

By-Laws of

OKLAHOMA
ELECTRIC
COOPERATIVE

As adopted by the members at the
August 22, 2003 Annual Meeting



OKLAHOMA ELECTRIC COOPERATIVE

Your Touchstone Energy® Partner 

The Touchstone Energy logo features a stylized figure with arms raised, positioned above a curved line that resembles a power line or a path.

AN
OKLAHOMA
RURAL ELECTRIC
COOPERATIVE CORPORATION

**2003 REVISED BYLAWS FOR
OKLAHOMA ELECTRIC COOPERATIVE
Norman, Oklahoma**

**ARTICLE I
MEMBERSHIP**

Section 1.01 - Eligibility. The following shall be eligible to become a member of, and, at one or more premises owned or directly used or occupied by the applicant, to receive electric service from, Oklahoma Electric Cooperative (hereinafter called the "Cooperative"): any natural person, firm, association, electric membership corporation, foreign electric cooperative, corporation, domestic or foreign, business or other trust, partnership, Federal agency, state or political subdivision or agency thereof, or any body politic (each hereinafter referred to as "person," "member," "applicant," "her," "him," or "his"). No person shall hold more than one membership in the Cooperative, and no membership shall be transferable except as provided in these Bylaws.

Section 1.02 - Application for Membership; Renewal of Prior Application. Application for membership shall be made in writing on such forms as may be provided therefor by the Cooperative. 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, rate classifications 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"). With respect to any particular applicant 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 therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03., together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative (hereinafter called "other payments, if any"). The membership fee and other payments, if any, shall be refunded in the event the application is denied.

Section 1.03 - Membership Fee; Service Connection Deposit or Fee; Service Security and Facilities Extension Deposits; Contribution in Aid of Construction. A non-refundable membership fee shall be as fixed from time to time by the Board of Trustees. The membership fee, together with other payments, if any, shall entitle the member to one service connection. A service connection deposit fee, in such amount as shall be prescribed by the Cooperative, together with other payments, if any, shall be paid by the member for each additional service connection requested by him/her.

Section 1.04 - Joint Membership. "Member" as used in these Bylaws shall be deemed to be a jointly-held membership, if the membership application is signed by both persons. When such membership is held in the name of either person, any provisions relating to the rights and liabilities of any member or membership shall apply equally to the holders of such membership. Without limiting the generality of the foregoing, the effect of such 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;
 - g. Either but not both may be elected or appointed as an officer or Trustee, provided that the elected or appointed one meets the qualifications for such office;
 - h. In the event of disagreement over the vote, each person present shall be entitled to cast one-half (1/2) vote;
 - i. In any event, upon the signature of both joint members, a joint membership may convert to individual membership, thereby waiving the joint membership under the provisions of this Section, and thereby vesting all membership rights in the one party so delegated, and divesting all membership rights in the other party;
 - j. Upon the death of either person who is a party to the joint membership as provided for herein, such membership shall be converted to an individual membership to be held solely by the surviving person; provided, however that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 1.05 - Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his/her connection for electric service; PROVIDED, the Cooperative may deny an application and refuse to extend service upon its determination that the 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 denied for other good cause.

Section 1.06 - Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him/her, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to the membership, unless and except to the extent that the Board of Trustees may in writing waive such requirement. Each such member shall pay therefor at the times, and in accordance with the rules, regulations, rate classifications and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used), established by the Board of Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him/her to the Cooperative as and when they become due and payable.

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 VII of these Bylaws.

Section 1.08 - Wiring of Premises; Responsibility Therefor; 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/her membership to become and to remain wired in accordance with the specifications of the then-current edition of the National Electric Code, of any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for such premises and all wiring and apparatuses connected thereto or used thereon; and shall indemnify and hold harmless the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage, including reasonable attorneys' fees, resulting from any defect in or improper use or maintenance thereof. Each member shall without charge 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 safely and without interference from any hostile source, for meter reading and bill collecting and for connection, inspection, maintenance, replacement, relocation, repair, disconnection or reconnection of such facilities 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/her best efforts to prevent others from so doing. Each member shall, at his/her own expense, also provide such protective devices to his/her 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 its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, 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. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

Section 1.09 - Member to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs.

Each member shall, upon being requested so to do by 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/her or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, to more efficiently utilize or conserve electric energy, or to conduct electric load research.

Section 1.10 - Non-Liability for Debts of 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 II MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01 - Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than a majority of all trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes him/her liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by a vote of the Board of Trustees or by a vote of the members at any annual or special meeting.

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

Section 2.02 - Right of Member to a Hearing on Grievance. Any member who has a complaint arising from any service performed by the Cooperative to that member, and who feels his/her complaint is not satisfactorily settled by discussion and negotiation with the proper operational personnel or staff of the Cooperative, shall submit a request in writing to the Board of Trustees of the Cooperative for an opportunity to present his/her case to the Board. The Board shall arrange for the member's appearance before a regular meeting of the Board and notify said member of the same not less than ten (10) days prior to such regular meeting. At such time, the member may present his/her grievance to the Board and following the member's appearance, but not more than ten (10) days thereafter, the Board will inform the member, in writing, of its decision in the case. The decision of the Board, as contained in the notification to the member will be a final decision in all events, and no further right of hearing shall exist or be available to the aggrieved member.

ARTICLE III MEETINGS OF MEMBERS

Section 3.01 - Annual Meeting. For the purpose of hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in August or September of each year, within the service area of the Cooperative, and beginning at such hour, as the Board of Trustees shall from year to year fix; PROVIDED, for cause sufficient to it, the Board of Trustees may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the fifteenth (15th) day of September for such meeting. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations 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. Special meetings of the members may be called by resolution of the Board of Trustees, or upon a written request signed by any three Trustees or by the President, or by written Petition signed by at least ten percent (10%) of all the members of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of all the members may be held at any place within the County of Cleveland, State

of Oklahoma, as specified within the notice of meeting. Special meetings of members of a voting district may be held at any suitable place within said voting district, as specified in the notice of said special meeting. All special meetings shall be held within forty-five (45) days after the Resolution or written request or written Petition (as the case may be) has been delivered to the Manager's office at Cooperative Headquarters, unless the date of the next annual meeting of members falls within ninety (90) days after such delivery, in which case the topics which are the subject of such special meeting shall be taken up at the next annual meeting. Subject to the foregoing, the date, hour and specific location of all such special meetings shall be determined by the Board of Trustees, so as to encourage attendance by members.

Section 3.03 - Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting, and stating the purposes of the meeting and the business to be transacted, shall be directed to each member not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, by any reasonable means, by or at the direction of the Secretary or, upon a default by the Secretary, at the direction of the person(s) calling the meeting, to each member. Reasonable means of providing such notice shall include, but not be limited to, United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No matter, the carrying of which as provided by law, requires the affirmative votes of at least a majority of all 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 and, whether mailed first class or not, postmarked at least ten (10) days prior to the meeting date. 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 in writing prior to or at the beginning of the meeting.

Section 3.04 - Quorum. Five per cent (5%) of the members present in person shall constitute a quorum at all meetings of the members of Oklahoma Electric Cooperative. If less than a quorum is present at any meeting, the majority of those present in person may adjourn the meeting from time to time without further notice.

Section 3.05 - Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions will be decided by a vote of the majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these Bylaws. Voting by proxy shall not be permitted.

Section 3.06 - Voting Districts. The territory served or to be served by the Cooperative shall be divided by the Board of Trustees into nine (9) districts, each of which shall contain approximately the same number of members. Each district shall be represented by one Trustee. If a member has accounts in more than one (1) district, the member shall be deemed to be a member of only one (1) district, for voting purposes, that being the district designated by the member. Such designation may be made or changed only once in any calendar year.

Not less than sixty (60) days 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 substantial inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Trustees shall reconstitute the districts so that each shall contain approximately the same number of members.

Section 3.07 - Election of Trustees. (a) Not less than fifteen (15) days nor more than forty (40) days before the annual meeting of the members each year, the Board of Trustees shall call a separate meeting of the members of each of three (3) voting districts at a suitable place in each such district for the purpose of electing a Trustee to represent the members located within each such district. Notice of such meeting shall be delivered to each member located in such district, as provided in Section 3.03 of this Article, and shall indicate the district to which such member belongs. The notice shall also state that a Trustee to represent the district will be elected at the meeting. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, and, recommendations with respect thereto may be submitted to the Board of Trustees or the entire membership.

(b) Notice of Candidacy. Any member desiring to be a candidate for election as Trustee from the district of his/her residence, shall file, with the Cooperative, written notice on a form provided by the Cooperative, of his/her candidacy and intention to stand for election to the office of Trustee from his/her district at such time as may be designated as the official filing period by the Board of Trustees. Only persons filing such written Notice of Candidacy and intention to stand for election shall be eligible for election at said meeting. If no member files such notice of candidacy and intention to stand for election within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting and said office shall be filled in accordance with the provisions of Article IV, Section 4.05 of these Bylaws. Any person desiring to be a candidate for election as Trustee from his/her district must file said Notice of Candidacy inside the Headquarters Office of the Cooperative, with the Manager or his designee, between the hours of 8:00 A.M. and 5:00 P.M. during the filing period, and the filing period shall officially close at 5:00 P.M. on the last day of said designated filing period.

(c) The district meeting shall be called to order by the Trustee representing the district or by another designated representative of the Board of Trustees, or in his absence, by any member residing within the district. The district members shall then proceed to elect a chairman, who shall be someone other than a Trustee, and who shall appoint a secretary to act for the duration of the meeting. Five per cent (5%) of the members residing in the district, present in person at such duly called district meeting, shall constitute a quorum. Members of other districts, who are present at the meeting, may be heard, but shall have no vote. Candidates must be members residing in the district and must possess the qualifications for Trustee specified in Article IV, Section 4.02 of these Bylaws.

(d) If there is a quorum, voting shall be by ballot or roll call. Voting shall continue until a candidate shall have received a majority vote of those voting and such candidate shall be declared elected. If there are more than two (2) candidates, and no one receives a majority of the votes cast, the candidate with the least votes shall be excluded and the voting shall continue until one candidate receives a majority. The minutes of such district meeting shall set forth, among other matters, the name of the person elected Trustee and the number of votes received by such person. A certified copy of the minutes, signed by the secretary and the chairman of the district meeting shall be delivered to the Secretary of the Cooperative within five (5) days after such district meeting. In the event a quorum cannot be obtained for a district meeting provided for

herein, then that district's Trustee office shall be declared vacant by the Board of Trustees at their next regular meeting, and said vacancy shall be filled in accordance with article IV, Section 4.05, of these Bylaws. For purposes of determining a quorum, the registration book shall be closed at the beginning of the meeting, and only those persons then registered, or who may then be present and available for registration, may vote on the matters coming before the members at such meeting, including the election of the Trustee of said district.

Section 3.08 - Method of Protest. Any member desiring to protest the election of any Trustee at any district meeting held for the purpose of electing a Trustee shall file a written protest with the Secretary of the Cooperative within five (5) days after the date of such election. The written protest shall set forth the facts and circumstances comprising the basis of the member's protest, and shall be considered by the Board of Trustees at a special meeting of the Board of Trustees called for the purpose of considering the aforesaid protest of election. Said meeting shall be held at least one day prior to the annual meeting of the members at which the Trustee is to be installed, and three days' notice of said meeting in writing shall be furnished to members of the Board, the person filing the protest, and the Trustee-elect. All parties concerned shall be entitled to be present at said meeting of the Board, and to be heard in person or by counsel and to present evidence in support of, or in opposition to, the written protest. The question of the validity of the election which has been protested shall be decided by a majority vote of the members of the Board of Trustees then holding office. In the event that said election is determined to be invalid by such vote, then the Chairman of the Board of Trustees shall declare the office vacant and said vacancy shall be filled in accordance with Article IV, Section 4.05 of these Bylaws.

Section 3.09 - 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:

1. Report as to the number of members present in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver thereof.
3. Reading of unapproved minutes of previous meetings of the members, or the waiver thereof, and the taking of necessary action thereon.
4. Presentation, or waiver thereof, and consideration of reports of officers, trustees and committees.
5. Installation of recently elected Trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

At all meetings of the Cooperative members, and of the Board of Trustees, and of any committees thereof, meeting procedure, except as provided otherwise herein, shall be governed by the latest edition of Robert's Rules of Order. 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, and action upon, any authorized item of business, the transacting of which is necessary or desirable in advance of any other authorized item of business; provided, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

The President of the Board of Trustees of the Cooperative shall preside at all meetings of the Board and meetings of members, unless determined otherwise by the Board of Trustees.

ARTICLE IV TRUSTEES

Section 4.01 - General Powers. The 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 these Bylaws conferred upon or reserved to the members.

Section 4.02 Eligibility and Tenure. Commencing with the district and annual meetings of members of 1957, the term of office for Trustees shall be three (3) years, and three (3) Trustees will be elected from districts to be designated by the Board of Trustees, at the district meetings held each year preceding the annual meeting. The Board of Trustees is hereby authorized and directed to, by a proper resolution, effectuate this change in the Bylaws by determining which three districts shall elect Trustees for three year terms in 1957, which three districts will elect Trustees for three year terms in 1958, and which three districts will elect Trustees for three year terms in 1959; thereafter, in the order thus established, three Trustees will be elected each year for three year terms, as the terms of Trustees expire.

To be eligible to become or remain a Trustee, or to hold any position of trust in the Cooperative, a natural person:

- a. Must be an active member of the Cooperative, currently receiving electrical service to his/her primary residence; and
- b. Must be a bona fide resident of the particular district which he/she is to represent; and
- c. Must not be in any way employed by or financially interested in a competing enterprise, or a business selling electrical energy, natural gas, propane, butane, or any other form of commercial energy, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Cooperative; and
- d. Must not be an incumbent of, or a candidate for, an elected public office in connection with which a salary or compensation in excess of One Hundred Dollars (\$100) per annum is paid; and
- e. Must not be an employee of the Cooperative; and
- f. Must not be a close relative of an incumbent Trustee or of an employee of the Cooperative.

As used in these Bylaws, "close relative" is defined as a person who is related to the principal person by consanguinity or affinity, including but not necessarily limited to a person who is either a spouse, child, grandchild, great grandchild, parent, grandparent, great grandparent, brother, sister, aunt, uncle, nephew or niece, by blood or in-law of the principal.

- g. Must be at least twenty-one (21) years of age at the beginning of the term to which elected; and
- h. Must not be a convicted felon.

Section 4.03 - Removal of Board Members by Board. Any member of the Board of Trustees who believes that a Board member is holding office in violation of any of the provisions of Section 4.02 above may file, with the Secretary, a petition in writing setting forth the facts and circumstances surrounding the holding of office by said Board member, and requesting that the Board member be removed from office. The petition requesting removal of such Board member shall be considered at a special meeting of the Board of Trustees called for the purpose of removing said Board member, or denying the petition. The Board member charged shall be furnished a copy of the petition requesting his/her removal, and shall be given notice of the Board meeting at which said petition shall be considered at least ten (10) days prior to the meeting at which the petition for removal is 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 to the charges and allegations; and the person

or persons bringing the petition against the Trustee shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting by the remaining members of the Board. The affirmative votes of at least six (6) remaining members of the Board shall be required before a Trustee shall be removed. Any vacancy created by such removal shall be filled as provided in Article IV, Section 4.05 of these Bylaws.

Section 4.04 - Removal of Trustees by Members. Any member may bring one or more charges for cause against any one or more Trustees, alleging acts or omissions adversely affecting the business and affairs of the Cooperative that amount to actionable negligence, malfeasance, misfeasance, nonfeasance, fraud or criminal conduct, and may request the removal of such Trustee(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition, signed by not less than ten percent (10%) of the total membership of the Cooperative, which (a) calls for a special member meeting thereon and specifies the place, time and date thereof, within forty-five (45) days after the filing of such petition, or (b) requests that the matter be acted upon at the next annual meeting of the members if the same will be held within ninety (90) days after such petition is filed. Every page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Trustee(s) against whom such charge(s) is (are) being made. The petition shall be signed by a member in the same name as he/she is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the Trustee(s) against whom the charge(s) have been made and of the member(s) filing the charge(s) shall be contained in or accompany the notice of the meeting to the members not less than ten (10) nor more than twenty-five (25) days prior to the member meeting at which the matter will be acted upon; PROVIDED, the notice shall set forth (by random selection but otherwise in alphabetical order) only twenty (20) of the names and addresses of the charging members if more than twenty (20) members filed the same charge(s) against the same Trustee(s). Such Trustee(s) shall be informed in writing of the charges after they have been validly filed at least thirty-five (35) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s), and shall be heard last; and the person(s) bringing the charge(s) shall have the same opportunity, and shall be heard first. So long as there is a quorum for the meeting, as prescribed elsewhere in these Bylaws, the question of the removal of such Trustee(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting. Any vacancy created by such removal shall be filled by the affirmative votes of a majority of the votes cast at such meeting, without compliance with the foregoing provisions with respect to the pre-meeting nominations, and nominations shall be made from the floor; PROVIDED, the question of the removal of a Trustee shall not be voted upon at all unless some evidence in support of the charge(s) against him/her shall have been presented during the meeting through oral statements, documents or otherwise; AND PROVIDED FURTHER, no Trustee shall be so removable from office for the reason that he/she, in good faith and believing such to be in the best interest of the Cooperative and of its present and future members, failed or declined to support, or that he/she opposed, (1) a proposal to sell or lease-sell all or a substantial portion of the Cooperative's assets and properties or to dissolve the Cooperative, or (2) a motion to notify the Cooperative's members of a proposal received by the Cooperative for such a sale, lease-sale or dissolution, or (3) a motion or any other effort to call a meeting of the Cooperative's members to consider and act upon a proposal for such a sale, lease-sale or dissolution. A newly-elected Trustee shall serve out the unexpired portion of the removed Trustee's term.

Section 4.05 - Vacancies. Subject to the provisions of 4.04 above, vacancies occurring in the Board of Trustees of Oklahoma Electric Cooperative shall be filled by majority vote of the members of the Voting District in which the vacancy occurs, at a special meeting of the members of said district called by the Board of Trustees within one hundred twenty (120) days from the date the vacancy occurs, regardless of the cause of such vacancy; provided, however, that vacancies caused by the failure of a quorum to attend a regular district meeting called for the purpose of electing a Trustee, shall be filled by a majority vote of the Board of Trustees at the next regular or special meeting, without the necessity of calling a special district meeting for such purpose, as aforesaid. The special meeting referred to herein shall be called and conducted in accordance with these Bylaws, and the member thus elected as Trustee shall serve for the unexpired portion of the term of the Trustee in respect of whom the vacancy has occurred. In the event a quorum is not present at said special meeting, the vacancy may be filled by a majority vote of the Board of Trustees at their next regular or special meeting, and said Trustee so appointed shall serve for the unexpired portion of the term of the Trustee in respect of whom the vacancy has occurred.

Section 4.06 - Compensation. Trustees, as such, shall not receive any salary for their services, but, by resolution of the Board of Trustees, a fixed sum for each day, or portion thereof, and expenses of attendance, necessarily and reasonably incurred, if any, may be allowed for attendance at each meeting of the Board, including attending any meetings, conferences, training seminars, or any function related to the business of the Cooperative or performing any act in behalf of the Cooperative, as authorized by the Board of Trustees. No Trustee shall receive compensation for serving the Cooperative in any other capacity, provided, however, that Trustees shall be entitled to receive such insurance benefits as may from time to time be offered to employees. No close relative of a Trustee shall receive compensation for serving the Cooperative, unless the payment of the compensation shall be specifically authorized by a vote of the members, or the service by such Trustee or close relative shall have been certified by the Board as an emergency measure.

ARTICLE V MEETINGS OF TRUSTEES

Section 5.01 - Regular Meetings. A regular meeting of the Board of Trustees shall be held monthly at such time and place within the area served by the Cooperative, as the Board may provide by resolution, unless all Trustees consent to its being held in some other place in the State of Oklahoma, or elsewhere. Such regular monthly meetings may be held without notice other than such resolutions fixing the time and place thereof. A regular meeting of the Board may also be held without notice, other than this By-Law, immediately after, and at the same place as, the Annual Meeting of the members.

Section 5.02 - Special Meetings. Special meetings of the Board of Trustees may be called by the President or by any three Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Trustees calling the meeting shall fix the time and place for the holding of the meeting.

Section 5.03 - Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than three days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered

when deposited in the United States mail addressed to the Trustee at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 5.04 - Quorum. A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time and provided further, that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 5.05 - Attendance. Any Trustee who shall fail to attend a minimum of nine (9) of every twelve (12) consecutive regularly scheduled Board meetings shall automatically lose his/her status as a Trustee, unless the remainder of the Board of Trustees, by resolution, determines that such absences should be excused for justifiable cause. The remaining Trustees shall declare a vacancy on the Board from the district represented by such Trustee, which said vacancy shall be filled in accordance with Article IV, Section 4.05, of these Bylaws.

ARTICLE VI OFFICERS

Section 6.01 - Number. The officers of the Cooperative shall consist of a President, a Vice-President, a Secretary and a Treasurer. The Board of Trustees may also elect or appoint such other officers, agents or employees, as it shall deem necessary or advisable, and shall prescribe the powers and duties thereof. The offices of Secretary and of Treasurer may be held by the same person.

Section 6.02 - Election and Term of Office. The officers shall be elected annually, by ballot, by and from the Board of Trustees at the first meeting of the Board of Trustees held after the annual meeting of the members. 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 of Trustees following the next succeeding annual meeting of the members or until his/her successor shall have been elected and shall have qualified. A vacancy in an office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 6.03 - Removal. Any officer, agent or employee elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, an officer may be removed for cause by the members in accordance with the procedures set forth in Section 4.04. No person shall continue to hold such office after he/she shall have ceased to be a Trustee.

Section 6.04 - 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, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees, and may 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 6.05 - Vice President. In the absence of the President, or in the event of his/her 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. The Vice President shall also perform such other duties as from time to time may be assigned to him/her by the Board of Trustees.

Section 6.06 - Secretary. The Secretary shall —

- d. 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;
- e. see that all notices are duly given in accordance with these Bylaws or as required by law;
- f. 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 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 these Bylaws or is required by law;
- g. 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;
- h. sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Trustees;
- i. have general charge of the books of the Cooperative in which a record of the members is kept;
- j. 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
- k. 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/her by the Board of Trustees.

Section 6.07 - Treasurer. The Treasurer shall —

- a. have charge and custody of and be responsible for all funds and securities of the Cooperative;
- b. be responsible for the receipt and issuance of 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 banks or securities as shall be selected by the Board of Trustees; 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/her by the Board of Trustees.

Section 6.08 - Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided, 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 duties to one or more agents or 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 relieved from such duties, responsibilities and authorities.

Section 6.09 - General Manager; Executive Vice President. The Board of Trustees may appoint a general manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. 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/her.

Section 6.10 - Bonds. 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 6.11 - Compensation; Indemnification. The compensation, if any, of any officer, agent or employee who is also a Trustee or close relative of a Trustee shall be determined as provided in Section 4.06 of these Bylaws, and the powers, duties and compensation of all other officers, agents and employees shall be fixed, or a plan therefor approved, by the Board of Trustees. The Cooperative shall indemnify present and former Trustees and officers, including the General Manager (and/or if so titled, the Executive Vice President), and may, but shall not be obligated to, indemnify one or more of its other agents and employees, to the fullest extent allowable by law; and may purchase insurance to cover such indemnification in such amounts as are fixed by the Board of Trustees.

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 calendar year. Such reports shall set forth the condition at the close of such calendar year.

ARTICLE VII NON-PROFIT OPERATION

Section 7.01 - Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends, other than "patronage dividends" as defined below, shall be paid or payable by the Cooperative on any capital furnished by its patrons, except as otherwise required by law.

Section 7.02 - Patronage Capital in Connection with Patronage Business. 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. Such patronage dividends shall be assigned in an aggregate amount equal to the Cooperative's Federal taxable income related to its patronage business, computed assuming no deduction for patronage dividend amount and after reduction for any losses and deductions incurred during prior years and deductible by the Cooperative in computing its current Federal taxable income. All such amounts 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 patronage dividends. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each calendar 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 calendar year notify each patron of the amount of capital so credited to his account; PROVIDED, 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 patronage dividends 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 account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its patronage income shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior calendar 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 retired without priority on a pro rata basis before any payments are made on account of property rights of members; PROVIDED, insofar as gains may at that time be realized from the sale of any appreciated asset, such gains 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, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority and order of making such retirements, if any, for all amounts heretofore and hereafter furnished as capital; PROVIDED, however, the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of the capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply 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 calendar 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 calendar year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior calendar year.

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

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the Oklahoma legal rate on judgments in effect when such amount became overdue, compounded annually.

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

ARTICLE VIII DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

Section 8.01 - Disposition and Pledging of Property. (a) The members may authorize any sale, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's properties and assets by the affirmative vote of not less than two-thirds (2/3) of all the members, and the Board of Trustees may authorize the pledging of such properties and assets as securities, as provided in the Rural Electric Cooperative Act, as amended from time to time. Further, consistent with that Act and other applicable law and these Bylaws, the Cooperative's Board of Trustees may authorize any sale, lease, lease-sale, exchange, transfer or other disposition of (1) less than a substantial portion of the Cooperative's assets, and/or (2) any property or merchandise no longer necessary or useful for the operation of the Cooperative. "Substantial portion" means ten percent (10%) or more of the Cooperative's total 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 such a sale, lease, lease-sale, exchange, transfer or disposition of all or a substantial portion of the Cooperative's properties and assets:

(1) The Board of Trustees shall first appoint three persons and/or firms, each of whom or which is independent of the Cooperative and of the other two and each being expert in electric utility property evaluations, and commission them, separately, to study, appraise and evaluate such assets and properties, including their going concern value and the values associated with the right of the members to participate in the ownership and control of the Cooperative. Such appraisers shall be instructed to and shall take into account any other factors they may deem relevant in determining the present market value of such assets and properties. Within not more than sixty (60) days after their appointment and commission, each appraiser shall render his or its highest determination of such present value. The Board of Trustees shall not recommend and submit for member approval any plan to sell, lease, lease-sell, exchange, convey, transfer or otherwise dispose of such assets and properties for a consideration that is less than the highest such determination rendered by the appraisers; nor shall it, following the expiration of one (1) year after receipt of the appraisers' reports, make such a recommendation and submittal without, again, first complying with the foregoing requirements.

(2) If, after receiving such appraisals, the Board of Trustees resolves to pursue the matter further, it shall, within sixty (60) days after such resolution, transmit the appraisals, together with any underlying data and information that may have accompanied them, to every other electric membership corporation corporately sited and operating in Oklahoma and invite it to submit competing or alternative proposals, including proposals to merge or consolidate with the Cooperative. Such appraisals shall also be accompanied by any proposal for such a sale, lease, lease-sale, exchange, conveyance, transfer or other disposition received by the Cooperative within one (1) year prior to the receipt of the last appraisal or received subsequent thereto but prior to the adoption of such resolution; PROVIDED, only the most recent proposal from a person that has made two or more proposals need be so transmitted. Such other electric

membership corporations shall be given at least sixty (60) days within which to submit competing or alternative proposals, and they shall be notified in such transmittal of the actual final date for such submissions.

(3) If, after such date, the Board of Trustees so resolves, it shall recommend and submit to the members (i) a proposal for such a sale, lease, lease-sale, exchange, conveyance, transfer or other disposition or (ii) a proposal to merge or consolidate the Cooperative with one or more electric membership corporations, but shall accompany the proposal with verbatim copies of all competing or alternative proposals it has received, together with all of the appraisals. The Board of Trustees shall submit such recommendation and information to the members and shall at the same time call and give notice of a special meeting of the members thereon, or if it so determines, notify the members that the matter will be considered and acted upon at the ensuing annual member meeting, in any event stating in detail each of any such proposals. The special or annual meeting shall be held not less than ten (10) nor more than twenty-five (25) days after the giving of such notice thereof.

(4) Any two hundred (200) or more members of the Cooperative may, over their respective signatures and within not less than forty-five (45) days prior to the date of such member meeting, petition the Cooperative to mail to all of the Cooperative's members any statement of opposition to the Board of Trustees' recommendation and/or of their own recommendation that a competing or alternative proposal, which may be or include a proposition to merge or consolidate the Cooperative with one or more other electric membership corporations, be submitted to and acted upon by the members at such meeting, in which event the Board of Trustees shall cause a printed copy of the petition, including the printing of the names of the member signatories, thereof, together with a printed copy of the statement, to be transmitted to all of the Cooperative's members via the United States mail not less than twenty-five (25) days prior to such member meeting, with the cost of such printing and mailing to be borne by the Cooperative. When so mailed, such petition and statement shall constitute sufficient notice of any such competing or alternative proposal for the same to be considered and acted upon at such meeting.

The provisions of this subSection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric membership corporations; or if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives; or if such is in the nature of a forced sale for the reason that the purchaser possesses and otherwise would exercise the legal right to acquire, damage, relocate or destroy such property by condemnation or otherwise without the Cooperative's consent.

(c) No offer to purchase or lease-purchase and no offer to sell, lease, lease-sell, exchange, transfer or otherwise dispose of all or substantially all of the Cooperative's assets and properties shall be valid or, if made and accepted, enforceable unless the total consideration to be paid or otherwise furnished therefor, to the extent that the same is in excess of the amounts necessary to discharge or to provide for the discharge of the Cooperative's liabilities, shall be distributed to, or if such be the case allocated and assigned to, the patrons or former patrons of the Cooperative in the manner provided for in the Articles of Incorporation, Bylaws or applicable law.

Notwithstanding anything herein contained or any other provisions of law, the Board of Trustees, without authorization by the members thereof, shall have full power and authority upon an affirmative vote of not less than two-thirds (2/3) of the Board of Trustees to authorize the execution and delivery of a lease 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 the Cooperative and shall not be used to effect a sale or other disposition of the cooperative business entity itself; and

further, shall have full power and authority to authorize the execution and delivery of mortgage(s) or deed(s) of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income 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 corporation or financial institution authorized to assist in the credit and financial needs of rural electric cooperatives.

Section 8.02 - Distribution of Surplus Assets on Dissolution. Unless otherwise forbidden by law, upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Trustees and not inconsistently with the provisions of the third paragraph of Section 7.02 of these Bylaws, be distributed without priority among all persons who are or who have been members 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; PROVIDED, HOWEVER, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, 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 IX SEAL

Section 9.01 - Seal. The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed about the circumference thereof the name of "OKLAHOMA ELECTRIC COOPERATIVE, NORMAN, OKLAHOMA," and the words, "Corporate Seal," in the center portion thereof.

ARTICLE X FINANCIAL TRANSACTIONS

Section 10.01 - Contracts. Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 10.02 - 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 and/or countersigned 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 10.03 - Deposits. All funds, except petty cash, of the Cooperative, shall be deposited from time to time to the credit of the Cooperative in securities of the United States Government, certificates of deposit, National Rural Utilities Cooperative Finance Corporation (CFC), federally insured banks or savings and loan institutions, or other approved institutions or depositories, as the Board may select.

Section 10.04 - Change in Rates. Written notice shall be given to any required entity not less than ninety (90) days prior to the date upon which

any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 10.05 - Fiscal Year. The fiscal year of the Cooperative shall begin on the 1st day of January of each year, and end on the 31st day of December in that same year.

ARTICLE XI MISCELLANEOUS

Section 11.01 - Membership in Other Organizations. The Cooperative shall not become a member or purchase stock in any other organization without an affirmative vote of not less than two-thirds of all the Trustees at a regular or special meeting of Trustees, provided that the notice of such meeting shall specify the organization and action to be taken upon such proposed membership; and provided, further however, that the Cooperative may, upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, and such other organizations as the Board of Trustees may determine beneficial to the Cooperative.

Section 11.02 - Waiver of Notice. Any member or Trustee may waive in writing, any notice of a meeting required to be given by these Bylaws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case a member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 11.03 - Rules, Policies and Regulations. The Board shall have power to make and adopt such rules, policies and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 11.04 - Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system. Selected accounts of the Cooperative may be examined by a committee of the Trustees appointed by the President of the Board of Trustees periodically, at such times as the President or the Committee may deem it necessary or appropriate. The Board of Trustees shall also within sixty (60) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the annual meeting next following the close of such fiscal year.

Section 11.05 - Area Coverage. The Board shall make diligent effort to see that electric service is extended to all eligible unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII AMENDMENTS

Section 12.01 Power to Amend. Subject to the provisions of the Oklahoma Rural Electric Cooperative Act, as amended from time to time, these Bylaws may be changed (supplemented, altered, amended or repealed) by the affirmative vote of not less than a majority of the votes cast by the members represented, at any regular or special member

meeting, as the case may be; 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.

Section 12.02 - Procedure for Amending. A By-Law may be changed only if (1) a copy or an accurate summary explanation of the proposed change is contained in or with the notice of the member meeting at which it is to be acted upon; and (2) it is sponsored by at least fifty (50) members who over their signatures file with the Cooperative a petition, proposing such change and setting forth with particularity the wording thereof and the time that the change is to become effective, at least forty-five (45) days prior to the date of the member meeting at which such change will be acted upon; PROVIDED, if the Cooperative is presented with a written request by one or more but less than fifty (50) members, and if the request sets forth with particularity the wording of the proposed change and the time that it is to become effective, the Board of Trustees may, but shall not be obligated to, waive the foregoing petition requirement and cause such proposed change to be noticed and acted upon; PROVIDED FURTHER, the Board of Trustees shall not cause any proposed By-Law change to be noticed or acted upon, or permit any amendment to a proposed By-Law change to be acted upon, if it determines that such, if adopted, would be illegal or a legal nullity.

ARTICLE XIII INDEMNIFICATION

Section 13.01 - Indemnification of Officers, Trustees, Employees and Agents. (a) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he/she is or was a Trustee, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a Trustee, officer, employee or agent of another Cooperative, corporation, partnership, joint venture, trust or other enterprise, for all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him/her in connection with such action, suit or proceeding, if he/she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful; PROVIDED, HOWEVER, that such indemnity shall not include any expenses incurred by any such person in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Cooperative, except as provided by law.

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

(c) The indemnification provided hereinabove shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-Law, agreement, vote of members or disinterested Trustee or otherwise, and shall not in any way limit any right which the Cooperative may have to make different or further indemnifications with respect to the same or different persons or classes of persons, and as provided by law.

(d) The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of any such person, Trustee, officer, employee or agent, and shall be in addition to all other rights to

which such person may be entitled as a matter of law.

Section 13.02 - Liability Insurance. The Cooperative may purchase and maintain, at the discretion of its Board of Trustees, policies of liability insurance, with the premiums therefor paid by the Cooperative, and covering such of its Trustees, officers, employees or agents, or any of them, and securing them against liability as provided in this Article.

Section 13.03 - Procedure Policy. The Board of Trustees of the Cooperative may adopt, by resolution, a policy not inconsistent with the provisions of this Article and in accordance with law, for the purpose of establishing procedure and guidelines for determination of any person's right to indemnification.