

Bylaws of Grayson Rural Electric Cooperative Corporation

ARTICLE I MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any natural person, firm, association, corporation or body politic or subdivision thereof will become a member of Grayson Rural Electric Cooperative Corporation (hereinafter called the "Cooperative") upon receipt of electric services from the Cooperative, provided that he, she or it has first:

- (a) made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Cooperative's Articles of Incorporation, bylaws, and all rules, rate schedules and regulations adopted by the Board of Directors pursuant thereto (the obligation embraced such agreement being hereinafter called "membership obligations"), as all the same shall then exist or may thereafter be duly adopted or amended by the Board of Directors.
- (d) Paid the membership fee together with any service security deposit, service connection deposit or fee, facility extension fee or contribution in aid of construction (hereinafter referred to as other deposits or fees) that may be required by the Cooperative, which membership fee and other deposits or fee shall be refunded in the event the application is denied by the Board.¹ Provided, however, that the Board of Directors may, by resolution, deny an application and refuse to end 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; provided further, however, that any person whose application, for 60 days or longer, has been submitted, but not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may, by filing written requests therefore with the Cooperative at least 30 days prior to the next meeting of the Board of Directors, have his application submitted to and approved or disapproved by the vote of the Directors at such meeting.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferrable, except as provided in these bylaws.

Upon death of a member the membership may be transferred to the surviving spouse provided the surviving spouse requests such transfer and the transfer is not a violation of the deceased's Will. (Amended 1/26/96)

SECTION 2. JOINT MEMBERSHIP. A husband and wife may apply for a joint membership, both spouses must sign the completed application, and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect 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;
- (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;
- (h) Neither will be permitted to have any additional service connections except through their one joint membership. (Amended 1/26/96)

SECTION 3. CONVERSION OF MEMBERSHIP.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the Board. (Amended 1/26/96)
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. However, the estate of the deceased shall not be released from any debts due the Cooperative. (Amended 1/26/96)

¹ The word(s) "board" or "board members" used herein to refer to the board of directors.

SECTION 4. 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 application for membership, and shall pay therefore at rates which shall from time-to-time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time-to-time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. (Amended 1/26/96)

A member may have more than one (1) bill for electric service monthly. Any payment for electric service that does not specify a specific account number to be paid shall be prorated proportionately to all existing accounts, currently receiving service under that membership, based upon the outstanding balances due at the time payment is received, with the exception that all past due balances shall be credited up to the amount of the payment. Any remaining credit shall then be prorated to any current balances due. (Amended 6/21/85)

SECTION 5. TERMINATION OF MEMBERSHIP.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, bylaws or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be cancelled by resolution of the Board.

(b) Termination of membership in any manner shall not release a member or his estate from

any debts due the Cooperative. (Amended 1/26/96.)

(c) 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. (Amended 9/24/82)

SECTION 6. ACCESS TO LANDS AND PREMISES. In order to obtain electric service, and without being paid compensation therefore, each member shall grant and give to the Cooperative free access onto his, her or its lands and premises for the purpose of placing, locating, building, construction of, operations of, replacing, rebuilding, relocating, repairing, improving, enlarging, extending and maintaining on, over or under such lands and premises, or removing therefrom its electric distribution system, new or existing lines, wires, poles, anchors and other necessary appurtenant parts thereof. The Board of Directors may expel from membership and/or discontinue or refuse electric service to any member who fails or refuses to comply with the provisions of this bylaw. (Amended 1/26/96)

SECTION 7. SERVICE TO NON-MEMBERS. The Cooperative shall render service to its members only; provided, however, that service may be rendered with Board approval upon the same terms and conditions as are applicable to members, to governmental agencies and political subdivisions, and to other persons not in excess of ten per centum (10%) of the number of its members; and provided further, that should the Cooperative acquire any electric facilities dedicated or devoted to the public use it may, for the purpose of continuing service and avoiding hardship and to an extent which together with all other persons served by the Cooperative on a non-member basis shall not exceed forty per centum (40%) of the total number of persons served by the Cooperative, continue to serve the persons served directly from such facilities at the time of such acquisition without requiring that such persons become members; and provided further that such non-members shall have the right to become members upon nondiscriminatory terms. (Amended 1/26/96)

**ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS**

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after:

- a) All debts and liabilities of the Cooperative shall have been paid, and;
- b) All capital furnished through patronage shall have been retired as provided in these bylaws, 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, or, if the Cooperative shall not have been in existence for such period, during the period of its existence. (Amended 9/24/82)

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of members shall be exempt from execution or other liability for the debts of the Cooperative and no members shall be 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 during the month of May, June or July of each year, at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purposes of announcing the election of board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Cooperative. In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the Chairman in any media of general circulation or broadcast serving the area. (Amended 1/26/96)

SECTION 2. SPECIAL MEETINGS. Special meeting of the members may be called by resolution of the Board, by the Chairman, or by thirty per centum or more of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Such a meeting shall be held at the Cooperative headquarters at 109 Bagby Park, Grayson, Kentucky, not sooner than sixty days after the call for such a meeting is made or a petition therefore is filed, and beginning at such hour as shall be designated by

him/her or those calling or petitioning for the same. (Amended 1/26/96)

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than forty-five days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in the Kentucky Living magazine. 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 postmarked at least ten days prior to the meeting date. 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. (Amended 12/21/94)

SECTION 4. QUORUM. Quorum shall be 50 members, present and in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice. (Amended 4/23/98)

SECTION 5. 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 shall be decided by a vote of a majority of the members voting thereon in person, except that voting for members of the Board of Directors shall be by mail in accordance with Article IV of these bylaws. The vote of a member who is a firm, association, church, school, corporation or body politic, shall be cast by the ranking officer of such member, unless such member shall have elected another person to represent it at such meeting. Such officer or representative shall at said meeting present at the registration desk either credentials of his authority or sign a statement that he is the authorized officer or representative. Members may not cumulate their votes. Voting by proxy is prohibited by these bylaws. (Amended 12/21/94)

Each member at an annual meeting or other duly called meeting shall be required to present identification to the duly designated employees of the Cooperative in charge of the membership roster. After it is ascertained that he, she or it is a member in good standing, official identification credentials indicating same will be issued. Only those persons identifying themselves by the use of proper credentials may vote. (Amended 9/16/88)

SECTION 6. ORDER OF BUSINESS. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon;
4. Presentation and consideration of report of officers, trustees and committees;
5. Report on the election of board members;
6. Unfinished business;
7. New business;
8. Adjournment.

No proposal shall be voted upon at the annual meeting unless it has been placed on the agenda at least forty days prior to such meeting. Any legitimate proposal may be placed on the agenda by any member by filing a copy of the proposal with the secretary within the time allowed, with a request that it be submitted to the annual meeting for consideration. (Amended 12/21/94)

SECTION 7. PARLIAMENTARY PROCEDURES. Unless otherwise directed by the Board prior to the membership meeting or meetings, Roberts Rule of Order shall apply. (Amended 9/24/82)

ARTICLE IV BOARD MEMBERS

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of not less than five (5) nor more than seven (7) members, 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. (Amended 3/22/19)

SECTION 2. ELECTION AND TENURE OF OFFICE. The persons named as Directors in the Articles of Incorporation shall be elected at the annual meeting of the members in the year 1951 by and from the members. These elected directors shall serve on the staggered term basis as three directors shall serve one year, two directors shall serve two years and two directors shall serve three years. The elected directors of 1951 shall decide which directors will serve the different terms. Thereafter each director elected shall serve a term of four (4) years. At the time specified herein each year no more than two (2) directors shall be elected by mail ballot by and from the members to serve for a period of four (4) years or until successors shall have been elected and qualified. Two of said directors shall be elected from Greenup and/or Lewis Counties and two of said directors shall be elected from Elliott County and one of said directors shall be elected from Carter County and one of said directors shall be elected from Rowan County and one of said directors shall be elected from Lawrence County. (Amended 8/28/03)

Beginning in the year 2004, one director shall be elected from Lawrence County and one director shall be elected from Elliott County. In 2005, two directors shall be elected from Greenup and/or Lewis Counties. In 2006, a director will be elected from Carter County, one director will be elected from Elliott County and one director will be elected from Rowan County. Every fourth year will be a vacant election year. This will establish director rotation beginning in 2004 as allowed by Legislative action in July 2003. (Adopted 8/28/03)

Only members with service located in the county from which a director is to be elected will be eligible to vote. (Amended 12/18/98)

No one county of the counties served by the Cooperative may have more than two (2) directors on the Board of Directors at any one time. The results of such elections shall be reported at each annual meeting of members. (Amended 5/29/98)

SECTION 3. QUALIFICATIONS. Any person who desires to be eligible to become or remain a board member of the Cooperative must:

- (a) be a member of the Cooperative;
- (b) be a natural person;
- (c) reside on Grayson RECC lines in the county from which he or she is seeking election and be a resident of that county as of January 1 of the year in which he or she is seeking election; and remain a member and resident of that county for the entire length of his or her term. (Amended 4/24/03)(Amended 3/22/19)
- (d) not be in any way, employed by the Cooperative nor in the past have been

employed by the Cooperative, nor financially interested in a competing enterprise or a business selling electric energy, or business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;

- (e) not be a close relative of an incumbent director or of an employee of the Cooperative. A "close relative" is defined as either a spouse, child, parent, brother or sister of the principal;
- (f) be of the age of majority as determined by the law of the Commonwealth of Kentucky;
- (g) not be employed by East Kentucky Power Cooperative, or any member Cooperative of East Kentucky Power Cooperative or a competing utility company;
- (h) not holding an elective public office of any governmental body or political subdivision thereof for which he or she shall receive a salary for serving; (Amended 09/27/96) (Amended 07/23/10)
- (i) sign and acknowledge receipt of an agreement with the Cooperative's Confidentiality and Non-Disclosure Agreement; (Amended 7/22/11)
- (j) be required to and therefore able to represent the membership on an impartial basis for the good of and in the best interests of the COOPERATIVE while meeting the standards set forth in the Cooperative's Administrative Guidelines regarding good credit and having no more than two (2) delinquent payments during the past year and not being on the delinquent list at all with no returned checks. (Amended 07/22/11)

Notwithstanding the foregoing provisions of (c) above regarding close relative relationships, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he/she becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board. (Amended 1/26/96)

SECTION 4. NOMINATIONS. An incumbent director may choose to seek re-election and must notify the full Board of his/her intentions to do so in writing, no

later than 120 days prior to the date set for the Annual Meeting. (Adopted 6/27/02)

If a Director chooses not to seek re-election, it shall be the duty of the Board of Directors to appoint, not less than ninety (90) days nor more than one hundred and twenty (120) days before the date of the Annual Meeting of the members, a committee on nominations consisting of not less than three (3) nor more than five (5) members who shall be selected from the county or counties in which the election is to be held. No member of the Board of Directors nor any employee or former director or former employee may serve on the Nominating Committee. The Cooperative Legal Counsel will conduct the business of the meeting and act as advisor to the committee. It shall be the responsibility of the committee on nominations to select candidates to run for the office of director to fill the vacancy caused by the expiration of director's terms. The committee on nominations shall prepare and post its nominations in a conspicuous manner in the lobby of the Cooperative's Headquarters Building not less than forty (40) days prior to the date set for the annual meeting, at which the election of directors shall be announced. (Amended 6/27/02)

If an incumbent Director stands for re-election, his/her name shall also be posted in the lobby of the Cooperative's Headquarters Building not less than sixty (60) days prior to the date set for the annual meeting, at which the election of directors shall be announced (Amended 6/27/02) (Amended 06/22/05)

Any member who intends to become a candidate for the Board of Directors of GRECC shall make a written declaration on such forms as are supplied by the Cooperative, of his or her intention to seek a seat on the Board of Directors. Said forms shall be obtained by the member from the office of the President & CEO of GRECC and shall be completed and returned to Headquarters by January 15 of the year in which said person seeks election to the Board. Upon completion of said declaration form, the candidate shall receive from the office of the President & CEO a packet of information containing board policies, copy of the Cooperative Bylaws, and timeline for the election procedure deadlines, and official nominating petition. The only nominating petition authorized to be used by a potential candidate is the petition issued by the office of the President & CEO. This Bylaw shall be effective with the election year of 2009. (Adopted 02/20/08)

Any two hundred (200) or more qualified members from the county/counties from which a director is to be elected may, by official Cooperative petition, make other nominations from the membership for the office of director. Any petition shall bear the date of the signature of all petitioners which in no event shall be more than one hundred twenty (120) days prior to the date fixed for the

annual meeting. (Amended 6/27/02) (Amended 02/20/08)

Petitions by qualified members nominating candidates for the office of directors shall be filed with the secretary of the Cooperative or the office of the President & CEO not later than seventy five (75) days prior to the date set for the annual meeting. Such filing will be deemed legitimate if said petition(s) are delivered to the Secretary of the Board of Directors or the office of the President & CEO either by certified mail or by hand by the date set forth in these bylaws. If after examination by the duly appointed Provost and the Cooperative's legal counsel, said petition or petitions meet the requirements of the bylaws, Articles of Incorporation and the laws of the Commonwealth of Kentucky, the results of said nominating petitions shall be posted in a conspicuous manner in the lobby of the Cooperative's Headquarters Building not less than sixty (60) days prior to the date set for the annual meeting. (Amended 11/24/99) (Amended 06/22/05) (Amended 02/20/08)

Only actual members of record at the close of business thirty (30) days prior to the scheduled annual meeting date are qualified for the purpose of voting in the election of the directors or voting on any matter properly presented at the meeting of the members. (Amended 1/26/96)

Should the committee on nominations nominate only one candidate to run for the office of director to fill each vacancy caused by the expiration of director's terms in accordance with Article IV, Section 4, of these bylaws and should no candidate be nominated from the membership by written or printed petition as set forth in Article IV, Section 4, of the bylaws, then the secretary of the Board shall certify to the Board that no petition has been filed pursuant to the bylaws and that the candidates nominated by the committee on nominations are therefore officially without opposition; thereupon, the candidates nominated by the committee on nominations shall be deemed elected to the Board without the necessity of mailing official ballots through United States mail and following the election procedures as set forth in these bylaws and the secretary of the Board will so announce or cause to be announced at the Annual Membership Meeting candidates elected to the Board of Directors. All of the remaining provisions of Article IV not in conflict herewith shall remain in full force and effect. (Amended 6/24/77)

It shall be the duty of the Chairman of the Board of Directors to appoint a Provost to take charge of Director Elections. He/she shall be a certified public accountant, licensed by the Commonwealth of Kentucky and shall be responsible for all duties regarding said elections, including telling of nomination petitions. Said duties shall be as follows: (Amended 12/18/98)

1. The provost will examine and audit the petitions filed by candidates for the office of director to determine if the petition or petitions comply with the requirements of the Kentucky Revised Statutes, the Articles of Incorporation and these bylaws. (Amended 12/18/98)
2. The provost is granted the power and authority to pass upon and determine the validity of each of the signatures and addresses on the petition or petitions to determine if those signing are qualified members in good standing at the Cooperative and entitled to vote in the election of directors. (Amended 12/18/98)
3. If the provost disapproves a signature and/or address on a petition or petitions, he shall list same in writing giving the reason or reasons why said signature and/or address was not approved. (Amended 12/18/98)
4. The provost shall determine if the required number of qualified voting members have signed the petition or petitions after having deducted from the petition or petitions the names disapproved by the provost because the names and/or addresses on said petition or petitions fail to comply with the Kentucky Revised Statutes, the Articles of Incorporation of the Cooperative and the bylaws. If the petition or petitions do not contain the signatures and addresses of the required number, then the provost shall not certify to the secretary of the Cooperative the name or names of the candidates on said petition or petitions to be placed upon the Official Ballot. (Amended 12/18/98)
5. The provost shall certify to the Secretary of the Board of Directors the names of the candidates nominated by petition or petitions to be placed on the official ballot. The provost shall have responsibilities and duties regarding nominating petitions as well as votes and the counting of votes as set out hereinafter. The provost shall oversee preparation of a printed ballot of those persons duly nominated either by the committee on nominations or by nominating petition, and/or incumbent directors who seek re-election. The printed ballots shall list separately persons nominated by the nominating committee, persons nominated by petition, or incumbent directors who seek re-election. Qualified candidates shall be listed in alphabetical order and labeled in such a manner as to note which candidates appear on the ballot as incumbent, nominated by the committee on nominations, or nominated by petition. (Amended 6/27/02)
6. In computing any period of time prescribed or allowed by these bylaws, the day of the act, event

or date after which the designated period of time begins to run is not included. The last day of the period so computed is to be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period runs until the end of the next day which is not a Saturday, a Sunday or a legal holiday.

It shall also be the duty of the provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records. Ballots will be mailed not less than fourteen (14) days prior to said annual meeting. Only members whose membership is listed in the county from which a director is to be elected will be eligible to vote. Results of said election will be announced at the Annual Membership Meeting. (Amended 07/22/04)

The official ballot shall be inscribed with instructions by the provost of the Cooperative as to how many candidates may be voted for on each official ballot by the members and with instructions that all official ballots must be returned to the Cooperative only by U.S. mail and received by the Cooperative not later than 9:00 a.m. on the morning of the third (3) day prior to the said annual meeting. (Amended 11/24/99)

SECTION 4A. COUNTING OF BALLOTS. The provost shall take charge of director elections and shall count the ballots as expeditiously as may be possible following the placement in his hands of said ballots. During the counting of the ballots no persons other than the provost or the candidates or their duly authorized representative may be present in the counting room other than the President & CEO of the Cooperative, Cooperative Legal Counsel and any other Cooperative personnel the provost deems necessary to assist with the counting of the ballots. After the ballots have been duly counted the result of such election shall be announced at the subsequent annual meeting of the members. (Amended 1/26/96)

The following ballots shall not be counted:

1. A ballot marked for a greater number of candidates than there are vacancies to be filled;
2. Ballots other than the Official Ballot;
3. Ballots not received through the United States mail;
4. Ballots received by the Cooperative after 9:00 a.m. on the morning of the third day prior to the date of annual meeting; (Amended 11-24-99)
5. Certification on outer envelope not signed by member; or authorized agent. (Amended 12/18/98)
6. Ballots from members voting more than one ballot, and the reason for rejection shall be noted thereon and placed in the ballot box containing rejected ballots. (Amended 1/26/96.)

These duties of the provost regarding votes and counting shall be as follows:

1. No later than 10:00 a.m. on the morning of the third day prior to the annual meeting of the members the provost shall remove the ballots from the ballot box and examine each ballot to ascertain if the ballot has been voted in accordance with the rules as outlined on the ballot under instruction for voting and these bylaws.
2. Any and all official ballots which are deemed invalid by the provost for reasons set forth in the aforementioned rules or these bylaws shall not be counted and shall immediately be placed in a ballot box for rejected ballots and shall be retained by the provost of the Cooperative in safekeeping until sixty (60) days after the date of the completion of the counting of the ballots.

When the ballot is found to meet the requirements as set out in the instruction for voting and is in conformity with the provisions and requirements of these bylaws, said ballot shall be declared an official ballot and all valid votes cast thereon shall be tabulated.

If the counting of the official ballots has not been completed at the time of adjournment of the counting, all official ballots, counted and uncounted, shall be safely kept by the provost until the counting of official ballots has again begun by the provost and this procedure shall continue until all valid official ballots have been counted and tabulated.

For safekeeping all official and valid ballots which have been counted shall be placed in the hands of the provost for (60) days from the date of the completion of the official counting and tabulation.

The provost shall promptly upon completion of the counting of the membership votes, certify in writing to the secretary of the Cooperative the names of the candidates and the votes received by each and shall also certify the names of the candidates receiving the highest number of votes taking into account the number of vacancies to be filled and the fact that no more than two (2) directors may be residents of the same county at any one time as having been elected directors by the membership.

In the case of a tie, this fact shall be certified in writing by the provost to the secretary of the Cooperative. The tie shall be broken and winner determined by a coin toss conducted by Cooperative Legal counsel. If a candidate requests a recount or contests the election results, he or she shall submit a written request to the Cooperative's Legal Counsel before noon of the next business day. A detailed explanation for the request must be included. The decision of the Cooperative's Legal Counsel shall be final. (Amended 11/24/99)

SECTION 5. REMOVAL OF BOARD MEMBER BY MEMBERS. Any member may bring charges for

cause against a board member and, by filing with the secretary a written statement of the specifics of each charge together with a petition signed by at least ten per centum (10%) of the members or 500, whichever is the lesser, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which the charges are to be considered and shall have opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the member or members bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. (Amended 12/21/94)

SECTION 6. VACANCIES. Subject to the provisions of these bylaws with respect to the filling of vacancies created for any reason, a vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term. (Amended 12/18/98)

SECTION 7. COMPENSATION. Directors shall not receive any salary for their services as directors, except that by resolution of the Board of Directors a fixed sum and actual expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, each committee meeting attended by them officially, each NRECA Regional or National Meeting and for each day spent attending any other activity of interest to the Cooperative so designated by Board resolution. No director shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members of the service of such director or close relative shall have been certified by the Board of Directors as an emergency measure. (Amended 3/26/65)

SECTION 8. INSURANCE. The Board of Directors shall have power to purchase and maintain insurance on behalf of any person who is a director, officer, employee or agent of the Cooperative. The Board of Directors shall have the power to maintain any liability insurance necessary for the protection of the Cooperative or any person who is serving at the request of the Cooperative as a director, officer, employee, or agent of another corporation against any liability asserted against him and

incurred by him in any such capacity or arising out of his status as such. (Amended 1/30/76)

SECTION 9. INDEMNIFICATION OF OFFICERS, DIRECTORS, 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 (other than by an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative or who is or was serving at the request of the Cooperative as a director, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgements, fines and amount paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, has no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.
- (b) 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 or suit by, or in the right of, the Cooperative to procure a judgement in its favor by reason of the fact that such person is, or was, a director, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a director, officer, employee or agent of another Cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a

manner such person reasonably believed to be in, or not opposed to the best interest of the Cooperative, and except that no indemnification shall be made 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 the duty of such person to the Cooperative, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

- (c) To the extent that a director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Paragraphs (a) and (b), in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fee) actually and reasonably incurred by such person in connection therewith.
- (d) Any indemnification under Paragraphs (a) and (b), unless ordered by a court, shall be made by the Cooperative only as authorized in the specific case, upon determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Paragraphs (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs by independent legal counsel in a written opinion or, (3) by the members.
- (e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative, as authorized in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors, or otherwise, both as to action in his official capacity and as

to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a director, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article. (Adopted 1/28/83)

ARTICLE V MEETINGS OF BOARD

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board shall be held without notice, within 24 hours or as soon as practical, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. (Amended 1/26/96)

SECTION 2. SPECIAL MEETING. Special meetings of the Board may be called by the Chairman or by any three board members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or board members calling the meeting shall fix the time and place for the holding of the meeting. (Amended 1/26/96)

SECTION 3. NOTICE OF BOARD MEETING. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board 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 chairman or the board 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 member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting. (Amended 1/26/96)

SECTION 4. QUORUM. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present, the Board may adjourn the meeting from time-to-time; and provided further, that the secretary shall notify any absent board members 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 these bylaws. (Amended 12/21/94)

ARTICLE VI OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be chairman, vice-chairman, secretary, treasurer, 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. (Amended 12/21/94)

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board 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 following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office may be filled by the Board for the unexpired portion of the term. (Amended 12/18/98)

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby. (Amended 9/24/82)

SECTION 4. CHAIRMAN. The chairman shall:

- (a) be the principal executive officer of the Cooperative and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other office 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 from time-to-time.
(Amended 1/26/96)

SECTION 5. VICE CHAIRMAN. In the absence of the chairman, or in the event of his inability or refusal to act, the vice-chairman shall perform the duties of the chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the chairman. The vice-chairman shall also perform such other duties as from time-to-time may be assigned to him by the Board. (Amended 4/30/96)

SECTION 6. SECRETARY. The secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative 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;
- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto any member upon request; and
- (f) 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 by the Board;
- (g) forward all amendments to bylaws to each member at Cooperative's expense. (Amended 4/26/96)

SECTION 7. 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 receipt for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; 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 by the Board. (Amended 9/24/82)

SECTION 8. PRESIDENT & CHIEF EXECUTIVE OFFICER (CEO). The Board may appoint a president and chief executive officer (CEO) who shall be required to be a member of the Cooperative and reside in the Cooperative territory or become a member and reside within the Cooperative territory within ninety (90) days after becoming employed as president and chief executive officer. (Amended 12/21/94)

SECTION 9. BONDS OF OFFICERS. The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its fund or property shall be bonded in such sum and with such surety as the Board shall determine. The Board 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. (Amended 9/24/82)

SECTION 10. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these bylaws with respect to compensation for a board member and close relatives of the board member. (Amended 9/24/82)

SECTION 11. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT CORPORATION

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. (Amended 4/24/64)

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in

excess of operating costs and expenses properly chargeable against the furnishings 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 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 upon request make available for inspection to any patron their ledger sheet showing the amount of capital credited to the 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. (Amended 9/16/77) Capital credits shall first be applied against any outstanding indebtedness owed by the member to the Cooperative. (Amended 10/22/15)

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as 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 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 Directors 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. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method and type of retirement. (Amended 3/23/90)

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 patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Any capital credit refunds appropriated under these bylaws shall first be applied against the settlement of estates of deceased members. (Amended 10/22/15)

If the legal representative(s) of a deceased member's estate shall request in writing that the capital credited to the account of the deceased patron be paid, the Board of Directors, acting under such terms and conditions of these Bylaws and the policies of general application, shall approve the payment of capital credits assigned at the time of the application to the estate of the deceased member. However, the financial condition of the Cooperative must not be impaired thereby. Capital credits shall first be applied to any indebtedness of the Member. No account can be left in the name of the deceased member. Any additional capital credits assigned to a deceased member's account shall be paid when the next yearly margin is assigned in March or April of the following year, at the discretion of the Board. (Amended 10/22/15)

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. (Amended 4/24/64)

SECTION 3. PATRON'S REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES. In the event that the Cooperative should engage in the business of furnishings goods or services with other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property other than:

- (a) property which in the judgement of the Board of Directors, neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities, provided, however, that all sales of such property shall not in any one (1) year

exceed in value ten per centum (10%) of the value of all the property of the Cooperative;

- (b) services of all kinds, including electric energy;
- (c) personal property acquired for resale; and
- (d) merchandise;

unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, lease or otherwise disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenue and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative; provided further that the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another rural electric cooperative. (Amended 12/18/71)

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Kentucky". (Amended 9/24/82)

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided in these bylaws, the Board 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. (Amended 9/24/82)

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 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. (Amended 9/24/82)

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 may select. (Amended 9/24/82)

SECTION 4. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Utilities Services of the United States of America 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. (Amended 12/21/94)

SECTION 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of not less than two-thirds (2/3) of the directors at any regular or special meeting. (Amended 1/27/89)

SECTION 2. WAIVER OF NOTICE. Any member or board member may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened. (Amended 9/24/82)

SECTION 3. POLICIES, RULES AND REGULATIONS. The Board shall have power to make and adopt such policies, rules 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. (Amended 9/24/82)

SECTION 4. ACCOUNT SYSTEM AND REPORTS. The Board 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 conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board 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. (Amended 12/21/94)

SECTION 5. AREA COVERAGE. The Board shall make diligent effort to see that electric service is extended to all 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. (Adopted 9/24/82)

ARTICLE XII AMENDMENTS

The bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the directors at any regular or special meeting, provided a notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Notwithstanding any other provisions of these bylaws, an affirmative vote of at least two-thirds (2/3) of the membership shall be required to alter, amend or repeal Article VIII - DISPOSITION OF PROPERTY or Article XII - AMENDMENTS. (Adopted 9/24/82)