

# **CHOCTAW ELECTRIC COOPERATIVE, INC.**

## **Bylaws**

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# **CHOCTAW ELECTRIC COOPERATIVE, INC.**

## **Adopted Bylaws**

### **Article I: MEMBERSHIP**

#### ***Section 1.01 Eligibility***

Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state, or political subdivision therefore, or any body politic (each hereafter referred to as “person,” “applicant,” “him” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, Choctaw Electric Cooperative, Inc. (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

#### ***Section 1.02 Application for Membership***

Application for Membership wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) - shall be made in writing on such form as is proved therefore by the Cooperative. With respect to any particular classification of service for which the Board of Trustees shall require it such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 and shall be refunded in the event the application is not approved.

#### ***Section 1.03 Membership Fee; Service Connection Fee***

The membership fee shall be as fixed from time to time by the board. The membership fee shall entitle the member to one service connection. A service connection fee, in such amount as shall be prescribed by the Cooperative, and shall be paid by the member for each service connection requested by him.

#### ***Section 1.04 Joint Membership***

A husband and wife by specifically so requesting in writing, may be accepted into joint membership or,

if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. The words “member,” “applicant,” “person,” “his” and “him” as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing-

- (a) The presence at a meeting of either or both shall constitute the presence of one member joint notice or waiver of notice; and a joint waiver or notice of the meeting;
- (b) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (c) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership; and
- (d) either, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if both meet the qualifications required therefore;
- (e) the vote of either or both shall constitute one joint vote.

***Section 1.05 Acceptance into Membership***

Upon complying with the requirements set forth in Section 1.02, any applicant shall by board resolution be accepted into membership in, and become eligible to receive electric service from the Cooperative unless the Board of Trustees shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause: PROVIDED, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Trustees may, by filing written request therefore with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

***Section 1.06 Purchase of Electric Power and Energy***

- (a) Each Member shall, as soon as electric energy service shall be available, purchase from the Cooperative all electric energy used on the premises specified in the Application for Service and Membership, except in such cases as a Member may have interconnected his/her own generation resource with the Cooperative, and shall pay therefore at rates which shall be fixed by the Board. Each Member shall pay all amounts owed to the Cooperative as and when the same shall become due and payable.
- (b) The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot, and therefore does not, guarantee a continuous and uninterrupted supply of electricity.
- (c) Recognizing the increase in and presence of renewable energy resources, the Cooperative's Board of Trustee, acknowledging its fiduciary responsibilities to all members of the Cooperative, will develop rates, service rules and regulations, and policies which treat each case on an individual and non-discriminatory basis, balancing the interests of individual members who want to install renewable energy facilities with the overall financial good of the entire membership.

***Section 1.07 Excess Payments to be Credited as Member-Furnished Capital***

All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

***Section 1.08 Wiring of Premises: Responsibility therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility: Indemnification***

Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the National Electrical Safety Code, any applicable state code or local government ordinances, and of the Cooperative. Each member shall be responsible for and shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting there from, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.

***Section 1.09 Member to Grant Easement to Cooperative***

Each member shall, at the request of the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

As a condition of cooperative membership and agreed to by signature of application or existing easement, all consumers that have cooperative owned facilities on their property agree to specified cooperative right of way standards. These standards are in place to ensure reliable, quality electrical service, public protection and safety, and efficient outage restoration. Tree and brush control procedures include but are not limited to the following: brush hogging, side trimming and spray treatments.



### ***SECTION 1.10 Members Rights***

Members gain their rights based on the Cooperative principles of democracy and the Member/Owner status.

- I. “Access to information”
  - (a) As member/owners, members shall have access to information relevant to the business of the Cooperative with the exception of
    - i. information that is confidential by law,
    - ii. any contractual business handled in an executive session, or
    - iii. any information that if released may otherwise cause the Board of Trustees to breach their fiduciary duty to the Cooperative and/or its members. Information shall be supplied to Members through methods including website postings, mailings, requested viewing and/or printed copies within 3 business days, special informational meetings, news releases distributed to industry publications, and news media. Subject to the limitations set forth above, information provided to Members shall include, but not be limited to, the following:
      - A. Board Meeting schedule;
      - B. Approved Minutes of any official meeting within fifteen (15) business days following approval;
      - C. Bylaws, Board of Trustee policies, Service rules and other policies and regulations.
      - D. Financial reports and audits;
      - E. Business agreements and contracts not deemed confidential by law or nonpublic confidential;
      - F. Rate schedules
      - G. Billing history for the member requesting the information;
      - H. Monies paid to Attorneys in fees and other payments, only when legal contractual period (annual or by case) is concluded;
      - I. Trustee compensations, payments, per diems, travel expenses and receipts for training and meetings; and
      - J. Member list (Names only); member request with a clear intent and purpose to give information to district members in support of democracy (Example; Trustee election candidates to know district members and/or a removal petition)

## **ARTICLE II: MEMBERSHIP TERMINATION**

### ***Section 2.01 Termination: Reinstatement***

Upon his failure, after the expiration of the initial time limit prescribed either on a specific notice to him or in the Cooperative’s generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with his membership obligations,

a person's membership shall automatically be terminated; and he shall not during such termination be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or applicable policies shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

***Section 2.02: Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners***

Except as provided in Section 2.04, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership.

***Section 2.03 Effect of Termination***

Upon the termination in any manner of person's membership, he or his estate, as the case may be, shall be entitled to a refund of his membership fee, less any amounts due the Cooperative; but neither he nor his estate, nor any former partner of a partnership member or his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Termination shall not, unless the Board of Trustees shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has therefore been furnished by the Cooperative pursuant to such membership.

***Section 2.04 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 to directly 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.

## **ARTICLE III: MEETINGS OF MEMBERS**

### ***Section 3.01 Annual Meeting***

For the purposes of electing trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such business as may properly come before the meeting, the annual meeting of the members shall be scheduled by the Board of Trustees to be held at such place within the service territory in which the Cooperative serves in the State of Oklahoma, and beginning at such date and at such hour, as the Board of Trustees shall from year to year fix. It shall be the responsibility of the Board of Trustees to make adequate plans and preparation for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

### ***Section 3.02 Special Meetings***

A special meeting of the members may be called by resolution of the Board or upon written request signed by not less than ten percent (10%) of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held within one of the counties in which the Cooperative serves in the State of Oklahoma, at such place, on such date, and beginning at such hour, as shall have been designated by the Board of Trustees. No business shall be transacted except that for which the meeting is called.

### ***Section 3.03 Notice of Member Meetings***

Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days prior to the date of the meeting, by any reasonable means, by the Secretary of the Board.

Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, a Cooperative's periodic newsletter, or member service billings. No matter, the carrying of which as provided by law requires the affirmative votes of at least a clear majority of all of the Cooperative's members, shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

### ***Section 3.04 Quorum***

Business may not be transacted at any meeting of the members unless there is a Quorum of five percent (5%) of the Membership. A quorum of Members is five percent (5%) of current Cooperative Members ("Member Quorum") who are present in person or who cast a vote by

mail. If less than a Member Quorum is present in person, or cast a vote by mail at the Annual Members Meeting or business could not be conducted for any reason, a date will be set for the purpose of holding an Annual Meeting to conduct business within ninety (90) days of the original scheduled date.

### ***Section 3.05 Voting***

Each member who is not in a status of termination, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. At the annual meeting a member shall vote by ballot. Members may vote their ballot in person at an annual meeting or, prior to the annual meeting, may deliver their ballot by mail. All ballots not cast in person at an annual meeting must be filed for certification with the cooperative's secretary or election service provider no later than the last business day before an annual meeting to be valid at said meeting. 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, or satisfactory evidence entitling the person presenting the same to vote.

Not less than twenty-five (25) days nor more than thirty (30) days prior to an annual meeting at which a director election (as defined herein) is to be held, the secretary shall deliver by mail a ballot to each member that is eligible to vote that includes:

- (1) director districts scheduled for election by members;
- (2) names of all director candidates and corresponding director districts; and
- (3) any other matters to be voted on by the members at the annual meeting.

At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy.

### ***Section 3.06 Order of Business***

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

- (1) Report on the number of members 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 of the waiver or waivers of notice of the meeting;
- (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) Election of Board members;
- (6) Unfinished business;

- (7) New business;
- (8) Adjournment.

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

## **ARTICLE IV: TRUSTEES**

### ***Section 4.01 Number and General Powers***

The business and affairs of the Cooperative shall be conducted by a Board of nine (9) Trustees. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

### ***Section 4.02 Qualifications***

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

- (a) is a close relative of an incumbent trustee or of an employee of the Cooperative or;
- (b) is not a member of the Cooperative for at least 1 (one) year and receiving service there from at his primary residential abode within the district which he or she is to represent;
- (c) is not at least twenty-one (21) years of age;
- (d) does not have at least a high school diploma or GED equivalent;
- (e) or is or has been within the past sixty months, in any way employed by or financially interested in the cooperative or in a competing enterprise or;
- (f) is the incumbent or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars per annum is paid or;
- (g) is a convicted felon or who has pled guilty to a felony or who has pled nolo contendere to a felony charge;
- (h) is not willing to become a certified trustee within the first term of office by participating in a program designed to educate the new board member to the history and business of electric cooperatives.
- (i) The board will declare a vacancy exists if a trustee does not attend 75% of the regularly scheduled monthly meetings in a consecutive 12-month period starting from election date.
- (j) 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. Upon establishment of the fact that a nominee for trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the

duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed there from, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.

***Section 4.03 Election***

At each annual meeting of the members, trustees shall be elected by secret written ballot by the members residing in the same district as the Trustees being voted on and, except as provided in Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED that, when the number of nominees does not exceed the number of trustees to be elected from a particular Trustee district, secret written balloting shall be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Trustees shall be elected by a majority vote of the members living in the same district as the Trustee being voted on and the presiding chairman shall cause the foregoing provisions of this Section to be duly and timely announced to the members. Drawing by lot shall resolve, where necessary, any tie votes.

***Section 4.04 Tenure***

Trustees shall be so nominated and elected that one trustee from each of the Trustee Districts shall be elected in the rotation of Districts as specified in 4.05. Upon their election, trustees shall, subject to the provisions of these Bylaws with respect to the removal of trustees, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of trustees shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at a subsequently held special meeting or at the next annual meeting of the members. No member shall serve as a trustee for more than four (4) terms.

***Section 4.05 Trustee Districts***

The territory served or to be served by the Cooperative shall be divided into nine districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one Trustee and shall be designated as District A, District B, District C, District D, District E, District F, District G, District H, or District I. Elections for Trustees will be conducted on a rotating basis as follows:

- |                              |      |
|------------------------------|------|
| 1) for Districts D, E and F  | 2021 |
| 2) for Districts A, H and I  | 2019 |
| 3) for Districts B, C, and G | 2020 |

- a. Updated to current year of rotation as bylaws are reprinted.

No elected trustee shall be removed before their full-term expires because of delineation of districts.

Starting in 2016, not less than one-hundred and twenty (120) days, once every five (5) years before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the several districts and, if it should be found that inequalities of five percent (5%) or more in representation have developed which can be corrected by a re-delineation of districts, the Board of Trustees shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

Pursuant to these bylaws, the Board of Trustees commissioned a review of the various districts. On March 24, 2015, during a regular meeting of the Board, the following resolution was adopted: "Whereas, the number of members in each board district has been tabulated and evaluation by the Board has determined that the Districts are within the acceptable tolerance as specified in Section 4.05." Therefore, districts remain as those adopted by the Board of Trustees during a regular meeting conducted May 21, 2013, which are as follows:

2013 Re-delineation of Trustee Districts

<b>District A Population 1453</b>		
<b>Range</b>	<b>Township</b>	<b>Section</b>
26E	7S	19-36
27E	7S	28-33
23E	8S	1-4, 9-16, 20-29, 32-36
24E, 25E, 26E	8S	All
23E	9S	1-4, 9-15, 23-25
24E, 25E, 26E, 27E	9S	All
25E, 26E, 27E	10S	All
<b>District B Population 1384</b>		
24E, 25E	4S	All
24E	5S	1-3, 10-12
25E	5S	All
25E, 26E, 27E	6S	All
26E	7S	1-18
27E	7S	4-10, 15-21
<b>District C Population 1417</b>		
22E, 23E, 24E, 25E, 26E	2N	All
21E	1N	1-3, 10-15, 22-27, 34-36
22E, 23E, 24E, 25E, 26E	1N	All
21E	1S	14-36
22E, 23E, 24E, 25E, 26E	1S	All
21E, 22E, 23E, 24E, 25E, 26E	2S	All
21E, 22E, 23E, 24E, 25E, 26E	3S	All
20E	4S	24
21E, 22E, 23E, 26E	4S	All
26E, 27E	5S	All
<b>District D Population 1426</b>		
20E	5S	1-3
21E, 22E, 23E	5S	All
24E	5S	4-9, 13-26
21E	6S	1-18, 23-24
22E	6S	All
23E	6S	1-24
24E	6S	1-24
<b>District E Population 1430</b>		
18E	3S	36
19E	3S	25-36
20E	3S	All
16E	4S	1-4, 6-36
18E, 19E	4S	All
20E	4S	1-23, 25-36
21E	4S	29-32
17E	5S	All



18E	5S	1-23, 25-36
20E	5S	1-3
<b>District F</b>		<b>Population 1445</b>
20E	5S	4-36
20E	6S	All
21E	6S	19-22
23E, 24E	6S	25-36
19E	7S	1-3, 10-15, 22-24
20E, 21E, 22E, 24E, 25E	7S	All
21E, 22E	8S	All
23E	8S	5-8, 17-19, 30-31
<b>District G</b>		<b>Population 1441</b>
13E	3S	25-27, 34-36
14E, 15E	3S	25-36
13E	3S	1-3
14E, 15E, 16E	4S	All
13E, 15E, 16E	5S	All
14E, 15E	6S	All
<b>District H</b>		<b>Population 1426</b>
18E	5S	24
19E	5S	1-3, 7-36
16E, 17E, 18E	6S	All
15E	7S	25
16E, 17E, 18E	7S	All
19E	7S	4-9, 16-21, 25-36
17E, 18E, 19E	8S	All
<b>District I</b>		<b>Population 1423</b>
16E	2N	33-34
14E, 15E, 16E, 17E, 18E, 19E, 20E, 21E	1N	All
14E, 15E, 16E, 17E, 18E	1S	All
20E	1S	1-13
14E, 15E, 16E, 17E, 18E, 19E	2S	All
14E, 15E, 16E, 17E, 18E, 19E, 20E	2S	All
13E	3S	1-3, 10-15, 22-24
14E, 15E	3S	1-24
16E, 17E	3S	All
19E, 3S	1-24	

#### ***Section 4.06 Nominations***

Not less than sixty days (60) before the opening of the annual meeting of the Cooperative each year, all candidates and nominees for nominations to the office of the trustee shall be by a petition signed by twenty-five (25) members of the voting district for which office of the trustee shall expire and said petition shall be filed with the Secretary of the Board. All candidates and nominees must file a signed statement of intent with the Secretary of the Board. The secretary shall thereupon cause the name of the candidate and his district to be published in the next issue of the Cooperative newsletter or by any other appropriate means which will inform the membership of the name of the candidate and his district.

#### ***Section 4.07 Voting for Trustees; Validity of Board Action***

In the election of trustees, each member shall be entitled to cast one vote. Members may vote for only the nominee residing in the same voting district as the member voting. Ballots marked in violation of the foregoing restriction shall be invalid and shall not be counted. Failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees.

#### ***Section 4.08 Removal of Trustees by Members***

Any member may bring charges for cause against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by not less than ten percent (10%) of the total membership of the Cooperative, may request the removal of such trustee by reason thereof and cause a special meeting of the members to be called to consider and act upon such request within forty-five (45) days after such petition is filed (or at the next annual meeting of the members if the same will be held within ninety (90) days after such petition is filed). Such trustee shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel, and to present evidence in respect of the charges and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. A newly elected trustee shall be from or with respect to the same Trustee District as was the trustee whose office he succeeds.

#### ***Section 4.09 Trustee Vacancies***

Subject to the provisions of Section 4.08, with respect to filling a vacancy of the board of trustees shall be filled by an election for the vacant district by the members of that district. This will be done by a special election or at the next annual meeting. The newly elected trustee will serve the remainder of the unexpired term.

#### ***Section 4.10 Compensation; Expenses; Indemnification***

For their attendance at meetings of the Board of Trustees, trustees shall, on a per diem basis, receive such fee as is fixed by the members. The per diem basis of payment is calculated at \$550.00, for the first per diem each month and then \$50.00 per day thereafter for all meetings attended within the

Cooperative's service area. Per diem for meetings attended out of the Cooperative's service area shall be calculated at \$100.00 per day.

Trustees may participate in cooperative health benefits at their own expense. They shall also receive reimbursement for travel and out of pocket expenses incurred as a result of performing necessary duties relative to their positions as trustee. No trustee or relative of a trustee shall receive compensation for serving the cooperative in any other capacity. Trustees will get the current IRS rate for food.

The Cooperative shall indemnify its trustees, officers, agents and employees, and may purchase insurance to cover such indemnification against all liability arising out of their acts in their official capacities if they shall have acted in good faith and deemed such acts to be in the best interests of the Cooperative or not against its best interests.

A close relative of, or a former board member, shall not be allowed to be awarded contracts or receive any financial compensation from the cooperative. Payments to a Board Trustee will be made on submission of an expense report and report of related activities which shall be noted and included in Board meeting minutes. Unless otherwise required by applicable state or federal law, former trustees shall not receive any benefits or be eligible to participate in cooperative health benefits.

#### ***Section 4.11 Accounting System and Reports***

The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations of said fiscal year. Accounts of such audit reports shall be available to any member requesting to see them and a summary shall be published to the members at or prior to the succeeding annual meeting. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

#### ***Section 4.12 Subscription to Cooperative's Newsletter; Subscription to Statewide Publication***

For the purpose of dissemination of information devoted to the economical, effective and conservative use of electrical energy, the Board of Trustees shall be empowered, on behalf of and for circulation to the members periodically, to subscribe the Cooperative's Newsletter, "Inside Your Co-op," and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board of Trustees shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to "Oklahoma Living," and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

#### ***Section 4.13 "Close Relative" Defined***

As used in these Bylaws, "close relative" means a person who, by blood or in-law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal up to but not including niece-in-law and nephew-in-law.

## ARTICLE V: MEETING OF TRUSTEES

### ***Section 5.01 Agenda***

Agenda must be posted within five (5) business days.

- a. In the event of an emergency, the Board may meet in good faith and must provide notice in as much time as possible to the membership.

### ***Section 5.02 Member Right of Attendance***

A member has the right to attend every regular, special, or a called meeting of the Board of Trustees or committees except for Executive Sessions as allowed by this bylaw or by federal or state law.

Definitions:

*Meetings* - A quorum of Trustees present, in person or by electronic means, and discussion or deliberation of any Choctaw Electric Cooperative business taking place. The term "meeting" does not include the gathering of a quorum of the Board of Trustees at a social function, or the attendance by such a quorum at a regional, state, or national convention or workshop, ceremonial event, or press conference, if formal action is not taken and any discussion of Choctaw Electric business is incidental, notwithstanding the Cooperative's Records Management Policy and Retention Schedule, the record will be preserved by digitizing it (computer readable on CD or any other long term storage devices. There will also be a digital backup copy maintained) within 60 days after the Board Meeting. All meetings shall be called with proper notice.

*Executive Session* - means a meeting to which members do not have access unless invited to participate for reason in that session.

Exceptions to Requirement That Meetings Be Open:

Executive Sessions.

An Executive Session may be held as allowed by law or pursuant to these bylaws. In executive session, the Board of Trustees or its Committees may conduct a private consultation with its attorney, invited staff, consultants, or any other person whose presence the Board of Trustees deems necessary. In the event of a dispute regarding participation in any executive session of any non-Trustee attendee, a majority vote of the Board of Trustees shall determine participation eligibility of attendees. Executive sessions may be held for the following reasons:

- a) Legal Matters. The Board of Trustees may discuss legal matters or seek the advice of their attorney on legal matters. Legal consultation includes, advice about anticipated or pending litigation, settlement offers, concerns reported under the Cooperative's Whistleblower Policy, and interpretations of the law.
- b) Real Estate. The Board of Trustees or its Committees may deliberate the purchase, exchange, lease, or value of real property if deliberation in an Open Meeting would have a detrimental effect on the Cooperative.

- c) Contracts. The Board of Trustees or its Committees may deliberate business and financial issues relating to a contract being negotiated if deliberation in an Open Meeting would have a detrimental effect on the position of the Cooperative.
- d) Personnel. The Board of Trustees or its Committees may deliberate the Cooperative's personnel issues, or Cooperative employee, or consultant. However, this subsection does not apply if the employee who is the subject of the deliberation or hearing requests a public hearing.
- e) Competitive Matters. The Board of Trustees or its Committees may deliberate "Competitive Matters," meaning commercial information and utility-related matters that the Board, in good faith, determines are related to the Cooperative's competitive activity that would, if disclosed, give an advantage to individuals or entities who have sought or are likely to seek business or the dissolution, takeover or sale of Choctaw Electric Cooperative, or would adversely affect Choctaw Electric Cooperative's ability to competitively purchase goods and services.
- f) Security. The Board of Trustees or its Committees may conduct an Executive Session to discuss security issues relating to security of the electrical system including, but not limited to, security personnel, security devices, security audits, and cyber security.

Before an Executive Session is held, the Board of Trustees or its Committees will first convene in an Open Meeting for which proper notice has been given. The presiding Trustee announces that an Executive Session will be held and identifies the reason for which an Executive Session is held. A final action, decision, or vote on a matter deliberated in an Executive Session may only be made in an Open Meeting that is held in compliance.

The Board Secretary or the Secretary's designee will make and keep a written record of the proceedings of each Executive Session of Board Meetings and Executive Sessions. The record will include a statement of the subject matter of each deliberation, and an announcement by the presiding Trustee at the beginning and the end of the Board Meeting indicating the date and time.

No attendee of executive session shall be allowed to make any audio, pictorial, or video recording of any portion of an executive session. The Board Secretary or the Secretary's Designee will be the custodian of any materials distributed during executive session and shall be responsible for collecting the materials at the end of the session. The Secretary or the Secretary's Designee shall see that duplicate copies are destroyed and original documents are maintained in accordance with the Cooperative's Record Management Policy. Upon request, and with advanced scheduling coordinated through staff and with notification provided to all Trustees, any Trustee may inspect onsite at the Cooperative's Headquarters, original documents or electronic records from executive session archives but in no case, shall a Trustee be allowed to photograph, video, duplicate, transmit, record, distribute, or otherwise image or reproduce any executive session materials. All executive session materials shall remain in the control of the Custodian on Choctaw Electric premises, except in the event that executive session materials are provided in advance of executive session meetings via email or hardcopy such documentation shall be noted as "confidential" and may not be duplicated, recorded, transmitted, emailed, or

otherwise distributed. Nothing in this bylaw shall limit the ability of the Board by majority vote to release documents or materials, in part or in whole, previously determined to be confidential.

The Board of Trustees and its committees may adopt reasonable rules to maintain order at a meeting. Member's right to attend does not guarantee the right of a member to speak unless on the agenda.

- g) Recording Open Meetings. A member in attendance may record all or any part of an Open Meeting by means of a tape recorder, video camera or other means of audio or visual reproduction. The Board of Trustees and its Committees may adopt reasonable rules to maintain order at a Meeting, including rules relating to the location of recording equipment and the manner in which a recording is conducted if applicable.

A Policy adopted by the Board of Trustees may not prevent or unreasonably impair a member from exercising a right granted in the bylaws.

Superseding Law; This Bylaw shall be applied and interpreted according to, and shall not supersede, any court order, or state or federal law.

## **ARTICLE VI: OFFICERS; MISCELLANEOUS**

### ***Section 6.01 Number and Title***

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

### ***Section 6.02 Election and Term of Office***

The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Trustees at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of trustees by the members and to the removal of officers by the Board of Trustees. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Trustees may from time to time deem advisable.

### ***Section 6.03 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 interests 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.

***Section 6.04 Vacancies***

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

***Section 6.05 President***

The President shall-

- (a) be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Trustees, and, unless determined otherwise by the Board of Trustees, at all meetings of the members.
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or 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 6.06 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 of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board of Trustees.

***Section 6.07 Secretary***

The Secretary shall-

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or as required by law;
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the

inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and

(g) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

***Section 6.08 Treasurer***

The Treasurer shall-

(a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and

(c) in general, perform all the duties incident to the Office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

***Section 6.09 Delegation of Secretary's and Treasurer's Responsibilities***

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer herein before provided in Sections 6.07 and 6.08, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular and routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not trustees. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

***Section 6.10 Chief Executive Officer/General Manager***

The Board of Trustees may appoint a Chief Executive Officer/General Manager, who may be, but who shall not be required to be, a member of the Cooperative. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

The Board of Trustees may appoint a Chief Financial Officer (CFO), who must reside in one of the counties that the Cooperative serves. Such officer shall report to the Chief Executive Officer/General Manager.

The Board of Trustees may appoint an Operations Manager, who must reside in one of the counties that the Cooperative serves. Such officer shall report to the Chief Executive Officer/General Manager.

***Section 6.11 Bond***

The Board of Trustees shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond



in such sum and with such surety as the Board 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. The costs of all such bonds shall be borne by the Cooperative.

***Section 6.12 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 and showing the condition of the Cooperative at the close of the year and showing the condition of the Cooperative at the close of such fiscal year.

***Section 6.13 Employment of Personnel***

Preference shall be given to members who apply for employment if every other consideration is equal.

**ARTICLE VII: CONTRACTS, CHECKS AND DEPOSITS**

***Section 7.01 Contracts***

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

***Section 7.02 Checks, Drafts, etc.***

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

***Section 7.03 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.

**ARTICLE VIII: MEMBERSHIP CERTIFICATES**

***Section 8.01 Certificate of Membership***

Membership in the Cooperative may, if the Board so resolves, be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board, shall be signed by the President and by the Secretary, and the seal shall be affixed thereto or a facsimile thereof printed thereon: PROVIDED, that the signatures of the President and the Secretary may be imprinted by facsimile thereon also.

***Section 8.02 Issue of Membership Certificates***

No membership certificate shall be issued for less than the membership fee fixed by the Board of Trustees nor until such membership fee has been fully paid.

***Section 8.03 Lost Certificates***

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Trustees may prescribe.

**ARTICLE IX : NON-PROFIT OPERATION**

***Section 9.01 Interest or Dividends on Capital Prohibited***

The Cooperative shall at all times be operated on a cooperative non-profit basis to 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 by-laws or as a non-member by authorized contractual authority.

***Section 9.02 Patronage Capital about Furnishing Electric Energy***

In the furnishing of services of all kinds, including the furnishing of electric energy the Cooperative’s operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons and to assign patronage dividends 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) or all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts more than operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, 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 himself the specific amount of capital so credited to him. All such amounts credited to the capital of any patron shall have the same status as though they had been paid to the patron in cash pursuant 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 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired: PROVIDED, 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 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 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 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 his 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 person's account, shall deduct there from any amount owing by such patron to the Cooperative. 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 XI: DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION**

### ***Section 11.01 Disposition and Pledging of Property***

(a) The members at a meeting may authorize the sale, lease, lease-sale, exchange or other disposition, by a two-thirds (2/3) vote of all members, of all or a substantial portion of the Cooperative's properties and assets, and the Board of Trustees may authorize the pledging of such properties and assets as securities, all as provided in Section 437.20 of the Rural Electric Cooperative Act. Not inconsistently with that section, the Board of Trustees may authorize the sale, exchange other disposition of less than a substantial portion of the Cooperative's properties and assets and any property or merchandise no longer necessary or useful for the operation of the Cooperative. "Substantial portion," as used in this Section, means ten percent (10%) or more of the fair market value of the Cooperative's total properties and assets.

(b) Not in conflict with, or in lieu of, but rather as supplementary to the foregoing subsection (a), the following procedures shall be followed in authorizing a sale, lease, lease-sale, exchange or other disposition of all or a substantial portion of the Cooperative's properties and assets:

(1) Before allowing any plan or proposal therefore to be submitted to the members, the Board of Trustees shall cause three (3) independent appraisers, expert in such matters, to be appointed to render their individual opinions as to the fair market value of the Cooperative's assets and properties, including its good will and going business value, and as to any other terms and conditions which, in their respective judgments, should be considered. The Board of Trustees, after receiving such appraisals, shall then give every other electric cooperative in Oklahoma an opportunity to submit competing plans or proposals. Such opportunity shall be in the form of a written notice to such electric cooperative, which notice shall attach a copy of the initial plan or proposal being then considered and a copy of the reports of the three (3) appraisers. Such electric cooperative shall be given not less than thirty (30) days within which to submit competing plans or proposals, and the actual minimum period within which plans or proposals are to be submitted shall be stated in the written notice given to them.

(2) Any two hundred (200) or more members, by so petitioning the Board not less than fifteen (15) days before the date of the special or annual member meeting at which such a plan or proposal will be considered, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all other members, at least seven (7) days prior to such member meeting, any opposing positions or alternative plans or proposals which the petitioners may have.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange or other disposition to one or more other electric cooperative if the actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives or lease and leaseback transactions.

(c) Notwithstanding anything herein contained, or any other provisions of law, the Board of Trustees of the Cooperative, without any authorization by the members thereof, shall have full power and authority upon affirmative vote of not less than two-thirds (2/3) of the Board of Trustees to authorize the execution and delivery of a lease and 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.

### ***Section 11.02 Distribution of Surplus Assets on Dissolution***

Except if and to the extent in conflict with the Oklahoma law providing for the dissolution of private corporations, upon the Cooperative's dissolution any assets remaining after all of the Cooperative's liabilities and obligations, including outstanding capital credits, have been satisfied or discharged or a plan therefore appropriately established, shall, to the extent practicable as determined by the Board of Trustees, be distributed without priority among all persons who are or who have been patrons of the Cooperative for any period during its existence, on the basis that their respective patronage during such periods bears to the total receipts of the Cooperative since its inception or such subsequent date for the limiting of such total period as may be determined by the Board of Trustees: PROVIDED that, before making such distribution, if any gain is realized upon dissolution from the sale of any appreciated asset, such gain shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable as determined by the Board of Trustees; AND PROVIDED FURTHER, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making any distribution whatever, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

## **ARTICLE XII: FISCAL YEAR**

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following unless such fiscal year is changed by resolution of the Board of Trustees.

### **ARTICLE XIII: RULES OF ORDER**

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

### **ARTICLE XIV: SEAL**

The Corporate seal of the Cooperative shall be in a form prescribed by the Board and shall have inscribed thereon the name of the Cooperative and the words "corporate seal."

### **ARTICLE XV: AMENDMENTS**

#### ***Section 15:01 General Provisions***

The Cooperative's Bylaws may be added to, altered, or repealed by an amendment which appears on the ballot at an annual or special Cooperative membership meeting and which is affirmed by a majority of the secret, written votes cast. The notice for the meeting must contain a copy of the proposed amendment; PROVIDED, either the Board of Trustees or the members may repeal or correct any By-Law if, as established by law, such By-Law is illegal or has become a legal nullity.

Each proposed amendment must be: legibly written or typed in the English Language; drafted by a CEC member, with twenty-five (25) supporting members of the Co-op and be delivered to the Co-op's headquarters during regular business hours no less than ninety days (90) prior to special or annual meeting of the members.

Each proposed amendment must be examined by an attorney selected by the co-op to determine if it violates any state or federal laws; and if any proposed amendments will have an adverse financial impact on the Cooperative, the amendment must be approved by a majority of the Cooperatives' Board of Trustees. If it violates law it will be returned to the member who proposed it within thirty (30) days for suggested revision to allow conformance to state and federal law. The revised amendment should be returned to the Co-op headquarters no less than forty-five (45) days prior to the election.