

# ADAMS RURAL ELECTRIC COOPERATIVE, INC.

## AMENDED CODE OF REGULATIONS

### ARTICLE 1 MEMBERSHIP

#### Section 1. Requirements for Membership

Any person, whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, ~~will~~ **may** become a member of Adams Rural Electric Cooperative, Inc., (hereinafter called the "Cooperative") ~~upon receipt of electric service from the Cooperative, provided that he or it has~~ **by**:

- (a) ~~Made~~ **Making** a written application for membership therein;
- (b) ~~Agreed~~ **Agreeing** to purchase from the Cooperative electric power ~~and/or~~ energy as hereinafter specified;
- (c) ~~Agreed~~ **Agreeing** to comply with and be bound by the Articles of Incorporation **of the Cooperative** and Code of Regulations **and any amendments thereto**, ~~of the Cooperative and any such~~ rules and regulations adopted by the Board of Trustees of the Cooperative (~~hereinafter sometimes called the "Board"~~); and
- (d) ~~Paid~~ **Paying** the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations.

#### Section 2. Membership Certificates

~~Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed either manually or by facsimile signature by the President and by the Secretary of the Cooperative and the corporate seal or a facsimile thereof shall be affixed to such certificate.~~

~~Failure to issue a membership certificate or the loss or destruction thereof shall not affect the membership status of any person listed as a member in the Cooperative's membership records. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and condition as the Board may prescribe. Membership certificates shall no longer be issued, and lost, destroyed, or mutilated certificates shall not be replaced. A membership certificate shall not be required to evidence a member's membership in the cooperative.~~

#### Section 3. Joint Membership

Applications for joint membership shall not be accepted. However, in those cases where such applications have been accepted prior to October 9, 1971 (date of adoption of this Code) the term "member" as used in this Code of Regulations shall include a husband and wife holding a joint membership and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of 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 joint 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; and
- (g) Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

#### **Section 4. Conversion of Membership**

Upon the death of either spouse who is a party to a joint membership, such membership shall be held solely by the survivor. ~~The outstanding membership certificate may be surrendered, and may be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the cooperative.~~

#### **Section 5. Membership Fees**

The membership fee shall be \$15.00dollars.

#### **Section 6. Purchase of Electric Energy**

Each member shall, as soon as electric energy shall be available, purchase from the cooperative all electric energy used on the premises specified in his ~~the member's~~ application for membership ~~excepting electric energy generated on said premises~~, and shall pay therefore ~~monthly~~ at rates which shall from time to time be fixed by the ~~Board of Trustees~~ cooperative in accordance with all applicable requirements of law. It is expressly understood that amounts paid for electric power and/or energy in excess of the cost of service are furnished by the patrons of the cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay ~~to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as~~

shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amounts owed by him by them to the cooperative as and when the same shall become due and payable.

#### **Section 7. Termination, Withdrawal, and Expulsion of Membership**

(a) Any member may withdraw from membership upon payment in full of all debts and liabilities to the Cooperative and upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe.

(b) The Board of Trustees, may, by the affirmative vote of not less than two-thirds of all the members of the Board of Trustees thereof; expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, or rules of regulations adopted by the Board of Trustees, ~~but only if such member shall have been given written notice by the Cooperative that such 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.

(c) Upon the withdrawal, death, cessation of existence, cessation of the Cooperative's electric service to, or expulsion of a member, the membership of such member shall thereupon terminate, ~~and the membership certificate of such member shall be surrendered forthwith to the Cooperative.~~ The Board may adopt uniform rules governing the membership status of persons whose electric service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or his their estate from any debts or obligations due the Cooperative.

(d) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

#### **Section 8. Service to all Persons Within the Cooperative's Service Area**

The Cooperative shall extend electric service to all persons, whether members or non-members, within the Cooperative's service area who (i) desire such service and (ii) meet all requirements established by the Cooperative as a condition of such service. Conditions of service shall be set forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable and not unreasonably discriminatory or preferential. No discrimination or preference shall be made between member and non-member patrons of the Cooperative with respect to rates or terms or conditions of service. As used in this Code of Regulations, the term "service area" shall mean the entire geographic area wherein the Cooperative supplies electric power and/or energy or maintains electric facilities as well as all areas adjacent thereto which are unserved by any other supplier of electric energy, and all areas which are closer to the electric distribution facilities of the Cooperative than to the electric distribution facilities of any other electric supplier.

Nothing contained in this Code of Regulations, in the Cooperative's rules and regulations, policies, or otherwise, shall be construed to prevent the Cooperative from selling electric power and/or energy or otherwise rendering electric service to non-members or to prohibit the Cooperative from entering into and performing franchises or other contracts with political subdivisions, bodies politic, or governmental agencies or instrumentalities, which franchises or contracts provide for the selling of electric power and/or energy or otherwise rendering electric service to any such subdivisions, bodies, agencies, instrumentalities or the citizens thereof.

## ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

### Section 1. Property Interest of Members

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative have been paid, and
- (b) All capital furnished through patronage has been retired and provided in this Code of Regulations, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution.

### 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.

## ARTICLE III MEETING OF MEMBERS

### Section 1. Annual Meeting

The annual meeting of the members shall be held **annually** ~~during the month of August each year~~, at such place within **any of the counties wherein service is provided by the service area of the Cooperative**, as selected by the Board **of Trustees** and which shall be designated in the notice of the meeting, for the purpose of electing Board **of Trustees** members, passing upon reports ~~for~~ **covering** the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board **of Trustees** to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be as valid as if transacted or held at the annual meeting.

### Section 2. Special Meetings

Specials meetings of the members may be called by resolution of the Board of Trustees, or upon a written request signed by any three board members, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Board Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative designated by the Board of Trustees and specified in the notice of the special meeting.

### **Section 3. Notice of Member's 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 requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than thirty days nor more than sixty 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 their address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Notice of the adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

### **Section 4. Quorum**

The members entitled to vote present in person or participating in the meeting through voting by mail or authorized communications equipment at any meeting of the members shall constitute a quorum.

### **Section 5. Voting**

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon by mail or authorized communications equipment except for any change to the order of business, and approval of the minutes of previous meetings of the members, and except for the removal of a Board of Trustees member pursuant to Section 5 of ARTICLE IV and the removal of an officer pursuant to Section 4 of ARTICLE VI, which matters shall be decided by a majority of the members voting thereon in person, and except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations. A description of the subject matter to be voted on, and a ballot and instructions for return of the ballot, shall be included with the notice of any meeting of members.

### **Section 6. [RESERVED}**

### **Section 7. 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 essentially as follows, except as otherwise determined by the members at such meeting:

1. 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.
2. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
3. Presentation and consideration of reports of officers, Board of Trustee members and committees.
4. Reports on Announcement of the results of the election of Board of Trustees members and votes on other matters.
5. Unfinished business.
6. New business.
7. Adjournment.

## **ARTICLE IV BOARD OF TRUSTEES**

### **Section 1. General Powers**

The entire business and affairs of the Cooperative shall be managed by a board of nine (9) trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members.

### **Section 2. Election and Tenure of Office**

The Board of Trustees shall divide the service area of the Cooperative into nine (9) districts so that equitable representation may be given to the geographic areas served by the Cooperative. The Board of Trustees shall have the power to change the boundaries of such districts whenever in their opinion the purpose of this Section requires such a change. Each district shall be represented by not less than one Board of Trustee member. Three (3) Board of Trustees members shall be elected each year by mail or authorized communications equipment at the annual meeting of the members, or at any meeting held in lieu thereof as hereinbefore provided, by and from the members to serve for a term of three (3) years or until their successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of Board of Trustees members. Board of Trustees members may be elected by a plurality vote of the members.

### **Section 3. Qualifications**

No person shall be eligible to become or remain a member of the Board of Trustees who:

- (a) is not a member and bona fide resident in the designated district served by the Cooperative,
- (b) has not been a member of the Cooperative for all of the 12 consecutive months immediately preceding such person's election to the Board of Trustees, or
- (c) is not a member in good standing of the Cooperative. For purposes of this Section, "good standing" means not late by more than 30 days in payment of any Cooperative bill for service more than twice in the immediately preceding twelve-month period prior to such person's election to the Board of Trustees or in the immediately preceding twelve-month period at any time after such person's election of the Board of Trustees, or
- (d) is in any way employed by or financially interested in a competing enterprise or business selling electric energy or supplies to the cooperative, or
- (e) is a current employee, or
- (f) is a close relative of a current employee, current Board of Trustee member, employee of a competing enterprise, or business selling electric energy or supplies to the cooperative, or
- (g) has been an employee of the cooperative or has been an employee of a competing enterprise or business selling electric energy or supplies to the cooperative for any period during the most recent five (5) years, or
- (h) While a Board of Trustees member, has failed to attend more than 75% of the Board of Trustee meetings in any calendar year, or
- (i) While a Board of Trustees member, has not obtained the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director Certificate within the first six years of being elected, or
- (j) Has pled guilty or been convicted of any felony offense in the immediately preceding five-year period prior to such person's election to the Board of Trustees or in the immediately preceding five-year period at any time after such person's election to the board.

Close relative, as defined in this section, means father, mother, son, daughter, husband, wife, brother or sister by reason of blood, marriage or adoption, or any other person residing at the same premises as the member.

~~(i.) is not a member and bona fide resident in particular district within the service area of Cooperative which he is to represent; or~~

~~(ii.) is any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative. \_\_\_\_\_~~

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken by the Board.

#### **Section 4. Nominations**

It shall be the duty of the Board of Trustees to appoint, not less than thirty (30) days nor more than ~~ninety (90)~~ 120 days before the date of the mailing of the notice of a meeting of the members at which members of the Board of Trustees are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to insure equitable representation on the committee to the geographic areas constituting the service area of the Cooperative. No members of the Board of Trustees or officer may serve on such a committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before mailing of the notice of the meeting of the members a list of nominations for Board of Trustees membership which shall include at least two candidates from each district for each position for a Board of Trustees member representing such district which is to be filled at the next annual meeting of members or at any meeting held in lieu thereof as hereinbefore provided. The committee shall validate that each candidate does meet the qualifications as designated in ARTICLE IV Section 3. The Secretary shall be responsible for mailing with the notice of the meeting of members, but at least thirty (30) days before the date of such meeting of members, a statement of the number of Board of Trustees members to be elected and the names and addresses of the candidate nominated by the committee on nominations and a ballot for their election and instructions for return of the ballot. Any twenty-five (25) or more members may make other nominations by petition more than fifteen (15) days prior to the mailing of the notice of the meeting of the members. The Secretary shall include the names and addresses of any persons so nominated which are received more than ~~fifteen (15)~~ 60 days prior to the mailing of the notice of the meeting of members on the ballot for the election of Board of Trustees members and with said notice. No person shall be voted upon for membership on the Board of Trustees who has not signified his ~~his~~ their willingness to serve if elected.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any election of Board of Trustees members or any action taken by the Board of Trustees.

#### **Section 5. Removal of Board Member**

Any member may bring charges against a Board of Trustees member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such Board of Trustees member by

reason thereof. Such Board of Trustees member shall be informed in writing of the charges at least ten days prior to the meeting of 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 to respect of the charges; and the person or persons bringing the charges against him the Board of Trustees member shall have the same opportunity. The question of the removal of such Board of Trustees member shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled by vote of the members at such meeting with compliance with the foregoing provisions with respect to nominations.

#### **Section 6. Vacancies**

Subject to the provisions of this Code of Regulations with respect to the filling of vacancies caused by the removal of Board of Trustees members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Board of Trustees members for the unexpired portion of the term and until a successor shall have been elected and shall have qualified. A Board of Trustees member's seat will be considered automatically vacated if the board member misses 75% of regular board meetings in a calendar year, unless the board member's absence has been excused by a majority vote of the remaining Board of Trustee members.

#### **Section 7. Compensation**

~~Members of The Board of Trustees shall not receive any salary for their services as such; however, the Board of Trustees may by resolution provide a reasonable compensation to be paid to each Board of Trustees member for his their services rendered on behalf of the Cooperative as a Board of Trustees member and also provide for expenses incurred therein, such as attendance at meetings, conferences and training program or performing committee assignments. The Board of Trustees may also authorize reimbursement of Board of Trustees members for expenses and actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses. A Board of Trustees member may also receive compensation for services rendered as an officer of the Cooperative, but no Board of Trustees member shall receive compensation for serving the Cooperative in any other capacity, except in emergency. No close relative of a Board of Trustees member shall receive compensation for serving the Cooperative, except in emergency, unless such compensation shall be specifically authorized by a vote of the members. As used in this Section, "close relative" means the relationships of father, mother, brother, sister, son and daughter existing by reason of blood, marriage, or adoption. Close relative, as defined in this section, means father, mother, son, daughter, husband, wife, brother or sister by reason of blood, marriage or adoption, or any other person residing at the same premises as the member.~~

### **ARTICLE V MEETINGS OF BOARD OF TRUSTEES**

#### **Section 1. Regular Meetings**

A regular meeting of the Board of Trustees shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place, either within or without the State of Ohio, as designated by the Board of Trustees. 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 of Trustees may be called by the President or by any three Board of Trustees 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 of Trustees members calling the meeting shall fix the time and place, either within or without the state of Ohio, for the holding of the meeting.

### **Section 3. Notice of Special Board Meetings**

Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each Board of Trustees member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board of Trustees member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board of Trustees member at his their address as it appears on the records of the Cooperative, with postage thereon prepaid, at least two days before the date set for the meeting.

### **Section 4. Quorum**

A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees; provided, that if less than such majority of the Board of Trustees is present at said meeting, a majority of the Board Trustees is present at said meeting, a majority of the trustees may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members trustees of the time and place of such adjourned meeting. ~~The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this Code of Regulations.~~

### **Section 5. ~~Action of Trustees Without a Meeting~~ Manner of Acting**

~~Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the members of the Board.~~ 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, General Manager, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

### **Section 2. Election and Term of Office**

Each officer, except the General Manager and any officer appointed pursuant to Section 3 of this ARTICLE VI, shall be elected by ballot annually by and from the Board of Trustees at the meeting of the Board-trustees held immediately after the annual meeting of the members. Trustees who have obtained the National Rural Electric Cooperative Association (NRECA) Board Leadership Certificate are eligible to hold an officer position. If the Board of Trustees is not able to fill a position with a current trustee who has the certification, any trustee may become an officer. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The General Manager shall be chosen and employed and his compensation shall be set by the Board of Trustees. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

### **Section 3. Additional Officers**

In addition to the officers specified in Section 1 of this ARTICLE VI, the Board, in its discretion, may appoint one or more Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be deemed necessary or desirable who shall have duties and authority as generally pertains to the respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be described by the Board.

### **Section 4. Removal of Officers and Agents by the Board**

Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board of Trustees 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 the officer shall have the same opportunity. In the event the Board of Trustees does not remove such officer, the questions of his their removal shall be considered and voted upon at the next meeting of the members. Notwithstanding any other provisions of this Code of Regulations the Board of Trustees may, in its discretion, authorize a written employment agreement between the Cooperative and the General Manager containing terms and conditions relating to the removal of the General Manager which are inconsistent with this Code of Regulations.

### **Section 5. Resignations**

Any officer may resign at any time by giving written notice to the Board of Trustees, or to the President or to the Secretary of the Cooperative. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

### **Section 6. Vacancies**

A vacancy in any office, except that of the General Manager, may be filled by the Board of Trustees for the unexpired portion of the term. In the event of a vacancy in the office of General Manager, the Board shall choose and employ a General Manager upon terms and conditions which the Board of Trustees considers to be in the best interests of the Cooperative.

### **Section 7. President**

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board of Trustees;
- (b) on behalf of the Cooperative, subject to the direction and instruction of the Board of Trustees, sign, with the Secretary, ~~certificates of membership and~~ may sign any deeds, mortgages, deeds of trust, notes, bonds, ~~financing statements,~~ security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (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 8. Vice President**

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

### **Section 9. Secretary**

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board of Trustees in books prepared for that purpose;

- (b) seeing that all notices are duly given in accordance with this Code of Regulations or required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof to all ~~certificates of membership, prior to the issue thereof, and to all~~ documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) keeping a register of the names and post office addresses of all members;
- ~~(e) signing, with the President, certificates of membership;~~
- (f) keeping on file at all times a complete copy of the Articles of Incorporation containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Code of Regulations and of all amendments thereto to any member upon request; and
- (g) in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to ~~him~~ **them** by the Board **of Trustees**.

#### **Section 10. Assistant Secretary**

The Assistant Secretary, if one is appointed Board pursuant to Section 3 of this ARTICLE VI, need not be a member of the Board and he shall hold office until relieved by the Board **of Trustees**. ~~He~~ **The Assistant Secretary** shall assist the Secretary performance of the Secretary's duties as requested Secretary or by the Board **of Trustees**.

#### **Section 11. Treasurer**

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to ~~him~~ **them** by the Board **of Trustees**.

#### **Section 12. Assistant Treasurer**

If an Assistant Treasurer is appointed by the Board of Trustees pursuant to Section 3 of this ARTICLE VI, he the Assistant Treasurer need not be a member of the Board of Trustees and he they shall hold office until relieved by the Board of Trustees. He The Assistant Treasurer shall assist the Treasurer in the performance of the Treasurer's duties as requested

### **Section 13. General Manager/CEO**

The General Manager/CEO shall:

- (a) be the chief administrative executive officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board of Trustees, subject to the direction and instruction of the Board of Trustees;
- (b) have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board of Trustees;
- (c) prepare for the Board of Trustees such reports and budgets as are necessary to inform the Board concerning the operation of the Cooperative; and
- (d) in general, perform all duties incident to the office of General Manager as chief administrative executive officer and perform such other duties as may from time to time be assigned to him them by the Board of Trustees.

### **Section 14. Bonds of Officers**

The Treasurer and any officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 be bonded in such amount and with such surety as it shall determine. In lieu of bonding, the Board of Trustees may obtain liability insurance to cover the risks to the Cooperative that would otherwise be covered by bonding of the Treasurer and other officers, agents or employees.

### **Section 15. Compensation**

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Trustees subject to the provisions of this Code of Regulations with respect to compensation for a Board member and close relatives of a Board member.

### **Section 16. Reports**

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VII NON-PROFIT OPERATION

### **Section 1. Interest or Dividends on Capital Prohibited**

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

### **Section 2. Patronage in Connection with furnishing Electric Energy**

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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, members and non-members alike, for 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 in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, 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. 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.

If operating costs and expenses exceed the amount received from the furnishing of electric energy, hereinafter referred to as "loss," then the board of trustees shall have the authority, under accepted accounting practices, loan covenants, and federal cooperative tax law, to prescribe the manner in which such loss shall be handled in determining the amount of capital furnished by the patrons.

All other amounts received by the Cooperative ~~from its operations~~ in excess of costs and expenses shall, other than from the furnishing of electric energy, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, (b) used to establish unallocated reserves and retained capital not currently allocable or otherwise distributable to the patrons except upon dissolution of the Cooperative, and (c) 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 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 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 credited to patrons' accounts may be retired in full or in part. After October 12, 1984, the Board of Trustees shall determine the method, basis, priority, and order or retirement, if any, for all amounts heretofore and hereafter furnished as capital.

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 this Code of Regulations, 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 ~~their~~ 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 provision of this Code of Regulations, to retire capital credited to 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 patrons' estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Notwithstanding any other provision of this Code of Regulations or other provision of the membership certificate, if any patron or former fails to claim any cash retirement of capital credits or other payment from the Cooperative within two years after payment of the same has been made available to ~~him~~ ~~them~~ by notice or check mailed to ~~him~~ ~~them~~ at his ~~their~~ last address furnished by ~~him~~ ~~them~~ to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to ~~him~~ ~~them~~ by the Cooperative at the last address furnished by ~~him~~ ~~them~~ to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of two (2) years from the date when such payment was made available to such patron or former patron without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be ~~Statewide~~ ~~the Cooperative~~ Newsletter or magazine. The sixty (60) day period following the giving of such notice on sixty (60) days following the last date of publication thereof, whichever is later.

The patrons of the Cooperative, by dealing with the Cooperative acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patron 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 Code of Regulations shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the 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, other disposition encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, 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 or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor.

## **ARTICLE IX SEAL**

The corporate seal of the Cooperative shall have inscribed ~~thereon~~ **thereon** the name of the Cooperative and the words "Corporate Seal State of Ohio", but failure to affix such seal shall not affect the validity of any instrument duly executed on behalf of the Cooperative by its authorized officers.

## **ARTICLE X FINANCIAL TRANSACTIONS**

### **Section 1. Contract**

Except as otherwise provided in this Code of Regulations, 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.**

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 by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

### **Section 3. Deposits**

All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

### **Section 4. Fiscal Year**

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

## **ARTICLE XI MISCELLANEOUS**

### **Section 1. Waiver of Notice**

Any member or Board trustee member may waive in writing any notice of a meeting required to be given by this Code of Regulations. The attendance of a member or Board member trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Board member-trustee, except in case a member or Board member trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

### **Section 2. Policies, Rules, and Regulations**

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

### **Section 3. Accounting System and Reports**

The Board of Trustees shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall substantially conform to such accounting system as may from time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board of Trustees shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

## **ARTICLE XII AMENDMENTS**

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meetings shall have contained a copy of the proposed alteration, amendment or repeal.

### **ARTICLE XIII INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS**

#### **Section 1.**

Each Board member and officer now or hereafter serving the cooperative, and each person who at the request of or on behalf of the Cooperative is now serving or hereafter serves as a trustee, director or officer of any other corporation, and the respective heirs, executors, and administrators of each of them, shall be indemnified by the Cooperative against all costs, expenses, judgments, decrees, fines, penalties and liabilities, including attorneys' fees, actually and necessarily incurred by or imposed upon him in connection with or resulting from any action, suit or proceeding, civil or criminal, in which he is or may be made a party by reason of his being or having been such Board member, trustee, director or officer, or by reason of any action alleged to have been taken or omitted by him as such Board member, trustee, director or officer, whether or not he is a Board member, trustee, director or officer at the time of incurring such costs, expenses, judgments, decrees, fines, penalties and liabilities; provided, however that the indemnification provided for in this Section 1 shall be made only if such Board member, trustee, director or officer:

- (a) is adjudicated or determined not have been negligent or guilty of misconduct in the performance of his duties to the Cooperative or corporation of which he is or was a trustee, director or officer;
- (b) is determined to have acted in good faith in what he reasonably believed to be the best interest corporation, and
- (c) in any matter the subject of a criminal action, suit or proceeding, is determined to have had no reasonable cause to believe that his conduct was unlawful.

The determination as to (b) and (c), and in the absence of any adjudication to as (a) by a court of competent jurisdiction, the determination as to (a), shall be made by the Board acting at a meeting at which a quorum is present consisting of the Board members who are not parties to or threatened with any such action, suit, or proceeding as that giving rise to the matter. Any Board member who is party to or threatened with any such action, suite, or proceeding shall not be qualified to vote and, if for this reason a quorum of the Board cannot be obtained to vote on such indemnification, no indemnification shall be made unless a determination is made as to (a), (b), and (c) above by the Executive Committee of Ohio Rural Electric Cooperatives, Inc. acting at a meeting thereof at which a quorum consisting of the members of said committee who are not trustees, directors or officers of the indemnifying corporation are present. Any member of said Executive Committee who is a trustee, director or officer of the indemnifying corporation shall not

be qualified to vote and, if for this reason a quorum of members of the Executive Committee of said Executive Committee cannot be obtained to vote on such indemnification the matter shall be submitted to an arbitrator appointed pursuant to the rules of the American Arbitration Association for determination, and said arbitration shall be conducted in accordance with the rules of said Association. Such indemnification shall be made with respect to adjudication other than on the merits and shall extend to settlements and compromises.

**Section 2.**

The right of indemnification provided for by Section 1 of this ARTICLE XIII shall not be exclusive of any other rights to which a Board member, trustee, director or officer may be entitled under any law, agreement, vote of shareholders, vote of members, any insurance purchased by the Cooperative, or otherwise.