

## ARTICLE I Membership

### Section 1 - REQUIREMENTS FOR MEMBERSHIP

Any person, firm, association, corporation, cooperative, company, partnership, trust or body politic or subdivision thereof may become a member in Cotton Electric Cooperative (hereinafter called the "Cooperative") by:

- (a) Filing a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees, and
- (d) Paying a nonrefundable membership fee as set by the Board of Trustees.

### Section 2 - JOINT MEMBERSHIP

~~A husband and wife may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership.~~ The term "member" as used in these bylaws shall be deemed to ~~include a husband and wife be a jointly held membership if the membership application is signed by both persons. When such membership is held in the name of two persons, holding a joint membership, and~~ any provisions relating to the rights and liabilities of any member or memberships shall apply equally with respect to ~~each~~ 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 presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer; or trustee, provided that both meet the qualifications for such office.

### Section 3 - CONVERSION OF MEMBERSHIP

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by ~~such holder and his or her spouse~~ the person who wishes to become a member to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the Board of Trustees.
- (b) Upon the death of ~~either spouse~~ any person who is a party to the joint membership, all rights and benefits, including any capital credits, of such membership shall be held solely by the survivor, who shall be responsible for all debts due the Cooperative. The estate of the deceased shall not be released from any debts due the Cooperative.
- (c) Upon the death of any individual member, the estate of the deceased shall not be released from any debts due the Cooperative.

### Section 4 - PURCHASE OF ELECTRIC ENERGY

Each member, for so long as such are directly occupied or used by ~~the member~~ him, shall purchase from the Cooperative electric power and energy used on all premises described in ~~the member's~~ his application for membership, or to which electric service has been furnished by the Cooperative through such membership, and shall pay therefore, monthly at rates which shall from time to time, be fixed by the Board of Trustees. Each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Trustees from time to time, regardless of the amount of energy consumed. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

### Section 5 - TERMINATION OF MEMBERSHIP

#### Article 1

Section 1	Cleanup amendment
Section 2, 3	This amendment expands the definition of Joint Membership to allow more flexibility for Members. Currently, only spouses can hold a joint membership. The proposed revisions would allow a Joint Membership to be held by two qualifying adults. For example, a parent may add an adult child as a joint member or two unrelated individuals may hold a joint membership.
Section 4	Cleanup amendment

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 shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, bylaws or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member from any debts due the Cooperative.

The membership of a member who has ceased to purchase energy from the Cooperative shall be cancelled effective on the date the electric service is disconnected.

### **Section 6 – EASEMENTS**

Each member shall execute and deliver to the Cooperative grants of easements or right-of-ways on or over such lands owned by the member, and in accordance with such reasonable terms and conditions, as the Cooperative may require for the furnishing of electric service to ~~the member~~ or other members, or for the construction operation, ~~and~~ maintenance, or ~~the~~ relocation, of the Cooperative's electric facilities.

## **ARTICLE II Rights And Liabilities Of Members**

### **Section 1 - PROPERTY INTERESTS OF MEMBERS**

Except as modified by Article VIII of these bylaws, members shall have no individual or separate interests in the property or assets of the Cooperative; however, in case of dissolution of the property belonging to the Cooperative, any assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, and remaining after all capital credits furnished through patronage shall have been paid without priority on a pro rata basis as provided for in Article VIII of these bylaws, shall be distributed among the members and former members, to the extent practicable, in proportion which the aggregate patronage of each bears to the total patronage of all current and former members. Provided further that the actual and necessary cost incurred by the Cooperative in complying with the provisions of said Article VIII of these bylaws, may be treated as debts and liabilities of the Cooperative, and shall be subtracted before any distribution is made.

### **Section 2 - NON-LIABILITY FOR DEBTS OF THE COOPERATIVE**

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

### **Section 3 – TRANSFERABILITY**

No membership shall be transferable.

### **Section 4 – OWNERSHIP**

No member may hold more than one (1) membership in the Cooperative.

## **ARTICLE III Meetings of Members**

### **Section 1 - ANNUAL MEETING**

#### **Article 1**

The annual meeting of the members of the Cooperative shall be held each year on a date to be fixed by resolution of the Board of Trustees of the Cooperative, at such place within the area served by the Cooperative as shall be fixed by the Board of Trustees of the Cooperative, and such time and place of the holding of such annual meeting shall be designated in the notice of the meeting.

Such annual meeting of the members of the Cooperative shall be held for the purpose of passing upon reports for the previous fiscal year and for transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time and place 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 written request signed by any three trustees, by the President, or by five percent or more of all the members, 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 the service area of the Cooperative as specified by the Board of Trustees.

## Section 3 - NOTICE OF MEMBERS' MEETINGS

Written or printed notice stating the place, day and hour of the meeting and, ~~in case of a special meeting, or an annual meeting at which business other than that listed in Section 6 of this Article, is to be transacted,~~ the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by 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 his/her address as it appears on the record of the Cooperative, with postage thereupon prepaid. In case of a joint membership, notice given to either ~~husband or wifemember~~ shall be deemed notice to both.

## Section 4 – QUORUM

Five percent (5%) of the members shall constitute a Quorum. 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 without further notice; provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

## Section 5 -VOTING

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these bylaws. Voting by proxy or mail shall not be permitted.

## Section 6 - ORDER OF BUSINESS

The order of business at the annual meeting of the members and so far as possible, at all other meetings of the members, shall be ~~set by the Board of Trustees and sent to the members with the Annual Meeting notices, essentially as follows:~~

- ~~1. Report as to which members are present in person in order to determine the existence of a quorum.~~
- ~~2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.~~
- ~~3. Reading of unapproved minutes of previous meetings of the members 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.

### Article III

Section 3, 6

These amendments allow for more flexibility in setting the agenda for the business meetings of the membership. Additional cleanup amendments.

## ARTICLE IV Trustees

### Section 1 - GENERAL POWERS

The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all 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 - VOTING DISTRICTS

The territory served or to be served by the Cooperative shall be divided into nine districts, ~~each of which shall contain approximately the same number of members~~. Each district shall be represented by one trustee. The nine districts shall be as follows:

DISTRICT 1: Beginning at a point being the southwest corner of Section 31, Township 2 South, Range 6 West; thence north to a point being the northwest corner of Section 6, Township 1 North, Range 6 West; thence east to a point being the northeast corner of Section 1, Township 1 North, Range 4 West; thence south to a point being the northeast corner of Section 1, Township 1 South, Range 4 West; thence east to a point being the northeast corner of Section 6, Township 1 South, Range 3 West; thence south to a point being the southeast corner of Section 31, Township 2 South, Range 3 West; thence west to the point of beginning.

DISTRICT 2: Beginning at a point being the southwest corner of Section 34, Township 1 North, Range 9 West; thence north to a point being the northwest corner of Section 10, Township 2 North, Range 9 West; thence east to a point being the northwest corner of Section 7, Township 2 north, Range 6 West; thence North to a point being the northwest corner of section 31, Township 3 North, Range 6 West; thence east to a point being the northeast corner of Section 35, Township 3 North, Range 6 West; thence south to a point being the southeast corner of Section 35, Township 2 North, Range 6 West; thence west to a point being the southeast corner of Section 36, Township 2 North, Range 8 West; thence south to a point being the southeast corner of Section 36, Township 1 North, Range 8 West; thence west to the point of beginning.

DISTRICT 3. Beginning at a point being the southwest corner of Section 34, Township 1 North, Range 11 West; thence north to a point being the northwest corner of Section 22, Township 2 North, Range 11 West; thence east to a point being the northwest corner of Section 19, Township 2 North, Range 10 West; thence north to a point being the northwest corner of Section 6, Township 4 North, Range 10 West; thence east to a point being the northeast corner of Section 1, Township 4 North, Range 7 West; thence south to a point being the Southeast corner of Section 1, Township 2 North, Range 7 West; thence west to a point being the southeast corner of Section 4, Township 2 North, Range 9 West; thence south to a point being the southeast corner of Section 33, Township 1 North, Range 9 West; thence west to the point of beginning.

DISTRICT 4: Beginning at a point being the southwest corner of Section 7, Township 1 North, Range 13 West; thence north to a point being the northwest corner of Section 31, Township 5 North, Range 13 West; thence east to a point being the northeast corner of Section 36, Township 5 North, Range 11 West; thence south to a point being the southeast corner of Section 13, Township 2 North, Range 11 West; thence west to a point being the southeast corner of Section 16, Township 2 North, Range 11 West; thence south to a point being the southeast corner of Section 4, Township 1 North, Range 11 West; thence west to a point of being the southeast corner of Section 6, Township 1 North, Range 11 West; thence south to a point being the southeast corner of Section 7, Township 1 North, Range 11 West, thence west to the point of beginning.

DISTRICT 5: All territory in Ranges 14 West, 15 West and 16 West in Cotton County, Comanche County and Tillman County.

DISTRICT 6: All territory in Township 1 North, Range 7 West; and Township 1 South, Range 7 West, in Stephens County.

#### Article IV

Section 2            This amendment removes the requirement that the voting districts contain approximately the same number of members and keeps the voting districts as they are currently. A number of factors should be considered when evaluating Board Districts, including meter count and geographical representation.

DISTRICT 7: Beginning at a point on the Oklahoma state line being approximately at the southwest corner of Section 31, Township 4 South, Range 13 West; thence north to a point being the northwest corner of Section 18, Township 1 North, Range 13 West; thence east to a point being the northwest corner of Section 17, Township 1 North, Range 11 West; thence north to a point being the northwest corner of Section 8, Township 1 North, Range 11 West; thence east to a point being the northeast corner of Section 9, Township 1 North, Range 11 West; thence south to a point being the southeast corner of Section 33, Township 1 North, Range 11 West; thence west to a point being the northeast corner of Section 5, Township 1 South, Range 11 West; thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River, being at a point approximately at the southeast corner of Section 5, Township 5 South, Range 11 West; thence along the Oklahoma state line in a westerly direction to the point of beginning.

DISTRICT 8: Beginning at a point on the Oklahoma state line being approximately at the southwest corner of Section 4, Township 5 South, Range 11 West; thence north to a point being the northwest corner of Section 4, Township 1 South, Range 11 West; thence east to a point being the northeast corner of Section 1, Township 1 South, Range 8 West; thence south to a point being the southeast corner of Section 12, Township 2 South, Range 8 West; thence west to a point being the southwest corner of Section 8, Township 2 South, Range 9 West, thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River being at a point approximately at the southeast corner of Section 17, Township 5 South, Range 9 West; thence along the Oklahoma State line in a westerly direction to the point of beginning.

DISTRICT 9: Beginning at a point on the Oklahoma State line being approximately at the southwest corner of Section 16, Township 5 South, Range 9 West; thence north to a point being the northwest corner of Section 16, Township 2 South, Range 9 West; thence east to a point being the northwest corner of Section 18, Township 2 South, Range 7 West; thence north to a point being the northwest corner of Section 6, Township 2 South, Range 7 West; thence east to a point being the northeast corner of Section 1, Township 2 South, Range 7 West; thence south to a point being the northeast corner of Section 1, Township 3 South, Range 7 West; thence east to a point being the northeast corner of Section 6, Township 3 South, Range 3 West; thence south to a point being the southeast corner of Section 31, Township 3 South, Range 3 West; thence west to a point being the southeast corner of Section 35, Township 3 South, Range 6 West; thence south along the section lines to a point on the Oklahoma state line in the vicinity of the Red River, being at a point approximately at the southeast corner of Section 2, Township 8 South, Range 6 West; thence along the Oklahoma state line in a westerly direction to the point of beginning.

The exact boundaries of the districts are shown on an official service area map located in the offices of Cotton Electric Cooperative, Walters, Oklahoma and incorporated herein by reference.

### **SECTION 3 - ELECTION OF TRUSTEES BY DISTRICTS FOR STAGGERED TERMS**

The Board of Trustees shall each year, by a resolution adopted not later than sixty days preceding each annual meeting of the members fix a date for the holding of district meetings of members residing therein in such districts as are scheduled to meet during the year as set forth herein. The date of any such meeting shall not be less than fourteen nor more than thirty days preceding the annual meeting of the members; provided, however, that all district meetings held each year need not necessarily be held on the same date.

The purpose of such district meeting shall be for electing, by ballot, by and for the members of each such district, a trustee to serve as trustee of the Cooperative, for such term as herein-after set forth.

For the purpose of establishing three-year staggered terms for trustees, district meetings for the purpose of electing trustees shall be held as follows: In the year 1959, Districts 1, 3 and 5 shall meet and each shall elect or hold over a trustee to serve for a term of two years or until his successor shall be elected and qualified, and District 4 and 9 shall meet and each shall elect to hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified.

In the year 1960, Districts 2, 6 and 8 shall meet and each shall elect to hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified, and District 7 shall meet and elect or hold over a trustee for a term of two years or until his successor shall be elected and qualified.

#### **Article IV**

Section 3

These amendments add language from the Cooperative's current policy governing Trustee Elections to the Bylaws and adds requirements to the Qualification and Tenure guidelines, which apply to the eligibility to become and remain a Trustee. Additional cleanup amendments.

Thereafter, each year district meeting shall be held only in those districts the proper term of whose trustee will expire during such year, and at such meeting each such district shall elect or hold over a trustee to serve for a term of three years or until his successor shall be elected and qualified.

The Board of Trustees shall fix the time and place for each district meeting of the members and cause notice of each such meeting to be mailed by the Secretary to each member not less than five days before the meeting, which notice shall indicate the district to which each member belongs.

Any member desiring to be a candidate for election as Trustee from the district of his/her residence, shall provide written notice of his/her candidacy and intention to stand for election to the office of Trustee from his/her district. Such notice shall be given on a form provided by the Cooperative ("Notice of Candidacy"). The Notice of Candidacy shall be filed inside the Headquarters Office of the Cooperative, with the Chief Executive Officer or his/her designee, between the hours of 8:00 a.m. and 5:00 p.m. during the official filing period. The official filing period shall be established by the Board of Trustees and provided to the members with the notice of district meeting. Only persons filing such written Notice of Candidacy shall be eligible for election as Trustee at said district meeting. If no member files such Notice of Candidacy within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting and said office shall be filled in accordance with the provisions of Article IV, Section 7 of these Bylaws.

Each such meeting shall be called to order by the trustee representing such district, or such other person as may be designated by the Board of Trustees. The members shall then proceed to elect a Chairman, who shall be someone other than a trustee, and the chairman shall appoint a secretary, each to act for the duration of the meeting.

The presence of at least five percent (5%) of the members of the Cooperative registered in such district at such duly called district meeting shall constitute a quorum; if less than a quorum is present at the meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided that the Secretary shall notify absent members of the time and place of such adjourned meeting and any subsequent meeting called must be held prior to the annual meeting.

The member in each voting district 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 his/her proper term and until his/her successor shall have been elected and qualified. In the event a quorum is not present at said meeting, the incumbent trustee shall holdover for the applicable proper term and until his/her successor is elected and qualified.

The Chairman and Secretary of each district meeting of members shall certify the minutes of the meeting and shall immediately deposit the same with the Secretary of the Cooperative and said minutes shall show the name of the person elected as trustee by the district.

There shall be no electioneering within 100 feet of any voting place while a district meeting for the purpose of electing a trustee is in progress.

#### **Section 4 - QUALIFICATION AND TENURE**

No person shall be eligible to become or remain a trustee ~~or hold any position of trust in the Cooperative~~ who:

- (a) Is not an active member of the Cooperative with at least one (1) year of continuous membership prior to the district meeting; or
- (b) Who ceases to be a member of the Cooperative after election as Trustee; or
- (c) Who has not received electric service from the Cooperative at their primary permanent residence in the ~~is not a~~ bona fide resident of the particular district from which the person is to represent for one (1) continuous year prior to the district meeting; or
- ~~(a)~~(d) Who ceases to receive electric service from the Cooperative at the Trustee's primary permanent residence in the particular district which the person represents after election as Trustee; or
- ~~(b)~~(c) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or a business selling supplies and services to the Cooperative. These proscriptions shall not apply if and

#### **Article IV**

Section 3,4

These amendments add language from the Cooperative's current policy governing Trustee Elections to the Bylaws and adds requirements to the Qualification and Tenure guidelines, which apply to the eligibility to become and remain a Trustee. Additional cleanup amendments.

where the degree of the prohibited activity, as determined by the Board of Trustees, is so inconsiderable and incidental as to pose no reasonable prospect of conflict of interest; or

~~(e)~~(f) Is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per month is paid; or-

(g) Has been convicted, plead guilty or nolo contendere to a felony offense under the laws the of the State of Oklahoma or another jurisdiction; or ~~is a convicted felon.~~

(h) Is, becomes, or was an employee of the Cooperative or a subsidiary of the Cooperative during the preceding five (5) years prior to the time of filing his/her Notice of Candidacy; or

~~(d)-~~

A trustee shall inform the Board of Trustees of any act or fact that would disqualify him/her under this section.

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.

### **Section 5 - PROTESTING ELECTION OF TRUSTEES**

Any member desiring to protest the election of any trustee at any district meeting held for the purpose of electing a trustee shall file a written protest with the Secretary of the Cooperative within five (5) days after the date of such election. The written protest shall set forth the facts and circumstances comprising the basis of the member's protest, and shall be considered by the Board of Trustees at a special meeting of the Board of Trustees called for the purpose of considering the aforesaid protest of said election. Said meeting shall be held at least one (1) day prior to the annual meeting of the members at which the trustee is to be installed and three (3) days notice of said meeting in writing shall be furnished to the members of the board, the person filing the protest, and the trustee-elect.

All parties concerned shall be entitled to be present at said meeting of the board, and to be heard in person or by counsel and to present evidence in support of, or in opposition to the written protest. After the evidence has been presented, the remaining trustees shall go into executive session and consider the question of the validity of the election which has been protested, and shall decide by a majority vote of the members of the trustees to the validity of the election, provided that the removal of said trustee by the members pursuant to Article IV, Section 6, or if a vacancy is created by virtue of a protest pursuant to Article IV, Section 5 of these bylaws, then the Board of Trustees, within 120 days from the date of the office becomes vacant, shall call an election pursuant to Article IV, Section 3 of these bylaws, and the member thus elected as trustee shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

In the event a quorum is not present at said special meeting, the vacancy shall be filled by a majority vote of the Board of Trustees at their next regular or special meeting, and said trustees so appointed shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

### **Section 6 - REMOVAL OF TRUSTEE BY MEMBERS**

Any member may bring charges against a trustee for cause by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent (10%) of the members and request the removal of such trustee by reason thereof.

The trustee against whom such charges had been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity.

The question of the removal of such trustee shall be voted upon at the next regular or special meeting of the members called for such purpose, and any vacancy created by such removal shall be filled in accordance with Article IV, Section

#### **Article IV**

Section 4            These amendments add language from the Cooperative's current policy governing Trustee Elections to the Bylaws and adds requirements to the Qualification and Tenure guidelines, which apply to the eligibility to become and remain a Trustee. Additional cleanup amendments.

Section 6            Cleanup amendment

7 of these bylaws. Provided further that the new trustee must reside in the same district as the trustee in respect of whom the vacancy occurs.

### **Section 7 - VACANCIES**

Vacancies occurring in the Board of Trustees of Cotton Electric Cooperative, Inc. shall be filled by a majority vote of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs except that a vacancy occurring as a result of removal of said trustee by the members pursuant to Article IV, Section 6, or if a vacancy is created by virtue of a protest pursuant to Article IV, Section 5 of these bylaws, then the Board of Trustees, within 120 days from the date of the office becomes vacant, shall call an election pursuant to Article IV, Section 3 of these bylaws, and the member thus elected as trustee shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

In the event a quorum is not present at said special meeting, the vacancy shall be filled by a majority vote of the Board of Trustees at their next regular or special meeting, and said trustees so appointed shall serve for the unexpired portion of the term of the trustee in respect of whom the vacancy has occurred.

### **Section 8 - COMPENSATION**

Trustees shall not receive any salary, as such for their services, but may, by resolution of the Board of Trustees receive a fixed sum and expenses for attending each meeting of the Board of Trustees, or for attending any function or performing any act in behalf of the Cooperative. No trustee shall receive compensation for serving the Cooperative in any other capacity, provided however, that trustees shall be entitled to receive such benefits as may from time to time be offered trustees of all Rural Electric Cooperatives under programs sponsored by the National Rural Electric Cooperative Association.

No close relative of any trustee shall receive compensation for serving the Cooperative, unless the payment of compensation shall be specifically authorized by a vote of the members or the service of such trustee or close relative shall have been certified by the Board of Trustees as an emergency measure.

## **ARTICLE V Meetings of Trustees**

### **Section 1 - REGULAR MEETINGS**

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

### **Section 2 - SPECIAL MEETING**

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

### **Section 3 - NOTICE OF TRUSTEES' MEETING**

Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty of the Secretary, by the President or the trustees 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 his 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 trustees of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

## **ARTICLE VI Officers**

### **Section 1 - NUMBER**

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

### **Section 2 - ELECTION AND TERM OF OFFICE**

The officers shall be elected by ballot annually by and from the Board of Trustees at the first board meeting of the Board of Trustees held after the annual meeting of members. If the election of officers shall not be held at such meeting, such officers shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until successors shall have been elected and shall have been 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 whenever in its judgment the best interest of the Cooperative will thereby be served. However, such removal shall not be effectuated inconsistently with any written contract between the Cooperative and such officer, agent or employee unless that person so consents.

### **Section 4 - PRESIDENT**

The President shall:

- (a) Be the principal officer of the Board of Trustees and, unless otherwise determined by the members of the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees;
- (b) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts and other instruments, authorized by the Board of Trustees to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

### **Section 5 - VICE PRESIDENT**

In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him/her by the Board of Trustees.

### **Section 6 - SECRETARY-TREASURER**

The Secretary-Treasurer shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board of Trustees in one or more books provided for that purpose.
- (b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) The keeping of the corporate records and of the seal of the Cooperative and affix the seal to all documents the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

- (d) Keeping a register of the names and post office addresses of all members;
- (e) Having general charge of the books of the Cooperative in which a record of the members is kept;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and when requested by a member so to do, shall forward, at the expense of the Cooperative, a copy of the bylaws and of all amendments thereto to each member; and
- (g) In general, perform all duties incident to the office of Secretary-Treasurer and such other duties as from time to time may be assigned to him/her by the Board of Trustees.

#### **Section 7 - CHIEF EXECUTIVE OFFICER**

The Board of Trustees may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Trustees may from ~~time to time~~time-to-time vest in him/her.

#### **Section 8 - BONDS OF OFFICERS**

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety, as it shall determine.

#### **Section 9 - COMPENSATION**

The powers, duties and compensation of any officer, 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 close relatives of trustees.

#### **Section 10 - 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 Special District Meetings**

#### **Section 1 - SPECIAL DISTRICT MEETINGS**

In addition to the district meetings called for the purpose of electing trustees, meetings of the members within a particular district may be called by resolution of the Board of Trustees, or upon a written request signed by the trustee residing in the particular district, or by ten percent or more of the members located within such district for the purpose of making recommendations to the Board of Trustees or the entire membership with respect to any matters pertaining to the business of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Such meeting may be held at any place within the district as specified in the notice of the meeting. The presence of a least ten percent of the members of the Cooperative resident within the district at a duly called district meeting shall constitute a quorum. The members shall elect a chairman and a secretary to act for the duration of the meeting.

#### **Section 2 - NOTICE OF SPECIAL DISTRICT MEETING**

Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than five days before such meeting. Meetings shall be opened for discussion of any matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, except that as to a meeting at which a trustee is to be elected, the notice must specify that such action is to be taken at the meeting.

#### **Article VI**

## **ARTICLE VIII Non-Profit Operation**

### **Section 1 - DEFINITIONS**

In this article the term “Patron” shall mean (a) a member to whom the Cooperative furnishes electric energy on a cooperative basis in accordance with Article I of these bylaws and (b) a non-member to whom the Cooperative furnishes electric energy on a Cooperative basis by authorized contractual authority.

### **Section 2 - INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefits of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

### **Section 3 - PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY**

In the furnishing of electric energy the Cooperative’s operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from and directly related to the furnishing of electric energy in excess of costs and expenses properly chargeable against the furnishing of electric energy, hereinafter referred to as “margins”.

All such margins from and directly related to the furnishing of electric energy on a cooperative basis 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 such margins from and directly related to the furnishing of electric energy on a cooperative basis.

The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his/her 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 the specific amount of capital so credited to the patron’s account.

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.

Notwithstanding any provision in Article VIII, the margins from and directly related to the furnishing of electric energy, which are required to be allocated to the patrons on the basis of patronage, shall be the greater of regular federal taxable income or alternative minimum taxable income as determined before the exclusion for allocations of patronage capital under federal law. The Board of Trustees, however, does have the authority to adopt a reasonable alternative in lieu of the greater of regular federal taxable income or alternative minimum taxable income.

If the cost and expenses exceed the amounts received and receivable from and directly related to the furnishing of electric energy, hereinafter referred to as “loss”, then the Board of Trustees shall have the authority to prescribe a fair and equitable manner in which such loss shall be handled, including but not limited to, (1) the cancellation of prior year capital credits of the loss year patrons, (2) the carrying forward of the loss to offset future allocations of patronage capital to patrons from the margins resulting from and directly related to the furnishing of electric energy, and/or (3) the offsetting of the loss against unallocated non-operating reserves. The cancellation of prior year capital credits will be done in the order of priority against capital first received by the Cooperative from those patrons who were active patrons of the Cooperative in the year of the loss. Losses subject to this paragraph will be determined in the same manner and method that capital credits are calculated and allocated to members as provided above with respect to the pre-existing obligation to allocate patronage capital.

## **Article VI**

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board 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.

After August 19, 1976 and thereafter, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for amounts furnished as capital. Provided further, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that 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 to the Cooperative.

Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion 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.

In no event, however, may any such capital be retired if such retirement would reduce the capital of the Cooperative to such an extent as to violate the terms of any mortgage or financial covenant.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or 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 provision of these bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his/her estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however that the financial condition of the Cooperative will not be impaired thereby provided further, however, that the aggregate amounts so retired in any one year shall not exceed five percent (5%) of the Cooperative's patronage capital to be retired and provided further, however, that, if acting under policies of general application the percentage mentioned above is not sufficient to retire the capital credited to any such patron or patrons, such patron or patrons shall have the capital credited to them retired in the next succeeding year before any other retirements are made in any succeeding year.

The Cooperative shall have the right to offset the retirement approved by the Board of Trustees for a patron against the debt owed to the Cooperative by such patron. The Cooperative, before retiring any capital credit of any patron's account, shall deduct from the retirement of capital credits any amount owing by such patron to the Cooperative. This provision shall apply to all retirements of capital credits.

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

## **ARTICLE IX Disposition Of Property**

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sales, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the

### **Article VI**

members thereof by the affirmative vote of not less than two-thirds of all of 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, 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 revenue and income therefrom, 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, 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.

## **ARTICLE X**

### **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, the words, "Corporate Seal, Walters, Oklahoma."

## **ARTICLE XI**

### **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, ETC.**

Except as otherwise provided by law or in these bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer, officers, agent or agents of the Cooperative, and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

#### **Section 3 - DEPOSITS: INVESTMENTS**

All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

#### **Section 4 - FISCAL YEAR**

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

## **ARTICLE XII**

### **Miscellaneous**

#### **Section 1 - MEMBERSHIP IN OTHER ORGANIZATIONS**

The Cooperative, by a majority vote of the Board of Trustees, may become a member of other organizations which are organized and operated to further the interest of rural electrification, and may also become a member of the various Chambers of Commerce organized in the area served by the Cotton Electric Cooperative.

## **Section 2 - WAIVER OF NOTICE**

Any member or trustee may waive in writing, 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 and regulations, 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.

## **Section 4 - ACCOUNTING SYSTEM AND REPORTS**

The Board of Trustees shall cause to be established and maintained a complete accounting system which shall conform to generally accepted accounting principles, and, so long as the Cooperative is indebted to the Government or any agency instrumentality thereof, to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America.

All accounts of the Cooperative shall be examined by a committee of the trustees appointed by the Board of Trustees which shall render reports to the Board of Trustees at least four times a year at regular meetings of the Board of Trustees. The Board of Trustees shall also within sixty days after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit report shall be submitted to the members at the annual meeting next following the close of such fiscal year.

## **Section 5 - RULES OF PROCEDURE**

Parliamentary procedure at all meetings of the members, of the Board of Trustees, provided for in these bylaws and of any other meeting of the members, of the Board of Trustees, which may from time to time be duly established, shall be governed by the most recent edition of Roberts Rules of Order, except to the extent such procedures are otherwise determined by law or by the Cooperative's Certificate of Incorporation, or bylaws.

## **ARTICLE XIII Amendments**

These bylaws may be altered, amended or repealed by the affirmative votes of a majority of the votes cast by the members at any annual or special membership meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.