Board must determine or approve the manner, method, and amount of any Trustee fee or expense.

In consideration for serving as a Trustee, as determined by the Board, and without granting a Trustee or former Trustee a contract or other right, the Cooperative may promise to reasonably or fairly compensate, or provide insurance or other benefits to a Trustee after the Trustee ceases serving as a Trustee, the Board must determine or approve, and may change or eliminate for any reason, the manner, method and amount of any compensation or benefits provided to the former Trustee.

Article 5 – Meeting of Trustees

Section 5.1 – Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of a Regular Board Meeting. A Trustee not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five (5) days before the next Regular Board Meeting. All Trustees are entitled to receive notice of a President’s change in a Regular Board Meeting date, time, or location at least five (5) days before the changed Regular Board Meeting.

Section 5.2 – Special Board Meetings. The Board, the President, or at least three (3) Trustees may call a special meeting of the Board (“Special Board Meeting”) by providing each Trustee at least five (5) days’ prior written notice indicating the date, time, and location and purpose of the Special Board Meeting.

Section 5.3 – Conduct of Board Meetings. Except as otherwise provided in these Bylaws, a Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be held within a county in which the Cooperative Provides a Cooperative Service.

If a Trustee Quorum is present at a Board Meeting, then:

(1) in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary-Treasurer, and Assistant Secretary-Treasurer; and

(2) if no Officer is present or desires to preside at a Board Meeting, then the Trustees attending the Board Meeting must elect a Trustee to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- (1) attendance at, participation in, or presentation during Board Meetings by Persons other than Trustees;
- (2) the right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by Persons other than Trustees; or
- (3) the conduct of Board Meetings.

Section 5.4 – Trustee Quorum and Voting. A quorum of Trustees is a majority of the Trustees in office immediately before a Board Meeting begins (“Trustee Quorum”). If a Trustee Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of Trustees is required, then the affirmative vote of a majority of Trustees present is the act of the Board.

Article 6 – Officers, Indemnification, and Insurance

Section 6.1 – Required Officers. The Cooperative must have the following officers: President, Vice-President, Secretary-Treasurer and Assistant Secretary-Treasurer (“Required Officers”). The Board shall elect Required Officers: (1) at the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; and (2) by affirmative vote of a majority of Trustees in office.

A Required Office must be a Trustee. One Trustee may simultaneously be Secretary and Treasurer. Except as otherwise, provided by Law, this Trustee may not execute, acknowledge, or verify a document in more than one capacity. Subject to removal by the Board, a Required Office holds office until the Required Officer’s successor is elected. The Board shall fill a vacant Required Officer’s position for the unexpired portion of the Required Officer’s term. A Required Office may delegate duties and responsibilities to a non-Trustee Cooperative Official.

Section 6.2 – President. Except as otherwise provided by the Board or these Bylaws, the President:

- (1) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (2) on the Cooperative’s behalf, may sign a document properly authorized or approved by the Board or Members; and
- (3) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.3 – Vice-President. Except as otherwise provided by the Board or these Bylaws, the Vice-President:

(1) upon the President's death, absence, disability, improper refusal, or inability to act, shall perform the duties, and have the powers, of the President; and

(2) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.4 – Secretary-Treasurer. Except as otherwise provided by the Board or these Bylaws, the Secretary-Treasurer:

(1) shall be responsible for individually, or designate another Corporate Official who is responsible for preparing minutes of Board and Member Meetings;

(2) shall be responsible for individually, or designate another Corporate Official who is responsible for authenticating the Cooperative records;

(3) may individually or designate another Corporate Official to affix the Cooperative's seal to a document authorized or approved by the Board or Members; and

(4) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.5 – Assistant Secretary-Treasurer. Except as otherwise provided by the Board or these Bylaws, the Assistant Secretary-Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribe by the Board.

Section 6.6 – Chief Executive Officer. The Board may appoint a Chief Executive Officer ("CEO"), who:

(1) shall become and remain a Resident Member of the Cooperative within one (1) year of the date of appointment by the Board; and

(2) shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

Section 6.7 – Officer Resignation and Removal. At any time, a Required Officer ("Officer") may resign. To resign, an Officer must deliver to the Board an oral or written resignation. Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Office may not take office until the later effective date. At any time, the Board may remove an Officer for any reason with or without cause.

Section 6.8 – Officer Standard of Conduct. An Officer shall discharge the Officer's duties: (1) in good faith; (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner the Officer reasonably believes to be in the Cooperative's best interests.

Section 6.9 – Officer Contract Rights. The election or appointment of an Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer's resignation or removal does

not affect the Cooperative's contract rights, if any, with the Officer. An Officer's resignation or removal does not affect the Officer's contract rights, if any, with the Cooperative.

Section 6.10 – Authority to Execute Documents. On the Cooperative's behalf, two Required Officers may sign, execute, and acknowledge a document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Officials to sign, execute, and acknowledge a document on the Cooperative's behalf.

Section 6.11 – Indemnification of Officers, Trustees, Employees and Agents

(1) 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, by reason of the fact that he/she is or was a trustee, officer, employee, or agent of the Cooperative as a trustee, officer, employee, or agent of another Cooperative, corporation partnership, joint venture, trust or other enterprise, for all expenses (including attorney's fees), judgements, fines and amounts paid in settlement, actually and reasonably incurred by him/her in connection with such action, suit, or proceeding, if he/she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful; provided, however, that such indemnity shall not include any expenses incurred by any such person 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 his/her duty to the Cooperative, except as provided by law.

(b) in no such event shall anything contained hereinabove be constructed so as to protect, or to authorize the Cooperative to indemnify any such person against any liability to the Cooperative or to its members to which he/she would otherwise be subject by reason or his/her willful malfeasance, bad faith, gross negligence or reckless disregard of the members' rights and duties involved in the conduct of his/her office as such trustee, officer, employee or agent.

(c) the indemnification provided hereinabove 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 trustee or otherwise, and shall not in any way limit any right which the Cooperative may have to make different or further indemnification with respect to the same or different persons or classes or persons, and as provided by law.

(d) the foregoing right of indemnification shall inure to the benefit of the heirs, executors, or administrators of any such person, trustee, officer, employee, or agent, and shall be in addition to all other rights to which such person may be entitled as a matter of law.

Section 6.12 – Insurance. The Cooperative may purchase and maintain, at the discretion of the Board of Trustees, policies of liability insurance, with the premiums therefor paid by the Cooperative, and covering such of its trustees, officers, employees or agents, or any of them, and securing them against liability as provided in this Article.

Section 6.13 – Procedure Policy. The Board of Trustees of the Cooperative shall adopt, by resolution, a policy not inconsistent with the provisions of this Article and in accordance with law, for the purpose of establishing procedure and guidelines for determination of any person’s right to indemnification.

Article 7 – Cooperative Operation

Section 7.1 – Nonprofit and Cooperative Operation. The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Members.

Section 7.2 – Allocating Capital Credits. The Cooperative shall allocate Capital Credits as provided in this Bylaw. The Cooperative must allocate Capital Credits in a Member’s name as shown in the Cooperative’s records, regardless of the Member’s marital status.

(a) **Member.** The term “Member” means, during a fiscal year: (1) a Member; and (2) any other Person Using a Cooperative Service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the Cooperative Service.

(b) **Allocating Earnings.** For each Cooperative Service Provided during a fiscal year, the Cooperative shall equitably allocate to each Member, in proportion to the quantity or value of the Cooperative Service Used by the Member during the fiscal year and timely paid for by the Member, the Cooperative’s patronage earnings from Providing the Cooperative Service during the fiscal year. Patronage earnings mean the amount by which the Cooperative’s patronage sourced revenues from providing a Cooperative Service exceed the Cooperative’s patronage sourced expenses of Providing the Cooperative Service, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative shall allocate to each Member, in proportion to the quantity or value of Cooperative Services Used by the Member during the fiscal year and timely paid for by the Member, the Cooperative’s nonpatronage earnings, as determined by the Board, use, retain, or equitably allocate the Cooperative’s nonpatronage earnings. Nonpatronage earnings mean the amount by which the Cooperative’s nonpatronage sourced revenues during a fiscal year exceed the Cooperative’s nonpatronage sourced expenses during the fiscal year, less any amount needed to offset a patronage loss.

(c) **Allocating Losses.** For each Cooperative Service Provided during a fiscal year, the Cooperative shall offset the Cooperative’s patronage loss from Providing the Cooperative Service during the fiscal year: (A) against the Cooperative’s patronage earnings from providing the Cooperative Service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s); or (B) first against the Cooperative’s nonpatronage earnings during the current fiscal year, second against the Cooperative’s unallocated nonpatronage earnings during any past fiscal year(s), and third against the Cooperative’s nonpatronage earnings during any future fiscal year(s). Patronage loss means the amount by which the Cooperative’s patronage sourced expenses of Providing a Cooperative Service during a fiscal year

exceed the Cooperative's patronage sourced revenues from Providing the Cooperative Service during the fiscal year, all as determined under federal cooperative tax law.

For each fiscal year, the Cooperative shall: (1) allocate to each Member, in proportion to the quantity or value of Cooperative Services Used by the Member during the fiscal year, the Cooperative's nonpatronage loss; or (2) offset the Cooperative's nonpatronage loss against the Cooperative's nonpatronage earnings during any fiscal year(s). Nonpatronage loss means the amount by which the Cooperative's nonpatronage sourced expenses during a fiscal year exceed the Cooperative's nonpatronage sourced revenues during the fiscal year.

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

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

(e) Different and Separate Allocations. As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Members under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Members under the same manner, method, and timing. If the Cooperative is a member, member, or owner of an Entity from which the Cooperative Uses a good or service in Providing a Cooperative Service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the Board and consistent with this Bylaw, the Cooperative may separately identify and allocate to the Cooperative's Members this capital credit or similar amount allocated by the Entity.

(f) Joint Memberships. Upon receiving written notice and sufficient proof of the termination, conversion, or alteration of a Joint Membership: (1) through the death of a Joint Member, the Cooperative shall assign and transfer to each surviving Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership; or (2) other than through the death of a Joint Member, and except as otherwise provided by a court or administrative body of competent jurisdiction, and except as otherwise provided by the Joint Members, the Cooperative shall assign and transfer to each Joint Member an equal portion of Capital Credits allocated, or to be allocated, to the Joint Membership.

Section 7.3 – Notification and Assignment of Capital Credits. Within a reasonable time after the end of each fiscal year, the Cooperative shall notify each Member in writing of the stated dollar amount of Capital Credits allocated to the Member for the preceding fiscal year. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Member’s Capital Credits: (1) the Cooperative must receive a written request signed by the Member to assign or transfer the Capital Credits; (2) the Member and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and (3) the Board must approve the assignment or transfer.

Section 7.4 – Retiring Capital Credits. The Cooperative may retire and pay Capital Credits allocated to Members and former Members as provided in this Bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Member’s name as shown in the Cooperative’s records, regardless of the Member’s marital status.

(a) **General Capital Credit Retirements.** At any time before the Cooperative’s dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Members and former Members.

(b) **Special Capital Credit Retirements.** The Cooperative may specially retire and pay some or all Capital Credits allocated to an individual Member or former Member: (1) after the death of the individual; (2) after receiving a written request from the deceased individual’s legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the deceased individual’s legal representative. The Cooperative may specially retire and pay some or all Capital Credits allocated to an Entity Member or former Entity Member: (1) during or after the Entity’s dissolution, liquidation, or other cessation of existence; (2) after receiving a written request from the Entity or the Entity’s legal representative; and (3) according to the terms and conditions agreed upon by the Cooperative and the Entity or the Entity’s legal representative.

(c) **Capital Credit Recoupment and Offset.** Regardless of a statute of limitation or other time limitation, after retiring Capital Credits allocated to a Member or former Member, the Cooperative may recoup, offset, or setoff an amount owed to the Cooperative by the Member or former Member, including any compounded interest and late payment fee, by reducing the amount of retired Capital Credits paid to the Member or former Member by the amount owed to the Cooperative.

(d) **Capital Credit Retirement Discretion.** The Cooperative may retire and pay Capital Credits only if the Board determines that the retirement and payment will not adversely impact the Cooperative’s financial condition. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.

(e) **Different and Separate Capital Credit Retirements.** As reasonable and fair, the Cooperative may retire and pay Capital Credits to classes of similarly situated Members and former Members under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Members and former Members under the same manner, method, and timing. If the Cooperative separately identified and allocated Capital Credits representing capital

credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a member, Member, or owner, then the Cooperative may retire and pay these Capital Credits only after the Entity retires and pays the capital credits or similar amounts to the Cooperative.

(f) Discounted Capital Credit Payments. As determined by the Board, before the time the Cooperative anticipates normally retiring and paying Capital Credits, the Cooperative may retire some or all Capital Credits and pay the net present value of the retired Capital Credits. If the Cooperative retires and pays the net present value of Capital Credits to a Member or former Member before the time the Cooperative anticipates normally retiring and paying the Capital Credits, then the amount of Capital Credits not paid may be used or retained as permanent, unallocated equity, or equitably allocated.

(g) Unclaimed Capital Credits. Through a voluntary written assignment signed by a Member or former Member, which assignment is revocable and is not a condition of the Cooperative Providing a Cooperative Service to the Member, the Member or former Member may assign or transfer to the Cooperative any past, present, or future Capital Credits retired and paid to the Member or former Member, but not claimed by the Member or former Member within three (3) years of retirement and payment, provided the Cooperative undertook or undertakes reasonable measures to notify the Member or former Member of the retired and paid Capital Credits. As allowed by Law, the Cooperative may retain Capital Credits retired and paid to a Member or former Member, but not claimed by the Member or former Member within ten (10) years of retirement and payment.

Section 7.5 – Member Agreement. Each Member and former Member agrees that:

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

Section 7.6 – Reasonable Reserves. Regardless of a contrary Bylaw, and to meet the Cooperative’s reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses (“Reasonable Reserves”). The Cooperative must keep records necessary to determine, at any time, each Member’s rights and interest in Reasonable Reserves.

Article 8 – Disposition of Cooperative Assets

Section 8.1 – Transfer of Cooperative Assets. Except for a sale, lease, exchange, disposition, conversion, or other transfer (“Transfer”) of Cooperative Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to an existing legal obligation; (4) associated with a Consolidation or Merger; (5) consisting of the Cooperative’s ownership in an Entity;

(6) to a Cooperative Subsidiary, the Cooperative may Transfer more than fifteen percent of the Cooperative's Assets only if:

- (1) At the expense of the Person or entity seeking to purchase, lease, or acquire the Cooperative's Assets, the Board may appoint three independent appraisers, each of whom, within a reasonable time of appointment, should evaluate and render an appraisal valuing the Cooperative's Assets specified in the proposed Transfer ("Appraisal");
- (2) The Person seeking to purchase, lease, or acquire the Cooperative's Assets provides to the Cooperative any reasonable information requested by the Cooperative;
- (3) Within a reasonable time of receiving the Appraisals, the Cooperative invites any other Entity operating on a cooperative basis, Providing electric energy, and primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located to submit proposals to purchase, lease, or acquire the Cooperative's Assets specified in the proposed Transfer, or to Merge or Consolidate with the Cooperative;
- (4) The Board approves the proposed Transfer;
- (5) At least a two-thirds of the Total Membership approves the proposed Transfer;
- (6) Notice of a Member Meeting at which Members will consider the proposed Transfer states that one of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the proposed Transfer; and
- (7) In proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates to Members as Capital Credits any consideration received for the Cooperative's Assets that exceeds the amount paid for the Cooperative Assets.

Except as otherwise provided by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. To secure indebtedness by the Cooperative or a Cooperative Subsidiary, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset. As used in this Bylaw, a Transfer includes the conversion of the Cooperative to another form of business.

Section 8.2 – Merger or Consolidation. The Cooperative may consolidate or merge only with an Entity operating on a cooperative basis that Provides a Cooperative Service ("Consolidate or Merge"). To Consolidate or Merge, the Cooperative must comply with this Bylaw.

- (a) **Board Approval.** To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge ("Consolidation or Merger Agreement") stating the:
 - (1) terms and conditions of the Consolidation or Merger;
 - (2) name of each Entity Consolidating or Merging with the Cooperative;

- (3) name of the new or surviving Consolidated or Merged Entity (“New Entity”);
- (4) manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity;
- (5) number of Trustees of the New Entity, which must equal or exceed five;
- (6) date of the New Entity’s annual meeting;
- (7) names of New Entity Trustees who will serve until the New Entity’s first annual meeting; and
- (8) other information required by Law.

(b) Member Approval. To Consolidate or Merge:

- (1) after the Board approves a Consolidation or Merger Agreement, two-thirds of the Total Membership voting in person or Mail Ballot must approve the Consolidation or Merger Agreement.

(c) Notice. The Cooperative shall notify Trustees of a Board Meeting, and Members of a Member Meeting, at which Trustees or Members may consider a Consolidation or Merger Agreement. This notice and any material soliciting Member approval of the Consolidation or Merger Agreement by Member Written Consent or Mail Ballot must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement and the New Entity’s articles of incorporation and Bylaws and any provision which would require Trustee or Member approval if contained in a proposed Articles or Bylaws Amendment.

(d) Other Requirements. The New Entity Trustees named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law. After a Consolidation or Merger Agreement is approved, and before articles of Consolidation or Merger are filed, the Board or Members may abandon the Consolidation or Merger.

Section 8.3 – Distribution of Cooperative Assets Upon Dissolution. Upon the Cooperative’s dissolution: (1) the Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities; (2) the Cooperative shall retire and pay all Capital Credits allocated to Members and former Members; and (3) after paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, and after retiring and paying all Capital Credits, and to the extent practical:

A) the Cooperative shall first distribute gains from selling an appreciated Cooperative Asset to Members who Used Cooperative Services during the period in which the Cooperative owned the Cooperative Asset in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative owned the Cooperative Asset;

(B) the Cooperative shall then distribute nonpatronage earnings used by the Cooperative as permanent, unallocated equity to Members who Used Cooperative Services during the period in which the Cooperative received the earnings in proportion to the value or quantity of Cooperative Services Used by the Member during the period the Cooperative received the earnings; and

(C) the Cooperative shall then pay or distribute any remaining Cooperative Assets, and any amounts received from selling any remaining Cooperative Assets, to the Members in proportion to the value or quantity of Cooperative Services Used

Article 9 – Miscellaneous

Section 9.1 – Electronic Documents. If a Member or Trustee owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by Law:

(1) the Member or Trustee consents and agrees to: (A) use, accept, send, and receive an electronic signature, contract, record, notice, communication, and other document regarding a transaction, business, or activity with, for, or involving the Cooperative (“Electronic Document”); (B) electronically conduct an action, transaction, business, or activity with, for, or involving the Cooperative; and (C) electronically give or confirm this consent and agreement; and

(2) an Electronic Document sent to or received from the Member or Trustee satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be in writing;

(3) electronically sending an Electronic Document to, or receiving an Electronic Document from, the Member or Trustee satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be sent or received personally or by mail; and

(4) the Member or Trustee electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

An Electronic Document electronically sent to a Member or Trustee or former Member at the Member or Trustee or former Member’s last known electronic address is considered sent and received on the date sent by the Cooperative. An Electronic Document electronically received from a Member or Trustee or former Member is considered sent and received on the date received by the Cooperative.

Section 9.2 – Bylaw Amendment. Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) only by the vote of a majority of Members present and entitled to vote at a Member Meeting. Except as otherwise provided in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment. The Cooperative must notify Members of Amended Bylaws.

(a) Sponsorship of Bylaw Amendment. The Board may sponsor or propose a Bylaw Amendment. Except as otherwise provided by the Board, Members may not sponsor or propose a Bylaw Amendment.

(b) Notice of Bylaw Amendment. Notice of a Member Meeting at which Members will consider a proposed Bylaw Amendment must: (1) state that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment; and (2) contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment. After notice of a proposed Bylaw Amendment, the proposed Bylaw Amendment may not be amended to increase the Amendment or to propose a new Amendment.

Section 9.3 – Rules of Order. Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert’s Rules of Order governs all: (1) Member Meetings; (2) Board Meetings; (3) Member Committee meetings; and (4) Board Committee meetings.

Section 9.4 – Fiscal Year. The Board may determine and modify the Cooperative’s fiscal year. Except as otherwise provided by the Board, the Cooperative’s fiscal year is the calendar year.

Section 9.5 – Notice. In these Bylaws:

(a) Notice Type. Except as otherwise provided in these Bylaws, notice may be: (1) oral or written; and (2) communicated: (A) in person; (B) by telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication; (C) by mail or private carrier; or (D) if the above-listed forms of communicating notice are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed or delivered to an address shown in the Membership List, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members: (1) residing at the address; or (2) having the same address shown in the Membership List.

(b) Notice Effective Date. If communicated in a comprehensible manner, then except as otherwise provided in these Bylaws:

(1) oral notice is effective when communicated; and

(2) written notice is effective upon the earliest of: (A) when received; (B) with the postmark evidencing deposit in the United States Mail, if correctly addressed and mailed with first class postage affixed, then five days after deposit in the United States Mail, or if correctly addressed and mailed with other than first class, registered, or certified postage affixed, then thirty days after deposit in the United States Mail; or (C) if sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the Membership List.

Section 9.6 – Governing Law. These Bylaws must be governed by, and interpreted under, the laws of the State of Oklahoma.

Section 9.7 – Waiver. The failure of the Cooperative to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.8 – Lack of Notice. The failure of a Member or Trustee to receive notice of a Meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.

Section 9.9 – Savings Clause. In the event any clause or provision in these Bylaws shall be adjudged to be invalid or void, or determined to be in conflict with any existing laws, rules, and regulations of the United States of America, State of Oklahoma, or any governing body having jurisdiction over the Cooperative, then and in the event, such laws, rules and regulations shall take precedence over the particular Bylaw and the fact that any such clause or provision may be invalid or void shall not serve to invalidate the remaining Bylaws, clauses or provisions contained herein.