

# **JACKSON ENERGY COOPERATIVE**

## **BYLAWS**

### **ARTICLE I: MEMBERSHIP**

#### **Section 1. Requirements**

Any person, partnership, association, corporation, body politic, or political subdivision thereof may become a member of the Cooperative provided that he:

- a. Applies in writing or electronically utilizing a membership application supplied by the Cooperative;
- b. Agrees to purchase electricity or any other service from the Cooperative as stated in these Bylaws;
- c. Agrees to be bound by the Articles of Incorporation, Bylaws, the provisions of the membership application, the Cooperative's tariffs and regulations and all other rules of the Cooperative; and
- d. Has the legal capacity to enter into a binding contract.

No person, partnership, association, corporation, body politic, or subdivision thereof may have more than one membership in the Cooperative, regardless of the number of accounts or service connections the member has with the Cooperative.

#### **Section 2. Joint Membership**

Any two adult individuals occupying the same location may apply for and hold a joint membership in the Cooperative, regardless of whether one or both sign the Application for Membership as referred to in Section 3 of this Article. Any provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. With respect to the holders of a joint membership:

- (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) If more than one joint member votes on a matter, then the first vote received by the Cooperative binds the joint membership and constitutes one vote;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;

- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either, but not both, may be elected or appointed as an officer or board member, provided that the individual elected or appointed meets the qualifications of such office; and
- (i) Upon the death of either joint member, such joint membership shall be held solely by the survivor. Provided, however, the Estate of the deceased shall not be released of any debts due the Cooperative.

**Section 3. Application**

Membership in the Cooperative will be considered by the Board of Directors upon submission by the applicant of an application, either written or electronic, which will be supplied by the Cooperative, the terms and provisions of which are subject to change from time to time by the Board of Directors. The membership application is intended to and will constitute a contract between the applicant and the Cooperative. The Board of Directors may deny membership to an applicant for good cause as defined and found by the Board of Directors.

The Cooperative may allow an applicant to receive electric or other service even though an application has not been submitted or approved, provided that an application is submitted and approved within a reasonable time after service begins.

**Section 4. Membership Fees and Deposits**

All applicants shall pay a membership fee in order to become a member of the Cooperative. The amount of the fee will be set by the Board of Directors. Members of the Cooperative are subject to the imposition of other fees, including, without limitation, interest, penalties, re-connection fees, extension fees, service charges, attorney fees and court costs incurred to collect amounts owed on any account with the Cooperative.

**Section 5. Provision of Electricity and Other Services**

The Cooperative shall use reasonable diligence to furnish members with adequate and dependable electric service. The Cooperative does not guarantee a continuous and uninterrupted supply of electricity or other services. The Cooperative is not liable for damages, costs, or expenses caused by inadequate or fluctuating electricity or other services unless such damages, costs, or expenses are caused by the gross negligence or willful misconduct of the Cooperative.

The Cooperative may use equipment to measure, collect, maintain, transmit, communicate and store the quantity or quality of electric energy used by a member and other data or information regarding a member's use of electricity. The Cooperative may use, disclose and transfer usage information if reasonably related to providing electricity,

or if reasonably related to protecting against or responding to death, personal injury or property damage.

## **Section 6. Purchase of Electricity and Other Services**

Each member shall purchase from the Cooperative all electric power and energy purchased for use on all premises to which electric service is furnished by the Cooperative, unless the Board of Directors shall waive such requirement. Production of electricity or other energy by a member by facilities to be interconnected with Cooperative facilities shall be subject to tariffs on file with the Kentucky Public Service Commission and other applicable law, as well as regulations as shall be fixed by the Board of Directors, and in any event, all such interconnection facilities are subject to inspection by the Cooperative and must meet all applicable safety codes and regulations.

## **Section 7. Termination of Membership**

A member may withdraw from the Cooperative upon terms and conditions as specified by the Board of Directors.

The Board of Directors may expel a member by the vote of not less than two-thirds of the members of the Board of Directors for any of the following reasons:

(a) Failure to comply with the Bylaws or any other rules and regulations adopted by the Board of Directors;

(b) The Cooperative's equipment used to provide service to the member has been tampered with, altered, interfered with, damaged or impaired;

(c) The member's equipment that is connected to the Cooperative's equipment adversely impacts the Cooperative's ability to safely, reliably and efficiently operate the Cooperative;

(d) An imminent hazard is posed to the Cooperative's equipment by the member's equipment; or

(e) Failure to pay when due an undisputed amount due to the Cooperative.

Before such expulsion, the member is entitled to a hearing before the Board of Directors, if requested by the member in writing within 30 days of the termination of service. An expelled member may be reinstated by the Board of Directors by a majority vote.

Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of that member will terminate. Upon termination of membership, a member is no longer entitled to purchase electric power and energy from the Cooperative. Termination of membership does not release the member or his estate from any debts owed to the Cooperative.

## **Section 8. Wiring of Premises, Damage to Cooperative Property**

Each member is responsible for ensuring that his or her premises are wired in accordance with the specifications of the Cooperative, the National Electric Code and any other applicable laws and regulations. Each member shall ensure that his or her electrical equipment and wiring do not adversely impact the Cooperative's ability to safely, reliably and efficiently operate the Cooperative or provide service to other members. Each member shall be responsible for and shall indemnify the Cooperative and its contractors against death, injury, loss, or damage resulting from any defect in or improper use or maintenance of the premises and any wiring connected thereto. Each member shall make available to the Cooperative a suitable location for the placement of Cooperative facilities, such as meters, and the member shall permit the Cooperative and its contractors access to such facilities at all times without interference.

Members shall refrain from causing damage to or otherwise interfering with the Cooperative's facilities in any way, and shall use best efforts to prevent others from doing so. In the event of damage to Cooperative facilities, the member or any other person on the premises shall indemnify the Cooperative and its contractors against death, injury, loss, or damage resulting from the member's negligence.

## **Section 9. Access to Member Property**

Without compensation, each member shall grant to the Cooperative an easement, in writing, providing free, safe and reliable access onto his or her land or premises for the purpose of placing, locating, building, constructing, operating, replacing, rebuilding, relocating, repairing, improving, enlarging, extending, and maintaining on, over, or under such land or premises, or removing there from its electric distribution or other system or facilities, such as lines, poles, wires, anchors, and other facilities. In addition, each member shall grant the Cooperative any additional access to his or her premises as may be reasonably required by the Cooperative to accomplish the above-stated purposes, including, without limitation, inspection of the Cooperative's meter and the member's equipment. The Board of Directors, after a hearing upon request of the member, may expel any member or discontinue service to any member who fails or refuses to comply with this Bylaw.

## **Section 10. Rights and Liabilities of Members**

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

# **ARTICLE II: MEMBER MEETINGS**

## **Section 1. Annual Meeting**

There will be a meeting of the members once per calendar year at a time and place set by the Board of Directors. The meeting will be held in a county served by the Cooperative. The purpose of the annual meeting will include passing upon financial

reports, the election of directors, if applicable, and such other business as the Board of Directors shall designate.

In the event of an emergency or other extraordinary reason, the Board of Directors may cancel the annual meeting and provide notice and reason for the cancellation to the members via the Cooperative's web page. Reports of the Cooperative's prior fiscal year and other relevant reports of Officers, Directors and Committees may be posted on the web page. If cancellation occurs in a year where a Board of Directors election is to be held, the terms of all Directors shall be extended for one year.

Failure to hold the annual meeting at the designated time and place or in a particular year due to emergency shall not nullify any action taken thereafter by the Cooperative or work a forfeiture or dissolution of the Cooperative.

## **Section 2. Special Meeting**

A special meeting of the members may be called by the Board of Directors upon a majority vote, or by a written request of ten percent or more of the members or for any other purpose stated in the Bylaws. The Secretary shall cause notice to be sent to the members as set forth in section 3.

## **Section 3. Notice of Member Meetings**

A notice stating the place, date, and time of the meeting, and if required, the purpose for which the meeting is called, shall be delivered to the members in a manner reasonably calculated to reach the members, which may, but is not required to, include publication in the Kentucky Living Magazine.

The notice shall be delivered to members not less than five (5) and no more than forty (40) days prior to the date of the meeting. Notice shall be deemed delivered when it is mailed to the address of the member stated in the Cooperative's records, or when the notice however delivered, is received.

## **Section 4. Quorum**

A quorum for the transaction of business at a member meeting shall be the lesser of one half of one percent of the total number of members as reflected in the Cooperative's records, or fifty (50) members.

If less than a quorum is present at any meeting, a majority of members present may without further notice adjourn the meeting to another time and date not more than forty-five days later, provided that the Secretary shall notify any absent members of the time, date, and place of such meeting by delivering notice to the members as set out in these Bylaws.

## **Section 5. Voting**

Each member is entitled to one vote upon each matter submitted to a vote at a member meeting. All matters shall be decided by vote of a majority of the members,

unless otherwise provided in the Bylaws, Articles of Incorporation, or other law. With respect to joint memberships, the name and social security number of a joint member must be on file in the Cooperative's records to entitle that joint member to vote. Non-individual entities, such as corporations, churches, and unincorporated associations are entitled to one vote, provided that the entity submits a written statement appointing an individual to vote for the member and that such statement is presented to the Cooperative at the place of voting.

Any member entitled to vote upon a matter may appoint another member to vote in his or her stead by signing and dating a proxy form provided by the Cooperative which must specify the member meeting at which the proxy will vote for the member. A proxy is effective when received by the Cooperative either in advance of or at the member meeting. A proxy is valid for no more than six months. A member proxy may not vote for more than three members. A proxy may not be obtained by fraud or other improper means. As determined by the Cooperative, a member proxy appointment procured through fraud or other improper means is invalid.

All business conducted at a member meeting shall be voted upon in person by the members, with the exception of voting done by proxy.

#### **Section 6. Director Nominations by Committee**

It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days and not more than ninety (90) days before the date of a meeting at which the election of directors will be announced, a Nominations Committee, consisting of nine (9) members of the Cooperative who are not current Cooperative employees, agents, officers, directors or director candidates, or close relatives or members of the same household of current Cooperative employees, agents, officers, directors or director candidates, and who are selected so that each of the Cooperative's director districts are represented. The Committee shall take action based upon a majority of a quorum present at the meeting. A quorum is defined as five (5) or more members of the Committee. The Committee will prepare and post at the Cooperative's principal office at least fifty (50) days prior to the meeting a list of nominations for directors to be elected, listing separately the nominee(s) for each director district. The Committee may include as many nominees as it deems desirable for each district. However, the Committee shall automatically include the incumbent Director as a nominee, unless the incumbent has resigned his position or otherwise informed the Cooperative that he or she does not desire to be nominated.

#### **Section 7. Director Nominations by Petition**

A member may be nominated by a membership petition signed by five hundred (500) or more members. The petition shall be on a form provided by the Cooperative and shall contain each signing member's full name, address, verifiable contact telephone number, account number and signature. If any of these items are missing with respect to a signature, it will not be considered a valid signature and will not be counted toward the five hundred (500) signatures required for nomination by petition. All signatures shall be affixed on the petition within six (6) months of the date it is submitted. The petition must

be submitted to the Cooperative's principal office at least sixty (60) days before the member meeting. The Secretary shall post all qualified nominees by petition in the same way as nominees by Committee.

### **Section 8. Election of Directors**

All voting for candidates for directors shall be exclusively in person voting at the annual meeting, or such other time and place designated by the Board of Directors, with the exception of votes cast by proxy. Each member may cast only one vote for each director district. All members may vote for directors even though the member resides outside the director's district. If a member has multiple accounts, the member is entitled to only one vote. For the holders of a joint memberships, either person, but not both, may cast the vote for that membership.

After the Credentials and Elections Committee has certified the names of the candidates nominated by petition, it shall be the responsibility of that Committee to prepare the ballot to be used at the annual meeting, which shall contain the names of those persons nominated by Committee and by petition. The ballot shall state which candidate was so nominated. The candidates' names will be placed on the ballot in alphabetical order.

The Secretary of the Cooperative shall include with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by Committee and nominations made by petition, if any, and stating the address of each nominee and the director district from which each must be elected, showing clearly those nominated by petition and those nominated by the Nominating Committee.

At each annual meeting, the membership will vote to elect a director for each district open for election in that year, even if there is only one nominee for the director position.

Any objection or protest to the election must be filed in writing at the Cooperative's corporate office to the attention of the Elections and Credentials Committee within three (3) days after the election.

### **Section 9. Credentials and Election Committee**

If there are two or more nominees for a director position, or there are other disputed matters submitted to a vote by the membership, at least thirty days before the member meeting, the Board shall appoint a Credentials and Election Committee, which shall have at least three (3) but no more than five (5) members who are members of the Cooperative, but are not members of the Nominating Committee or current Cooperative employees, agents, officers, directors, or candidates for director, and who are not close relatives or members of the same household of current Cooperative employees, agents, officers, directors, or candidates for director. Prior to the member meeting, the Committee shall elect a chairperson

and secretary. The Board may appoint such a Committee at any other time that it deems desirable.

The Committee shall have the following duties and responsibilities:

a. To examine and audit petitions for the nomination of directors to ensure that such petitions comply with the Bylaws and other rules of the Cooperative and applicable law;

b. To pass upon the validity of the signature, printed names, addresses, telephone numbers, and account numbers on the petitions to determine if those signing are qualified members in good standing with the Cooperative;

c. If a signee to a petition is disapproved, the Committee shall state in writing the reason or reasons for such disapproval;

d. To determine if the required number of members have signed the petition after having deducted from the petition the names disapproved;

e. Upon completion of the examination and audit of any petitions, certify to the Secretary of the Cooperative the name or names of those persons properly nominated by petition, so that those names may be placed on the official ballot;

f. To rule upon any protest or objection to any aspect of the director election as set forth in the Bylaws;

g. To tabulate all votes cast on the official ballot;

h. To establish and approve the manner of conducting member registration;

i. To rule upon the legitimacy of any ballot cast;

j. To rule upon any objections or protests to an election which shall include hearing evidence presented by the challenger to the election results in person, by counsel, or both, and any opposing evidence, within thirty (30) days after the election, which may alter the results of the election, or set the results aside and order a new election at a special meeting.

k. All action taken by the Committee requires a majority vote of a quorum. A majority of the members of the Committee constitutes a quorum.

l. In conducting its business, the Committee may seek the advice of legal counsel, and the assistance of the management and staff of the Cooperative as it sees fit.

## **Section 10. Voting Districts**

The territory served by the Cooperative shall be divided into nine voting districts, with each district to be represented by one director as follows:

District 1: All members in Jackson County residing East and North of Hwy. 421, beginning at the Rockcastle and Jackson County boundary line and running with Hwy. 421 to



its junction with Hwy. 587; thence running East with Hwy. 587 to its junction with Hwy. 1119; thence running South with Hwy. 1119 to its junction with Hwy. 1118; thence Northwest with Hwy. 1118 to its junction with Hwy. 421; thence South with Hwy. 421 to the Clay and Jackson County boundary line.

District 2: All members in Jackson County not residing in District 1.

District 3: All members in Laurel County residing North of Hwy. 1956, beginning at the Laurel and Rockcastle County boundary line and running with Hwy. 1956 to its junction with Hwy. 80; thence running east with Hwy. 80 to the Laurel and Clay County boundary line.

District 4: All members residing in Estill and Powell Counties.

District 5: All members residing in Rockcastle, Lincoln, Garrard, Pulaski, and Madison Counties.

District 6: All members residing in Clay and Leslie Counties.

District 7: All members residing in Owsley and Breathitt Counties.

District 8: All member residing in Lee and Wolfe Counties.

District 9: All members in Laurel County not residing in District 3.

## **Section 11. Agenda**

The Board of Directors shall prepare the agenda for the meeting including items to be voted upon and persons who shall speak at the meeting. Any five hundred (500) members, acting together, may make a proposal to have a legitimate matter placed upon the agenda for voting by written request to the Secretary. The members must submit a petition with their names, signatures, addresses, telephone numbers, and account numbers. No matter shall be voted upon at the meeting unless it has been placed on the agenda at least sixty days prior to the meeting.

If any member or other person who is not listed on the Cooperative's agenda desires to address the membership at the meeting, such person must submit a written request, along with the signatures, names, account numbers, addresses, and verifiable contact telephone numbers of two hundred (200) members, stating the reasons for the request, to the Cooperative at least sixty (60) days prior to the meeting. It is in the discretion of the Board of Directors as to whether to grant the request. The topic to be addressed by the speaker must pertain to Cooperative business and the speaker will be limited to an address of five (5) minutes in length.

Except as otherwise provided by the Board before or at a member meeting, the Chair of the Board or an individual designated by the Chair: (1) shall preside at the member meeting; (2) may remove a person from the member meeting for unruly,

disruptive or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the member meeting.

The Board may establish rules for conducting a member meeting, which rules must be: (1) fair to the members; and (2) communicated to or made available to the members with the Notice of Meeting.

## **Section 12. Order of Business**

The order of business at the annual meeting and, if possible, at all other meetings of the members shall be as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Appoint a Secretary for the meeting.
3. 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.
4. Reading or waiver of reading, and approval of the unapproved minutes of the previous meeting(s) of the members and the taking of necessary action thereon.
5. Presentation and consideration of, and action upon, reports of officers, directors, and committees.
6. Report on the nomination of directors by committee or petition.
7. Election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

## **ARTICLE III: DIRECTORS**

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

The Cooperative shall be governed by a Board of Directors of nine (9) members which shall exercise all powers of the Cooperative except those powers that the Bylaws or Articles of Incorporation of the Cooperative confer upon or reserve to the members.

### **Section 2. Qualification**

To be eligible to become or remain a member of the Board of Directors a person must:

- a. Be a natural person;
- b. Be a member in good standing, a resident in the area served by the Cooperative and a resident of the district for which he or she is elected;
- c. Receive electric service from the Cooperative at his or her primary place of residence;

- d. Have the legal capacity to enter into a binding contract;
- e. Not be an employee, former employee or retired employee of the Cooperative, or an employee, former employee or retired employee of the former Cooperative in the event of a consolidation;
- f. Not be a close relative of an employee or Director of the Cooperative. A close relative is defined as a person who by blood or in-law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother or sister;
- g. Not have entered a plea of guilty to, or no contest to, or been convicted of a felony;
- h. Not be an incumbent or a candidate for an elected public office, or an incumbent or a candidate for a position on the Board of Directors of any electric, telephone, water or sewer utility, with the exception of a utility in which Jackson Energy Cooperative has an ownership interest;
- i. Be a high school graduate or have passed the General Educational Development (GED) test or some equivalent level of education in the discretion of the Board;
- j. Not use his or her position on the Board for personal or political gain;
- k. Not have a final judgment entered against him or her involving civil fraud, an ethical violation, discrimination and/or acts of harassment while a Director or prior to becoming a Director;
- l. Not have been a debtor in a federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership, reorganization or assignment for the benefit of creditors while a Director and for seven years prior to becoming a Director;
- m. Not have been a party to a foreclosure or other proceeding (judicial or non-judicial), which proceeding is or was instituted because of the Director's default on indebtedness while a Director or for seven years immediately prior to becoming a Director;
- n. Except as otherwise provided by the Board of Directors for good cause shown, receive a Credentialed Cooperative Director designation, Director's Certificate or similar designation or certification from the National Rural Electric Cooperative Association within 18 months of becoming a Director and after becoming a Director, participate in and complete required Director training as established by the Board of Directors;
- o. Not breach the Director's fiduciary duties to the Cooperative, violate confidences or engage in illegal activity under the color of authority as a Director; and
- p. Consent to a background check upon election to the Board or nomination to be on the ballot for election to the Board in the discretion of the Board of Directors.

The Board of Directors, in its sole discretion and for good cause shown, may waive any of these qualifications on a case-by-case basis.

Nothing contained in this Section shall affect in any manner the validity of any action taken at any meeting of the Board of Directors.

Within ninety days of the nomination of a member to serve as a Director by either petition or by committee, and no more than thirty days prior to the meeting at which the election of Directors will be conducted, the Board shall consider whether the nominee meets the qualifications stated in this Bylaw. If a member has been nominated by petition, the Credentials and Election Committee shall first certify to the Secretary of the Cooperative that the member has been properly nominated. If the Board determines that a nominee does not meet the qualifications to be a Director, it shall inform the nominee in writing and that person shall not be eligible for election to the Board.

### **Section 3. Tenure**

The standard term for a Director is three years. The Directors' terms shall be staggered with elections being held each year, if applicable, in the following rotations: first, districts 1, 3 and 5; second, districts 7, 8 and 9; and third, districts 2, 4 and 6.

A Director's term begins at the next Board meeting immediately following his or her election or appointment. A Director's term ends at the beginning of the first Board meeting held after a successor Director is elected or appointed, unless the Director's term is ending due to resignation, death or removal, in which case the Director's term shall end immediately or at such time as may be set by the Board.

### **Section 4. Removal of a Director by Members**

Any member may bring charges against a director by filing such charges with the Secretary together with a petition signed by at least ten percent (10%) of the membership requesting the removal of the director in question. The petition shall state the name, signature, address, verifiable contact telephone number, and account number of each person signing, and the reason(s) for which removal is sought. Each member's signature must be dated within three (3) months of the date the petition is submitted.

Within thirty (30) days after the Secretary receives a Director removal petition, the Cooperative shall forward a copy of the petition to the implicated Director, and the Board shall meet to review the petition.

If the Board determines that the removal petition complies with this Bylaw, then the Cooperative shall notice and hold a member meeting within sixty (60) days following the Board's determination. Notice of the member meeting must state that: (1) a purpose of the meeting is to consider removing a Director; and (2) evidence may be presented, and a Member vote taken, regarding removal of the Director.

If a quorum is present at the member meeting, then prior to a vote on the removal petition, evidence must be submitted supporting the basis for removing the Director. The

Director may be represented by legal counsel and shall have the opportunity to refute and present evidence opposing the basis for removal.

A vote of two-thirds of the membership at the meeting, assuming a quorum is present, is required to remove the member. The voting at the meeting shall be done by ballot. If the Director is removed by vote of the members, such removal is effective as of the time of the vote.

A vacancy on the Board created by removal shall be filled at the next annual meeting in accordance with the Bylaws. If the next annual meeting is so near that it would be impossible, or in the judgment of the Board impractical, to comply with the timeliness provisions for Director nominations, the position shall be filled at the following annual meeting. The Board may fill the vacant position from the time of removal until the next Director election by a vote of a majority of the remaining Directors.

A Director cannot be removed by the members for lawfully opposing a transfer of Cooperative assets or a Cooperative dissolution.

#### **Section 5. Removal of a Director for Absence**

Any Board member who is absent from three (3) consecutive regular meetings of the Board, unless excused by a majority vote of the other Board members, is deemed to have vacated his office.

#### **Section 6. Removal of a Director by the Board of Directors**

A Director may be removed by a vote of two-thirds of all the Directors at two (2) consecutive board meetings for cause. Cause is defined as any unlawful action affecting the Cooperative or any malfeasance in that office which interrupts or interferes with the performance of the business of the Cooperative or with the Director's duties. Prior to the final vote for removal, the Director at issue may request a hearing before the Board on the issues involved and have the right to be represented by legal counsel and have the opportunity to refute and present evidence opposing the basis for removal.

The Board may remove a Director who was appointed by the Board for any reason by a vote of two-thirds of all the Directors. Upon removal, the Board may fill the vacant Director position pursuant to Article III, Section 7 of the Bylaws.

Upon removal of a Director, the Board may fill the vacant Director position pursuant to Article III, Section 7 of the Bylaws.

#### **Section 7. Board Vacancies**

A vacant director position may be filled by the majority vote of the remaining directors, and that director shall serve for the unexpired term of his predecessor. The replacement director must reside in the same director district as his predecessor.

## **Section 8. Compensation**

The members of the Board of Directors shall not receive a salary for their services, except that the Board of Directors may by resolution authorize a fixed sum for each monthly meeting and for each day spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board of Directors. If authorized by the Board of Directors, a director may be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business. No director shall receive compensation for serving the Cooperative in any other capacity.

## **Section 9. Rules and Regulations**

The Board of Directors may make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation, or the Bylaws, as it may deem advisable for the management, administration, and regulation of the business of the Cooperative.

## **Section 10. Accounting System and Reports**

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws, rules, and regulations, 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 of Directors shall, 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 each fiscal year. A summary of the audited reports shall be submitted to the members at the following annual meeting.

## **ARTICLE IV: BOARD OF DIRECTORS MEETINGS**

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

A regular meeting of the Board of Directors shall be held without notice immediately after, and at the same place as, the annual meeting of the members.

A regular meeting of the Board of Directors may also be held at such time and place as the Board of Directors may provide, however it is in the discretion of the Board of Directors to change the time and location of the meeting. Such regular meetings may be held without notice other than a resolution of the Board fixing the time and place thereof.

### **Section 2. Special Meetings**

Special Meetings of the Board of Directors may be called by the Chairman of the Board or by a simple majority of Directors. The person or persons who called the meeting shall fix the time and place of the meeting.

### **Section 3. Attendance at Board Meetings**

Any Cooperative member who wishes to attend a meeting of the Board of Directors must submit a written request to the Cooperative's corporate office at least ten (10) days prior to the meeting, stating the reasons why the member seeks to attend the meeting. It is in the discretion of the Board Chair whether to grant the request.

Any Cooperative member who wishes to speak at a meeting of the Board of Directors must submit a written request to the Cooperative's corporate office at least ten (10) days prior to the meeting, stating the reasons why the member seeks to speak at the meeting and the subject matter that will be discussed by the speaker. It is in the discretion of the Board Chair to grant the request, to limit the length of the address to the Board or to set such other limitations as he or she may deem advisable.

### **Section 4. Notice**

Written notice of a meeting of the Board of Directors shall be given at least five (5) days prior to the meeting by mail, in person delivery or electronic mail sent to an electronic mail address supplied by the Director. If mailed, the notice is deemed received when deposited in the U.S. mail. The attendance at a meeting of a Director shall constitute a waiver of such notice of meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

### **Section 5. Quorum**

A majority of the current Board of Directors shall constitute a quorum, however, if less than a majority of the Directors is present at a meeting, a majority of those present may adjourn the meeting without further notice.

### **Section 6. Manner of Acting**

Unless otherwise stated in the Bylaws, Articles of Incorporation, or applicable law, the act of a majority of the Directors at a meeting at which a quorum is present shall be the act of the Board of Directors.

## **ARTICLE V: OFFICERS**

### **Section 1. Required Officers**

The officers of the Cooperative shall be a Chairman of the Board, Vice Chairman of the Board, Secretary and Treasurer. The office of Secretary and Treasurer may be held by the same person.

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

The Board of Directors shall elect officers to serve for the coming year at a meeting of the Board to be held as soon after each annual meeting as reasonably possible and convenient. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

## **Section 3. Removal of Officers**

The Board of Directors may remove any officer if the Board believes removal to be in the best interests of the Cooperative.

## **Section 4. Chairman of the Board**

The Chairman of the Board shall:

- a. Be the principal officer of the Cooperative and unless otherwise determined by the Board of Directors, shall preside at all meetings of the Board of Directors;
- b. Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution of an instrument shall be expressly delegated by the Board of Directors or by the Bylaws to some other officer or agent of the Cooperative;
- c. In general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

## **Section 5. Vice-Chairman**

In the absence of the Chairman, or in the event of his or her 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 or her by the Board of Directors.

## **Section 6. Secretary**

Except as otherwise provided by the Board or these Bylaws, the Secretary:

- a. Shall be responsible for preparing, or supervising the preparation of, minutes of Board and member meetings;
- b. Shall be responsible for maintaining and authenticating the Cooperative's records;
- c. May affix the Cooperative's seal to a document authorized or approved by the Board or members;



d. Shall ensure that all required notices are duly given in accordance with the Bylaws or as required by law;

e. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority prescribed by the Board.

#### **Section 7. Treasurer**

Except as otherwise provided by the Board or these Bylaws, the Treasurer:

a. Shall oversee the custody of all funds and securities of the Cooperative;

b. Shall oversee the receipt of and the deposit of all funds payable to the Cooperative in a bank or banks approved by the Board.

c. Such other duties as may be incident to the office of the Treasurer or as may be assigned to him or her by the Board.

#### **Section 8. Delegation of Secretary's and Treasurer's Responsibilities**

Any Officer, subject to objection by the Board of Directors, may delegate in whole or in part the regular or routine administration of one or more duties of such officer to one or more agents, other officers, or employees of the Cooperative who are not Directors.

#### **Section 9. President and CEO**

The President and CEO shall perform the typical duties of a Chief Executive Officer and shall exercise such authority as the Board of Directors may determine. The President and CEO is not an Officer of the Board of Directors.

#### **Section 10. Bonds of Officers**

At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative officer or official.

#### **Section 11. Compensation**

The Board of Directors shall set the compensation of Board officers and agents, and shall establish a methodology for the compensation of the employees of the Cooperative.

#### **Section 12. Reports**

The treasurer shall submit a report at each annual membership meeting. The remaining officers may, in their discretion, submit reports to the membership at the annual meeting.

### **Section 13. Indemnification of Directors, Officers and Employees**

Every present or past Director, Officer or employee, or member of a Board committee of the Cooperative shall be indemnified by the Cooperative against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred as a result of or in connection with any threatened, pending, or completed civil, criminal, administrative, or investigative proceeding to which he or she may be made a party by reason of acting or having acted in his or her official capacity as a Director, Officer, employee or member of a Board committee of the Cooperative, or in any other capacity at the request of the Cooperative, as its representative in any affiliated organization, subject to the following conditions:

a. The Director, Officer, employee or committee member must have conducted himself or herself in good faith (and reasonably believed his or her conduct was in the best interests of the Cooperative), and, in the absence of criminal proceedings, he or she must have had no reasonable cause to believe that the conduct was unlawful. When acting in his or her official capacity, he or she must have reasonably believed his or her conduct was in the best interests of the Cooperative.

b. When acting in any other capacity, he or she must have reasonably believe that his or her conduct was at least not opposed to the best interests of the Cooperative.

c. If the proceeding was brought by or on behalf of the Cooperative, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the Director, Officer, employee or member of a Board committee shall have been adjudged liable to the Cooperative, except that no professional employee shall be liable to the Cooperative for any losses occasioned by his or her errors or omissions made in his or her official capacity with the Cooperative unless such losses were the result of gross negligence or willful misconduct.

d. In no event, however, will indemnification be made with respect to any described proceeding once it has been determined that the Director, Officer, employee, or committee member improperly benefited from the receipt of an improper personal benefit.

e. In order for any person to receive indemnification under this Section, he or she shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with the Cooperative or any attorneys involved in the defense of any such claim, charges, or proceedings.

No indemnification shall be made in any specific instance until it has been determined by the Cooperative that indemnification is permissible in that specific case under the standards set forth herein and that the expenses claimed are reasonable. These two determinations shall be made by a majority vote of at least a quorum of the Board of

Directors consisting solely of Directors who were not parties to the proceeding. If such a quorum cannot be obtained, a majority of at least a quorum of the Board of Directors, including Directors who are parties, shall designate a Board Committee which shall consist solely of three or more Directors who are not parties to the proceeding, and such Committee shall make said determinations by majority vote. If it is not possible to make said determinations by either of the above methods, then a special legal counsel selected by a majority vote of at least a quorum of the Board of Directors, including Directors who may be parties, shall make said determinations. However, in making such determinations the termination of any proceeding by judgment, order, settlement, conviction or upon pleas of nolo contendere or its equivalent shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.

In addition to the indemnification provided herein, the Board of Directors may, as part of the ordinary course of business of the Cooperative, direct that insurance or self-funded liability protection shall be purchased or provided, to the extent reasonably practical, by the Cooperative that would protect it, its Directors, officers, employees or committee members against liabilities and reasonable expenses arising out of the performance of their duties for the Cooperative.

## **ARTICLE VI: CONTRACTS, CHECKS, AND DEPOSITS**

### **Section 1. Contracts**

Except as otherwise provided in the Bylaws, the Board of Directors may authorize any Director, Officer, agent or employee to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Cooperative and such authority may be general or specific in nature.

### **Section 2. Checks, Drafts, etc.**

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such Director, Officer or employee of the Cooperative and in the manner as may be determined by resolution of the Board of Directors.

### **Section 3. Deposits**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such financial institutions as the Board of Directors may select.

## **ARTICLE VII: NON-PROFIT OPERATION**

### **Section 1. Non-Profit and Cooperative Operation**

The Cooperative shall operate on a non-profit and cooperative basis for the mutual benefit of all members and may not pay interest or dividends on capital furnished by patrons.

## **Section 2. Patronage Capital in Connection with Furnishing Electric Energy**

In the furnishing of electric energy and other services, the Cooperative's operations shall be conducted so 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 furnishing of electric energy and other services. 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 equitably allocate 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. 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 has then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during 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.

Consistent with this Bylaw, the allocation of capital credits is in the discretion of the Cooperative which will determine the manner, method and timing of allocating capital credits.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has been paid, allocated 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, that insofar as gains may be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during that period, insofar as is practicable, as determined by the Board of Directors 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. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

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

Notwithstanding any other provision of the Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, a natural person, if the legal representatives of his or her estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby; and provided further that no payment of capital credits to the estate of a deceased member shall be made except to the extent said credits represent receipts in cash to the Cooperative.

#### **ARTICLE VIII: CONTRACT BETWEEN COOPERATIVE AND MEMBERS**

The members of the Cooperative, by becoming members and using electricity or other services of the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation, Bylaws, tariffs, rules and regulations, membership application and any other governing documents constitute a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract as fully as though each member had individually signed a separate instrument containing such terms and provisions. Any of the above-referenced documents will be made available to a member of the Cooperative upon reasonable request.

#### **ARTICLE IX: WAIVER OF NOTICE OF MEETING**

Any member may waive, in writing, any notice of a meeting required to be given by the Bylaws. Any Director may waive the required notice of a meeting in writing or by electronic communication directed to a recipient designated to receive such communications.

#### **ARTICLE X: DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of all or a substantial portion of its property or dissolve the Cooperative unless the Board of Directors is authorized to do so by a two-thirds (2/3) vote of a quorum of the members at a member meeting. Due notice shall be given to the members of the proposed sale, lease or other disposition of such property.

Notwithstanding the foregoing, the Board of Directors, without authorization by the members, may authorize the encumbrance of all or a substantial portion of the Cooperative's property or assets, tangible or intangible, by mortgage or other such instrument evidencing a secured transaction.

#### **ARTICLE XI: FISCAL YEAR**

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

**ARTICLE XII: MEMBERSHIP IN OTHER ORGANIZATIONS**

The Cooperative may only become a member of any other organization upon an affirmative vote of a majority of the members at a meeting called as provided in the Bylaws. The notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business.

Notwithstanding the forgoing, the Board of Directors shall have the authority to authorize the Cooperative to purchase stock in or to become a member of any entity that is organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or rural economic development.

**ARTICLE XIII: SEAL**

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words “CORPORATE SEAL, KENTUCKY.”

**ARTICLE XIV: AMENDMENTS**

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

Effective: June 3, 2020