

BYLAWS

APPROVED APRIL 13, 2018



ALFALFA
ELECTRIC
COOPERATIVE

Article I Definitions

Section 1. General Provisions. Within these Bylaws of Alfalfa Electric Cooperative, Inc, as currently existing or as later amended (Bylaws):

- (1) Unless otherwise provided, words and phrases used in these Bylaws have their customary and ordinary meaning;
- (2) The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
- (3) The masculine use of any word includes the feminine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
- (4) The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
- (5) The words “shall” or “must” indicate a mandatory action or requirement, and the word “may” indicates a permissive action or requirement.

Section 2. Defined Terms. These Bylaws define certain words and phrases within Bylaw sections (Defined Terms). Defined Terms are:

- (1) Capitalized and enclosed within parenthesis following the Defined Term’s definition; and
- (2) Capitalized when otherwise used in these Bylaws. Unless the context requires otherwise, Defined Terms have the meaning specified in the appropriate Bylaw section.

The following Defined Terms are defined in the following Bylaw sections:

Amendments	Article XII
Annual Meeting	Article III, Section 1
Attendance	Article V, Section 5
Bylaws	Article I, Section 1
Capital Credits	Article VII, Section 2
Compensation	Article IV, Section 5
Cooperative	Article II, Section 1
Credentials and Election Committee	Article III, Section 6
Defined Terms	Article 1, Section 2
Disposition of Property	Article VIII
Districts	Article III, Section 7
Chief Executive Officer and General Manager	Article VI, Section 8
Filing Period	Article III, Section 8
Fiscal Year	Article X, Section 5
Indemnification	Article XIII, Section 1
Joint Membership	Article II, Section 2
Member	Article II, Section 1
Member Meeting List	Article III, Section 10
Membership List	Article II, Section 9
Notice of Members Meetings	Article III, Section 3
Officers	Article VI, Section 1
Order of Business	Article III, Section 12
Patron	Article VII, Section 1

President	Article VI, Section 4
Presiding Officer	Article III, Section 8
Qualifications	Article IV, Section 2
Quorum of Member Meetings	Article III, Section 4
Record Date	Article III, Section 9
Regular Meetings	Article V, Section 1
Rules and Regulations	Article XI, Section 3
Secretary	Article VI, Section 6
Special Meeting	Article III, Section 2
Special Meeting of the Trustees	Article V, Section 2
Treasurer	Article VI, Section
General Powers	Article IV, Section 1
Trustees Terms	Article IV, Section 2
Vacancies	Article IV, Section 4
Vice President	Article VI, Section 5
Voting	Article III, Section 5
Waiver of Notice	Article XI, Section 2

Article II Membership

Section 1. Requirements for Membership. Any (1) natural person, (2) general or limited partnership (3) association, (4) corporation, (5) revocable trust, the Grantor of which is a natural person, (6) limited liability company, (7) state, state agency or state political subdivision, (8) the United States of America, or any federal agency or federal political subdivision or (9) body politic or subdivision thereof may become a (Member) in Alfalfa Electric Cooperative, Inc. (Cooperative) by:

- (a) Filing a written application for Membership and agreeing to comply with and be bound by the provisions and requirements therein;
- (b) Agreeing to purchase from the Cooperative electric energy or the availability thereof as hereinafter specified;
- (c) Agreeing to comply with and bound by
 - (1) The Articles of Incorporation and Bylaws of the Cooperative
 - (2) Any Rules and Regulations adopted by the Board of Trustees,
 - (3) National Electrical Code,
 - (4) National Electrical Safety Code
 - (5) The Cooperative's rate and price schedules,
 - (6) and Any policy, resolution, action, or amendment adopted by the Cooperative's board of Trustees or Membership as any of these materials currently exist, or as later amended; and
- (d) Paying the Membership fee, connection fee, security deposit, and/or billing prepayment as hereinafter specified. No Member may hold more than one (1) Membership in the Cooperative, and no Membership shall be transferable. Upon complying with the above requirements, an applicant shall automatically become a Member on the date of their connection for electric service; PROVIDED, the Cooperative may reject or deny an application and refuse to furnish service, or to continue service it has already begun furnishing, if prior to connection of service it determines, or thereafter it discovers, that the applicant is not willing or able to satisfy and abide by the Cooperative's terms and conditions of Membership or that such application should be, or should have been, denied for other good cause, including but not limited to the fact that furnishing service to the applicant would be or is in violation of one or more of the Cooperative's service Rules and Regulations; PROVIDED, any person so denied and/or refused shall have the right to be heard on the matter by the Board of Trustees upon timely filing a written request therefore.

Unless required by Law or otherwise provided in these Bylaws, no Cooperative Membership, and no right or privilege associated with Cooperative Membership, may be sold, purchased, assigned, or otherwise transferred.

Section 2. Joint Membership. A husband and wife will have Joint Membership (Joint Membership) unless each holds individual Memberships subject to their compliance with the requirements set forth in Section 1 of this article. The term "Member" as used in these Bylaws shall be deemed to include a husband and wife holding a Joint Membership and any provisions relating to the rights and liabilities of Membership shall apply equally with respect to the holders of a Joint Membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a Joint Membership shall be as follows:

- (a) The vote of either separately or vote jointly constitute a joint waiver.
- (b) A Waiver of Notice signed by either or both shall constitute one joint vote.
- (c) Notice to either shall constitute notice to both.
- (d) Expulsion of either shall terminate the Joint Membership.
- (e) Withdrawal of either shall terminate the Joint Membership.
- (f) Either, but not both, may be elected or appointed as an officer or trustee.

Section 3. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a Joint Membership, such Membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such Membership had never been joint; PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a Joint Membership, such Membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such Membership, in the same manner and to the same effect as though such Membership had never been joint; PROVIDED, that the other spouse shall not be released from debts due the Cooperative.

Section 4. Membership Fee; Service Connection Deposit or Fee; Service Security and Facilities Extension Deposits; Billing Prepayment. The Membership fee and conditions of refund shall be established by the Trustees. The Membership fee, together with other required payments, if any, shall entitle the Member to one service connection. A service connection deposit fee, in such amount as shall be prescribed by the Cooperative, together with other required payments, if any, shall be paid by the Member for each additional service connection requested by them.

Section 5. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its Members with adequate and dependable electric service, although it cannot and therefore neither guarantees nor warrants continuous or flawless supply thereof. The Cooperative's responsibility and liability for providing electric service terminates upon delivery of any electric service to a Member or other person acting for a Member. Each Member as soon as electric energy shall be available, for so long as such premises are owned or directly occupied or used by them shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to the Membership, unless and except to the extent that the Board of Trustees may in writing waive such requirement. Each such Member shall pay therefore at the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used), established by the Board of Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into by the parties. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each Member shall also pay all other amounts owed by them to the Cooperative as and when they become due and payable.

It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished as provided in these Bylaws.

Section 6. Termination of Membership.

- (a) Any Member may withdraw from Membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may by the affirmative vote of not less than two thirds of all the Trustees, expel any Member who fails to comply with any of the provisions of Membership as outlined in Article II, Section 1 above, but only if such Member shall have been given written notice by the Cooperative that such failure makes them liable to expulsion, and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled Member may be reinstated by vote of the Board of Trustees or by the vote of the Members at the annual or Special Meeting.

- (b) Upon the withdrawal, death, or cessation of existence of a Member, or failure of a Member to purchase electric energy, the Membership of such Member shall thereupon terminate. Termination of Membership in any manner shall not release a Member or their estate from any debts due the Cooperative.

Section 7. Member Grant of Property Rights. As determined or required by the Cooperative, each Member shall:

- (1) Provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any portion of; and
 (2) upon request from and under reasonable terms and conditions determined by, the Cooperative, grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, or other property interest in any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:

- (1) Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any Cooperative Equipment;
 (2) Provide, monitor, measure, or maintain any Cooperative Service;
 (3) Safely, reliably, and efficiently;
 (a.) Operate the Cooperative; or
 (b.) Provide any Cooperative Service.

No Member shall tamper or interfere with, damage, or impair any Cooperative Equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment, and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.

Section 8. Indemnification. As requested by the Board, each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the governing documents.

Section 9. Membership List. The Cooperative, or the Cooperative's agent, shall maintain a record of current Members (Membership List) in a form permitting the Cooperative to alphabetically list the names and addresses of all Members.

Upon two (2) business days' prior written notice and:

- (1) At a reasonable time and location specified by the Cooperative, a Member may inspect and copy the names and addresses included in the Membership list; or
 (2) If reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge, as determined by the Cooperative, covering the Cooperative's labor and material cost, the Cooperative shall provide to the Member a copy of the names and addresses included in the Membership List

if, and to the extent that:

- (1) The Member's demand is made in good faith and for a proper purpose;
 (2) The Member describes with reasonable particularity the Member's purpose for inspecting or copying the Membership List;
 and
 (3) The Membership List is directly connected with the Member's purpose.

Without the board's consent, however, a Member may not inspect, copy, or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the Member's interest as a Member. Likewise, without the Board's consent, the names and addresses included in the Membership List may not be:

- (1) Used to solicit money or property unless the money or property is used solely to solicit Member votes;
 (2) Used for any commercial purpose; or
 (3) Sold to, or purchased by, a Person.

Section 10. Property Interest of Members. Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
 (b) The remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate outstanding patronage of each bears to the total outstanding patronage of all Members

Section 11. Liability. A Member is generally not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations.

ARTICLE III Meeting of Members

Section 1. Annual Meeting. The Annual Meeting of the Members shall be held between the months of March through May on such date as is determined by the Board of Trustees in Cherokee, Oklahoma, and such date and place shall be designated in the notice of the meeting for the purpose of passing upon reports for the previous Fiscal Year and transacting such other business as may come before the meeting (Annual Meeting). Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special Meetings of the Members may be called by resolution of the Board of Trustees, or upon a written request signed by ten per centum (10%) or more of all the Members (Special Meeting), and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special Meetings of the Members shall be held in Cherokee, Oklahoma.

Section 3. Notice of Members Meetings. Written or printed notice (Notice of Member Meetings) stating the place, day and hour of the meeting and in case of a Special Meeting, a district meeting or an Annual Meeting at which business other than that listed in Section 9 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than forty-five (45) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, President, or any Officer, or upon a default in duty by the Officers, by the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at their address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of Joint Membership, notice given to either husband or wife shall be deemed notice to both. The inadvertent and unintended 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. Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

- (1) The Member Meeting is adjourned to another date occurring within sixty (60) days following the Record Date for the original Member Meeting; and
- (2) The new date, time, or location is announced at the Member Meeting prior to adjournment.

Section 4. Quorum. Five per centum (5%) of the Members registered in person and not by proxy, shall constitute a quorum (Quorum of Member Meeting) for the transaction of business at any annual, special or district meeting of the Members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time, with notice provisions addressed in Article III, Section 3.

Section 5. Voting. Each Member shall be entitled to only one vote. All questions shall be decided by vote of a majority of the Members Voting thereon in person (Voting), except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Voting by proxy shall not be permitted.

Voting by Members other than Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to, or upon registration at each Member meeting, of satisfactory evidence entitling the person presenting the same to vote.

Section 6. Credentials and Election Committee. The Board of Trustees shall, at least ten (10) days before any meeting of the Members, appoint a Credentials and Election Committee (Credentials and Election Committee) who are not existing Cooperative Officers, Trustees, or known candidates for Trustees, and who are not related within third degree of blood or marriage or Members of the same household of Cooperative Officers, existing Trustees, or known candidates for Trustees. The Board shall appoint one Member for each of the Cooperative's Districts to serve on the Committee, provided that at a District meeting only three Members shall be appointed of whom all may be from that district. The Committee shall elect its own Chairman and Secretary prior to the Member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other Voting, to pass upon all questions that may arise with respect to the registration of Members in person or Members who are not a natural 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 Trustees, and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election.

All decisions of the Committee shall be final. The Committee shall make a report in writing of any challenge, question, count, or matter determined by the Committee indicating their decision thereon.

Section 7. Districts. The territory served or to be served by the Cooperative shall be divided into Districts (Districts). Each district shall be represented by one trustee. The Board of Trustees shall fix the boundaries of each district to be served by a trustee and establish the number of the representative Trustees.

Section 8. Election of Trustees by Districts.

- (a) The Board of Trustees shall fix the time and place for each district meeting of the Members which must be before or at the same time and place fixed for the Annual Meeting of the Members and cause notice of each such meeting to be mailed at the direction of the Secretary of the Cooperative to each Member not less than ten (10) days nor more than forty-five (45) days before the meeting, and said notice shall designate the district to which each Member belongs. Each such district meeting shall be called to order by the President or such other person (Presiding Officer) as may be designated by the President. If the meeting is held on a date prior to the Annual Meeting, the President or the Presiding Officer shall appoint a three (3) person District Credentials and Election Committee from the Members registered at said district meeting provided those selected meet the same Qualifications as outlined in Article III, Section 6.
- (b) Any Member duly qualified for the office of Trustee of a District desiring to be a candidate for election as Trustee from that district shall file with the Secretary of the Cooperative written notice, on a form provided by the Secretary, of their candidacy and intention to stand for election to the office of Trustee from their District during the Filing Period of February first through February tenth annually (Filing Period). Only persons filing written notice of their candidacy and intention to stand for election shall be eligible for election at said meeting. In the event that no Member except an incumbent Trustee files such notice of candidacy and intention to stand for election with the Secretary within the time prescribed above, then no election shall be required and the incumbent Trustee shall serve for another term. If no Member files such notice of candidacy and intention to stand for election with the Secretary within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting without regard to any provision herein regarding nomination and election of Trustees.
- (c) The presence of at least five per centum (5%) of the Members of the Cooperative residing in such district at such duly called district meeting shall constitute a quorum. Proxy Voting shall not be permitted at such district meetings. All Voting on candidates for Trustee shall be by secret ballot which may be at the time of registration or any time during the duration of the meeting. The candidate receiving a majority number of votes cast at the election at such district meeting shall be elected a Trustee of the Cooperative to take office immediately following the ensuing annual meeting of Members and serve their proper term or until their successor shall have been elected and qualified. Drawing by lot shall resolve, where necessary, any tie votes and shall be conducted by the Credentials and Election Committee.
- (d) In the event a Quorum is not present of the Members of that District at said meeting and if not otherwise provided by these Bylaws, the incumbent Trustee shall hold over for a term of three years or until their successor is elected and qualified.
- (e) The Credentials and Election Committee shall certify the person elected as Trustee by the district.

Section 9. Record Date. The Board may fix a date (Record Date) for determining the Total Membership and the Members entitled to:

- (1) Notice of a Member Meeting; and
- (2) Vote at a Member Meeting. No Board determined Record Date may be more than seventy (70) days prior to the date of the Member Meeting.

Unless otherwise fixed by the Board, the Record Date for Determining the Total Membership and the Members entitled to:

- (1) Notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
- (2) Vote at a Member Meeting is the date of the Member Meeting.

Section 10. Member Meeting List. After fixing the Record Date for determining the Members entitled to notice of a Member Meeting, and through the Member Meeting, the Cooperative shall prepare, update, and maintain an alphabetical list (Member Meeting List) indicating:

- (1) Members entitled to notice of, and to vote at, the Member Meeting; and
- (2) The name of and address of each Member listed.

Section 11. Permitted Member Action at Member Meetings. At any Annual Member Meeting or Special Member Meeting (collectively, "Member Meeting"), Members may consider, vote, or act only upon a matter for which:

- (1) Unless otherwise provided in these Bylaws, the Board and Members were notified properly;
- (2) The Members are authorized to consider, vote or act; and
- (3) For a special Member Meeting, the notice of the Special Member Meeting properly described.

Unless at least one-third (1/3) of the Members entitled to vote on a matter are present at an Annual Member Meeting in person, Members may only vote upon matters described in the notice of the Annual Member Meeting. At a Special Member Meeting, Members may only vote upon matters described in the notice of the Special Member Meeting.

Section 12. Order of Business. The Order of Business (Order of Business) at the Annual Meeting of the Members and, so far as possible at all other meetings of the Members shall be essentially as follows:

1. Report as to the number of Members present to determine the existence of a quorum.
2. Reading of notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon.
4. Presentation and consideration of reports of Officers, Trustees, and Committees.
5. Unfinished business.
6. New business.
7. Adjournment.

At all meetings of the Members, of the Board of Trustees, and of any committees thereof, meeting procedure, except as provided otherwise herein, shall be governed by the latest edition of "Robert's Rules of Order".

ARTICLE IV Trustees

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of not less than five nor more than nine Trustees (Trustees), which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the Members.

Section 2. Qualifications and Terms Any Trustee or Trustee candidate must comply with this Bylaw (Qualifications).

A. Qualifications. A Trustee or Trustee candidate must be a natural person, a Member in good standing and have the capacity to enter legally binding contracts. No person shall be eligible to become or remain a Trustee in the Cooperative who:

1. Is not a Member of the Cooperative and a bona fide resident, domiciled and receiving service at their residence within the particular District where they are to represent; or
2. Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative; or
3. Is the incumbent of or candidate for an elective public office in connection with which a salary or Compensation in excess of one thousand dollars per annum is paid; or
4. Has served seven (7) consecutive terms as a Trustee without a one-term layout (a term shall be designated as three consecutive years); or
5. Has a spouse who has served as a Trustee for the immediate preceding term; or
6. Is related to any employee or incumbent trustee of the Cooperative within the third degree of blood or marriage; or
7. Has not attained the age of eighteen (18); or
8. Has been convicted of or pleaded guilty to a felony.

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

Upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such Trustee from office.

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

B. Trustee Terms A Trustee Term (Trustee Term) is three (3) years and the Trustee shall serve until a successor is elected and qualified. The Cooperative shall stagger Trustee Terms by dividing the total number of authorized Trustees into groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Trustees.

Section 3. Removal of Trustees by Members. Any Member may bring one or more charges for cause against any one or more Trustees, and may request the removal of such trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than ten percent (10%) of the then total Membership of the Cooperative, which petition calls for a special Member meeting, the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more Trustees are recalled, to elect their successor(s), and which specifies the place, time and date thereof within not less than forty-five (45) days after the filing of such petition or requests that the matter be acted upon at the next Annual Meeting of the Members if the same will be held no sooner than ninety (90) days after such petition is filed. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the Member(s) filing such charge(s), a verbatim statement of such charge(s) is (are) being made. The petition shall be signed by each Member in the same name as the Member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the trustee(s) against whom the charge(s) have been made and of the Member(s) filing the charge(s) shall be contained in or accompany the notice of the meeting to the Members not less than ten (10) nor more than twenty-five (25) days prior to the Member meeting at which the matter will be acted upon; PROVIDED, the notice shall set forth (by random selection but otherwise in alphabetical order) only twenty (20) of the names and addresses of the charging Members if more than twenty (20) Members file the same charge(s) against the same trustee(s). Such trustee(s) shall be informed in writing of the charges after they have been validly filed and at least thirty-five (35) days prior to the meeting of the Members at which the charge(s) are to be considered, shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s), and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, and shall be heard first. The question of the removal of such trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting. Any vacancy created by such removal shall be filled by the affirmative votes of a majority of the votes cast at such meeting, without compliance with the foregoing provisions with respect to pre-meeting nominations, and nominations shall be made from the floor; PROVIDED, the question of the removal of a trustee shall not be voted upon at all unless some evidence in support of the charge(s) against the trustee shall have been presented during the meeting; AND PROVIDED FURTHER, a charge that a trustee has in a lawful manner opposed or resisted any effort to sell, lease-sell, transfer, exchange, convey or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets or to dissolve the Cooperative shall not constitute a "charge for cause" on a basis of which a trustee may be removed from office under this section. A newly elected trustee shall be from the same Trustee District as was the trustee whose office the trustee succeeds and shall serve the unexpired portion of the removed trustee's term.

Section 4. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of Vacancies caused by the removal of Trustees by the Members, death, or any other reason (Vacancies), any vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee in respect of whom the vacancy occurs. The Member elected as Trustee to fill the vacancy must reside in the same district as the Trustee to whose office he succeeds and meet all Qualifications as outlined in Article IV, Section 2.

Section 5. Compensation. Trustees shall not receive any salary for their services as such, except that Members of the Cooperative may by resolution authorize 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 (Compensation) when authorized by the Trustees. If authorized by the Trustees, Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Trustees in lieu of detailed accounting for some of these expenses. No Trustee shall receive Compensation for serving in the Cooperative in any other capacity, PROVIDED, HOWEVER, that Trustees shall be entitled to receive such benefits, which may include family insurance benefits, as may from time to time be offered Trustees of other Rural Electric Cooperatives.

No person related to a Trustee by blood or marriage within the third degree may 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 such Trustee or person related to a Trustee by blood or marriage within the third degree shall have been certified by the Board of Trustees as an emergency measure.

ARTICLE V Meeting of Trustees

Section 1. Regular Meetings. A Regular Meeting of the Board of Trustees (Regular Meeting) shall be held AM monthly, at such time and place as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof except when business to be transacted thereat shall require special notice; PROVIDED, that any trustee absent from any meeting of the board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the board; AND PROVIDED FURTHER that, by policy established by the board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days notice thereof to all Trustees.

Section 2. Special Meetings. Special Meetings of the Board of Trustees (Special Meeting of the Trustees) may be called by the President or by any Trustee and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Trustee calling the meeting shall fix the time and place (which shall be within the area served by the Cooperative, unless all Trustees consent to its being held in some other place) for the holding of the meeting.

Section 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any Special Meeting of the Board of Trustees shall be delivered not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustee calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at their address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent Trustee of the time and place of such adjourned meeting. The act of the majority of the Trustees present at the meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 5. Attendance. Any Trustee who shall fail to attend, at a minimum, nine (9) of every twelve (12) consecutive regularly scheduled Board meetings (Attendance) shall automatically lose their status as a Trustee and the remaining Trustees shall declare a vacancy on the Board from the district represented by such Trustee, to be filled in accordance with these Bylaws.

Section 6. Conduct of Meetings of the Trustees. Unless otherwise provided in these Bylaws and with approval by the Board of Trustees, any Regular Meeting or Special Meeting may be:

- (1) Held in, or out of, any state in which the Cooperative provides electric service; and
- (2) Conducted with absent Trustees participating, and deemed present in person, through any means of communication by which all Trustees participating in the Meeting may simultaneously hear, reasonably and verifiably identify themselves, and simultaneously or approximately instantaneously communicate with each other during the Meeting.

If a Quorum is present at any Trustee Meeting then:

- (1) In descending priority, the following Officers may preside at the Meeting:
President, Vice-President, Secretary, Treasurer; and
- (2) If no Officer is present, or desires, to preside over any Trustee Meeting, then the Trustees attending shall elect a Trustee to preside over the Meeting.

ARTICLE VI Officers

Section 1. Number. The Officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer, and such other Officers as may be determined by the Board of Trustees from time to time (Officers). The offices of Secretary and of Treasurer may be held by the same person.

Section 2. Election and Term of Office. The Trustees shall elect Officers by and from the Board of Trustees:

- (1) At the first (1st) Regular Trustee Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
- (2) By affirmative vote of a majority of Trustees in office; and
- (3) By secret written ballot without prior nomination.

Each Officer shall hold office until the first meeting of the Board of Trustees following the next succeeding Annual Meeting of the Members or until their successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3. Removal. Any officer, agent or employee elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, an officer may be removed for cause by the Members in accordance with the procedures set forth in Article IV, Section 3. No person shall continue to hold such office after they shall have ceased to be a Trustee, PROVIDED HOWEVER, that this shall not apply to the General Manager (Chief Executive Officer).

Section 4. President. Unless otherwise determined by the Trustees, and unless otherwise required by Law, the Articles, or these Bylaws, The President (President):

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

Section 5. Vice-President. Unless otherwise determined by the Trustees, and unless otherwise required by Law, the Articles, or these Bylaws, in the absence of the President, or the inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting, shall have all the power of and be subject to all the restrictions upon the President (Vice President). The Vice-President shall also perform such other duties as from time to time may be assigned by the Board of Trustees.

Section 6. Secretary. Unless otherwise determined by the Trustees, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary (Secretary):

- (1) Shall be responsible for preparing minutes of Trustee and Member Meetings;
- (2) Shall be responsible for authenticating the Cooperative's records;
- (3) May affix the Cooperative's seal to any document authorized or approved by the Trustees or Members; and
- (4) Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Trustees.

Section 7. Treasurer. Unless otherwise determined by the Trustees, and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Trustees (Treasurer).

Section 8. Chief Executive Officer and General Manager. The Board of Trustees may appoint a General Manager who may be, but who shall not be required to be a Member of the Cooperative and who also may be designated Chief Executive Officer and General Manager. The General Manager shall perform such duties and shall exercise such authority as may from time to time be vested by the Board of Trustees.

Section 9. Bonds. At the Cooperative's expense, the Cooperative may purchase a bond covering any Cooperative Trustee, Officer, employee, agent or representative.

Section 10. Compensation. The powers, duties and Compensation of any Officers, agents, and employees shall be fixed by the Board of Trustees, subject to the provisions of these Bylaws with respect to Compensation for Trustees and relatives of the third degree of blood or marriage of Trustees.

Section 11. Reports. The Officers of the Cooperative shall submit at each Annual Meeting of the Members reports covering the business of the Cooperative for the previous Fiscal Year. Such reports shall set forth the condition of the Cooperative at the close of such Fiscal Year.

ARTICLE VII Non-Profit Operation

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its Patrons. No interest or dividends, other than "patronage dividends" as defined below, shall be paid or payable by the Cooperative on any capital furnished by its Patrons.

The term "Patron" as used herein shall mean only a person, firm or entity with whom the Cooperative does business on a Cooperative basis, either as a Member in accordance with the provisions of these Bylaws or as a non-Member by authorized contractual authority (Patron).

Section 2. Patronage Capital in Connection with Patronage Business. In the furnishing of services of all kinds, including the furnishing of electric power and energy the Cooperative's operations shall be so conducted that all Patrons, (Members and non-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 Patrons and to assign patronage dividends (Capital Credits) in an aggregate amount equal to the Cooperative's Federal taxable income related to its patronage business (computed assuming no deduction for patronage dividend amount and after reduction for any losses and deductions incurred during prior years and deductible by the Cooperative in computing its current Federal taxable income. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the Patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each Patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each Fiscal Year the amount of capital, if any, so furnished by each Patron is clearly reflected and credited in an appropriate record to the capital account of each Patron, and the Cooperative shall within a reasonable time after the close of the Fiscal Year notify each Patron of the amount of capital so credited to their account; PROVIDED, that individual notices of such amounts furnished by each Patron shall not be required if the Cooperative notifies all Patrons of the aggregate amount of such excess and provides a clear explanation of how each Patron may compute and determine for themselves the specific amount of capital so credited to them. All such amounts credited to the capital account of any Patron shall have the same status as though they had been paid to the Patron in cash in pursuance of a legal obligation to do so and the Patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior Fiscal Year and (b) to the extent not needed for that purpose, allocated to its Patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of Patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding Capital Credits shall be returned 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 of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Patrons' accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. In no event, however, may any such capital be retired unless the security provisions of any deeds of trust given by the Cooperative to the United States of America at any time and which are then in force and effect are satisfied. However, at the discretion of the Board of Trustees, a reasonable cash reserve over and above the minimum requirements of the Government's deed of trust provisions shall be maintained. PROVIDED, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of Patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service or any other service or supply to the Cooperative.

Such rules shall:

- (a) establish a method for determining the portion of such capital credited to each Patron for each applicable Fiscal Year,
- (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's Patrons,
- (c) provide for appropriate notifications to Patrons with respect to such portions of capital credited to their accounts, and
- (d) preclude a general retirement of such portions of capital credited to Patrons for any Fiscal Year prior to the general retirement of other capital credited to Patrons for the same year or of any capital credited to Patrons for any prior Fiscal Year.

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

Notwithstanding any other provisions of these Bylaws, the Board of Trustees shall, at its discretion, have the power at any time upon the death of any Patron, who was a natural person, if the legal representatives of their estate shall request in writing that the capital credited to such Patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any Patron's account, shall deduct there from any amount owing by such Patron to the Cooperative, together with interest thereon as determined by the Cooperative Trustees but not to exceed the state legal rate in effect when such amount first became overdue, compounded annually.

Once the Cooperative has made a reasonable effort to refund to each Patron such capital as is eligible for retirement as provided in these Bylaws, the Board of Trustees may prescribe a service charge for accounting for such capital which charge may not exceed one dollar (\$1.00) per month.

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

ARTICLE VIII

Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property (Disposition of Property) unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the Members thereof by the affirmative vote of not less than two thirds of all the Members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; PROVIDED, however, that notwithstanding anything herein contained, or any other provisions of law, the Board of Trustees of the Cooperative, without authorization by the Members thereof, shall have full power and authority upon an affirmative vote of not less than two-thirds (2/3) of the Board of Trustees to authorize the execution and delivery of a lease-leaseback transaction only where the Board of Trustees determines that such transaction will not impair the ability of the Cooperative to use the assets as needed to serve the Members; provided, however, that such transactions shall apply only to the physical assets of a Cooperative and shall not be used to effect a sale or other disposition of the Cooperative business entity itself; and further, 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 there from, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of rural electric Cooperatives. "Substantial portion," as used in this section, means fifteen per centum (15%) or more of the book value of the Cooperative's total assets and other debits.

ARTICLE IX Seal

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

ARTICLE X Financial Transactions

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Electronic Fund Transfers, Credit Card Purchases, Etc. Except as otherwise provided by law or in these Bylaws, all checks, drafts, electronic fund transfers, credit card purchases 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 or approved by such officer, Officers, agent or agents, employee or employees, of the Cooperative and in such manner as shall from time to time be determined by resolution or policy of the Board of Trustees.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such banks or other financial institutions as the Board of Trustees may select.

Section 4. Change of Rates. Unless otherwise required by Law, the Articles, or these Bylaws, written notice shall be given to the Members thirty (30) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 5. Fiscal Year. The Fiscal Year (Fiscal Year) of the Cooperative shall be determined by the Trustees in accordance with law and the Articles of Incorporation.

ARTICLE XI Miscellaneous

Section 1. Membership in Other Organizations. The Cooperative shall not become a Member or purchase stock in any other organization without affirmative vote of not less than two-thirds (2/3) of all the Trustees at a regular or Special Meeting of Trustees, provided that the notice of such meeting shall specify the organization and action to be taken upon such proposed Membership; and provided further, that the Cooperative may, upon the authorization of the Board, purchase stock in or become a Member of any corporation or organization on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, and such other organizations as the Board of Trustees may determine beneficial to the Cooperative, or any other corporation for the purposes of acquiring electric facilities.

Section 2. Waiver of Notice. Any Member or Trustee may waive in writing (Waiver of Notice), any notice of a meeting required to be given by these Bylaws. The Attendance of a Member or Trustee at any meeting shall constitute a Waiver of Notice of such meeting by such Member or Trustee, except in case a Member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 3. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules, regulations and policies not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative (Rules and Regulations).

Section 4. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system which among other things, subject to applicable laws, Rules and Regulations of any regulating body, shall meet the requirements of any lending institution to which the Cooperative is indebted. The Board of Trustees shall also cause to be made a full and complete C.P.A. audit of the accounts, books, and financial condition of the Cooperative annually. A summary report on such audit shall be

submitted to the Members at the following Annual Meeting, including the "Balance Sheet" and "Statement of Revenue and Expenses."

ARTICLE XII Amendments

These Bylaws may be altered, amended, or repealed (Amendments) by the Members at any regular or Special Meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

ARTICLE XIII INDEMNIFICATION

Section 1. Indemnification of Officers, Trustees, Employees and Agents.

- (a) 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 they are or were a Trustee, officer, employee or agent of the Cooperative, or are or were serving at the request of the Cooperative as a Trustee, officer, employee or agent of another Cooperative, corporation, partnership, joint venture, trust or other enterprise (Indemnification), for all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by them in connection with such action, suit or proceeding, if they 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 their 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 their duty to the Cooperative, except as provided by law.
- (b) In no event shall anything contained hereinabove be construed 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 they would otherwise be subject by reason of their willful malfeasance, bad faith, gross negligence or reckless disregard of the Members' rights and duties involved in the conduct of their 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 indemnifications with respect to the same or different persons or classes of 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, , 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 2. Insurance. Regardless of any indemnification authority or requirements. The Cooperative may purchase and maintain insurance (Insurance) on behalf of any individual who is, or was a Cooperative Trustee, Officer, employee, agent or representative against any:

- (1) Liability, including judgment, settlement, or otherwise; or
- (2) Reasonable expenses, including reasonable attorney fees, asserted against, or incurred by, an individual in the individual's capacity, or arising from the individual's status, as a Cooperative Trustee, Officer, employee, agent, or representative.