

**NORTHFORK
ELECTRIC COOPERATIVE
BYLAWS**

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**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION**

APPENDIX A

Statement of Nondiscrimination

"Northfork Electric Cooperative, Inc. has filed with the Federal Government a compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the ground of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in any meeting of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

"Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, DC 20250, or the Rural Electrification Administration, Washington, DC 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 180 days after the

alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations."

Scott Copeland, General Manager

The Aim of the Northfork Electric Cooperative, Inc. is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

**BY-LAWS
OF
NORTHFORK ELECTRIC
COOPERATIVE, INC.**

**ARTICLE I
MEMBERSHIP**

SECTION 1.01. Eligibility. Any natural person, firm, association, corporation, business trust, partnership, Federal agency, state or political subdivision thereof, or any body politic (each hereinafter referred to as "person," "applicant," "him" or "his") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, NORTHFORK ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative"). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. Application for Membership; Renewal of Prior Application.

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

Any former member of the cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the state legal rate in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. Membership Fee; Service Security and Facilities Deposits; Contribution in Aid of Construction. The membership fee shall be fixed from time to time by the Board. The membership fee (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, if required by the Cooperative) shall be paid by him. Any fee, deposit or contribution required to initiate and/or subsequent monthly statement(s) for electric service, unless the Board establishes a policy requiring any earlier payment(s).

SECTION 1.04. Joint Membership. A husband and wife, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership by jointly executing another membership application. The words "member," "applicant," "person," "his" and "him," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing-

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;**
- (b) the vote of either or both shall constitute, respectively, one joint vote: PROVIDED, that if both be present but in disagreement on such vote, each shall cast only one-half (1/2) vote;**
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;**
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership; and**
- (e) either, but not both concurrently, shall be eligible to serve as a trustee of the Cooperative, but only if both meet the qualifications required therefor.**

SECTION 1.05. Acceptance into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically be accepted into membership in, and become eligible to receive electric service from, the Cooperative, unless the Board of Trustees shall determine that such applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be rejected for other good cause: PROVIDED, that any person whose application,, for sixty (60) days or longer, has been submitted to but not approved by the Board of Trustees may, by filing written request therefor with the Cooperative at least forty-five (45) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting, at which the applicant shall be entitled to be present and be heard.

Approved 8-17-02

SECTION 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts. The Cooperative shall use its best efforts to furnish its members with adequate and dependable electric service, although it cannot, and therefore does not, guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Trustees may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Trustees and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment for service to him by the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and pro ration.

SECTION 1.07. Excess Payments to be Credited as Member-Furnished Capital. All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article III of these Bylaws.

SECTION 1.08. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the (state insurance service office if any), the National Electrical Code, the National Electrical Safety Code, any applicable state code or local government ordinances, and of the Cooperative. Each member shall be responsible for-and shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting from any defect in or improper use or maintenance of-such premises and all wiring and apparatus connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and any other person against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's costs of

repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided from measuring electricity (or, if owned by the Cooperative, the meter base) used on such premises, except in the case of standby generation serving multiple service points as specified by the Cooperative's service rules and regulations. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any over charges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures.

SECTION 1.09. Member to Grant Easement to Cooperative and to Participate in Cooperative Load Management Programs if Required. Each member shall, upon being requested by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities. Each member shall, upon being requested so to do by the Cooperative, participate in any program initiated by the Cooperative to enhance load management or more efficiently to utilize or conserve electric energy.

ARTICLE II
MEMBERSHIP SUSPENSION
AND TERMINATION

SECTION 2.01. Suspension; Reinstatement. Upon his failure, after the expiration of the initial time limit prescribed either in a specific notice to him or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement and/or cessation of any other noncompliance with his membership obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

SECTION 2.02. Termination by Expulsion; Renewed Membership. Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may, without further notice, but only after due hearing if such is requested by him, be expelled by the affirmative votes of not less than a majority of the Board of Trustees at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least forty-five (45) days prior to the next meeting of the members appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to at least the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefor duly approved as provided in Section 1.05. The Board of Trustees, acting upon principles of general application in such cases may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Approved 8-17-02

SECTION 2.03. Termination by Withdrawal or Resignation. A member may withdraw from membership upon such generally applicable conditions as the Board of Trustees shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Trustees, resigning his membership in favor of a new applicant who also shall own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Trustees specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners. Except as provided in Section 2.06, the death of an individual human members shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partners, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership.

SECTION 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, nor any former partner of a partnership member or his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2..02, such suspension or expulsion shall not, unless the Board of Trustees shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other spouse shall not be released from debts due the Cooperative.

SECTION 2.07. Board Acknowledgement of Membership Termination; Acceptance of Members Retroactively. Upon the termination of a person's membership for any reason, the Board of Trustees, so soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Trustees approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly.

ARTICLE III

NON-PROFIT OPERATION

SECTION 3.01. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends, other than “patronage dividends” as defined below, shall be paid or payable by the Cooperative on any capital furnished by its patrons.

The term “patron” as used herein shall mean only a person, firm or entity with whom the Cooperative does business on a cooperative basis, either as a member in accordance with the provisions of these by-laws or as a non-member by authorized contractual authority.

SECTION 3.02. Patronage Capital in Connection with Patronage Business. In the furnishing of services of all kinds, including the furnishing of electric power and energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons and to assign patronage dividends in an aggregate amount equal to the Cooperative's Federal taxable income related to its patronage business (computed assuming no deduction for patronage dividend amount) and after reduction for any losses and deductions incurred during prior years and deductible by the Cooperative in computing its current Federal taxable income. All such amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the costs of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that individual notices of such amounts furnished by each patron shall not be required if the cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its 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 prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be returned without priority on a pro-rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. The Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital; PROVIDED, however, that the Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons, (c) provide from appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest, successors in occupancy or to the Northfork Electric

Cooperative in all or a part of such patron's premises served by the Cooperative, unless the Board of Trustees, acting under the policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Trustees shall, at its discretion, have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon: PROVIDED, however that the financial condition of the Cooperative will not be impaired thereby.

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

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

SECTION 3.03. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services 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 pro-rated annually on a patronage basis and returned to those patrons from whom such amounts were obtained.

ARTICLE IV

MEETINGS OF MEMBERS

SECTION 4.01. Annual Meeting. For the purposes of electing trustees, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting the annual meeting of the members shall be held in the month of August of each year as the Board of Trustees shall from year to year fix: **PROVIDED**, that for cause sufficient to it, the Board of Trustees may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 4.02. Special Meetings. A special meeting of the members may be called by resolution of the Board of Trustees or upon a written request signed by any three (3) trustees, by the President, or upon written request signed by not less than ten (10%) percentum of the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 4.03. Such meetings shall be held in Beckham County, State of Oklahoma, in such place, on such date, and beginning at such hour as shall have been designated by those calling the same.

SECTION 4.03. Notice of Member Meetings. Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than thirty (30) days nor more than sixty (60) days prior to the date of the meeting, by any reasonable means, by the Secretary. Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, a Cooperative's periodic newsletter, or member service billings. No matter the carrying of which, as provided by law, requires the affirmative votes of at least a clear majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and, whether mailed first class or not, postmarked at least thirty (30) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive such notice shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

Approved 8-17-02

SECTION 4.04. Quorum. Business may not be transacted at any meeting of the members unless there are present in person at least 5% of the Cooperative's members, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date not less than sixty (60) days later and to a place in which a member meeting may be held pursuant to Sections 3.01 and 3.02; PROVIDED, that the secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were registered as present.

Approved 8-17-02

SECTION 4.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to, or upon registration at, each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws.

SECTION 4.05(a). Voting, Use of Proxies. At any meeting of the members or any adjournment thereof, any member may vote by proxy, but only if such proxy (a) is registered with the Secretary or his duly designated registrar before or at the time of the meeting or any adjournment thereof, or, if such proxy is to be voted on any matter the carrying of which requires the affirmative votes of not less than a clear majority of all the Cooperative's members, is registered with the Cooperative at its office(s) in Sayre, Oklahoma, during office hours on or before the third business day next preceding the date of the meeting or any adjournment thereof, as the case may be, (b) is executed by the member in writing and designates the holder or alternate holder(s) thereof, which holder or alternate holder(s) shall be the member's spouse, an adult close relative (18 years of age or older) residing in the same household as the member, or another member who is a natural person, and (c) specifies the particular meeting and/or any adjournment thereof at which it is to be voted and is dated not more than ninety (90) days prior to the date of such meeting or any adjournment thereof: **PROVIDED**, that any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced; **AND PROVIDED FURTHER**, that any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the member at such adjournment. A proxy may be unlimited as to the matters on which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case may be; and if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as

the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy. A member may vote as proxy for an unlimited number of members on any matter the carrying of which, as provided by law, requires the affirmative votes of not less than a clear majority of all the Cooperative's members, but no person shall vote as proxy for more than three (3) members on any other matter. Notwithstanding the foregoing provisions of this Section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold and may exercise and vote, the proxy of such member to the same extent that such member could vote if present in person.

SECTION 4.06. Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable; at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present in person in order to determine the existence of a quorum.**
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;**
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;**
- (4) Presentation and consideration of reports of officers, directors and committees;**
- (5) Election of Board member;**
- (6) Unfinished business;**
- (7) New business; and**
- (8) Adjournment**

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

SECTION 4.07. Credentials and Election Committee. The Board of Trustees shall, at least thirty (30) days before any meeting of the members, appoint a Credentials and Election Committee consisting of not less than three (3) nor more than seven (7) members who are not existing Cooperative officers, trustees or known candidates for trustees and who are not close relatives (as hereinafter defined) or members of the same household of Cooperative officers, existing trustees or known candidates for trustees. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of trustees and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than fourteen (14) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, which may be either to affirm or change the results of the election or to set aside such election. The Committee's decision (as reflected by a majority of those

actually present and voting) on all matters covered by this Section shall be final. Without limiting the foregoing duties and prerogatives of the Committee, on request of the person presiding at the meeting of the members or on the request of any member entitled to vote there at, such Committee shall make a report in writing of any challenge, question, count, or matter determined by the Committee and execute a certificate of any fact found by them. Any such report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them. Any Committee member who is a close relative of any candidate for trustee shall refrain from participating in any deliberation or vote of the Committee concerning such candidate.

Approved 8-17-02

SECTION 4.08. Districts. The territory served, or to be served by the Cooperative, shall be divided into districts corresponding to the number of trustees, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one (1) trustee. The trustee's position shall correspond to the district number. The district shall be numbered to correspond to the designated trustee.

The boundaries of the districts shall be set by vote of a majority of the trustees. A map of the boundaries of the districts shall be kept and maintained at the headquarter office, Northfork Electric Cooperative, and shall be provided any member requesting a copy.

Not less than sixty (60) days before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the several districts, and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Trustees shall reconstitute the district so that each shall contain as nearly as possible the same number of members. Any change in the composition of the directorial districts shall be furnished to the membership in the newsletter, Sparks & Flashes, at least thirty (30) days before the next annual meeting.

Adopted 8-20-05

ARTICLE V

TRUSTEES

SECTION 5.01. Number and General Powers. The business and affairs of the Cooperative shall be managed by a Board of Trustees. The current number of Trustees is seven (7). Any vacancies on the Board of Trustees will be governed by Section 5.08. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

Adopted 8-17-13

SECTION 5.02. Qualifications. No person shall be eligible to become or remain a trustee of the Cooperative who is a close relative of an incumbent trustee or of an employee of the Cooperative, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode; PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a trustee, if (1) he or such designee is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year round resident within or in close proximity to any area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board of Trustees at the same time. No person shall be eligible to become or remain a trustee of, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age or is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to, among others, the members of the Cooperative. Upon establishment of the fact that a nominee for trustee lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or

shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the trustees have an interest adverse to that of the Cooperative.

SECTION 5.03. Election. At each annual meeting of the members, trustees shall be elected by secret written ballot by the members: PROVIDED, that, when there is only one nominee per position, and if there is no objection, secret written balloting may be dispensed with in respect to that particular election in which there is only one nominee, and voting may be conducted in any other proper manner. Said election shall be by the members, except as provided in Section 5.02 of these Bylaws, from among those members who are natural persons. Trustees shall, unless the members determine otherwise, prior to the initial voting, be elected by a plurality vote of the members; and the presiding chairman shall cause the foregoing provision of this Section to be duly and timely announced to the members. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 5.04. Tenure. Trustees shall be nominated and elected for three (3) year terms. No more than three (3) trustees will be elected each year. The current seven (7) trustees are elected as follows: two (2) trustees the first year, being 2013, three (3) trustees the second year and two (2) trustees the third year, in numerical order. When the number of trustees changes, any needed adjustments in trustee numbers, district area, and term for election will be made by the Board of Trustees consistent with the provisions herein. Upon their elections, trustees shall, subject to the provisions of these Bylaws with respect to the removal of Trustees, serve until the annual meeting of the members in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason any elections of trustees shall not have been held at the annual meeting of the members duly fixed and called pursuant to these Bylaws, such elections may be held at an adjournment of such meeting, at a subsequently held special meeting, or at the next meeting of the members. Failure to hold an election for a given year shall allow the incumbents, whose trusteeships would have been voted upon, to hold over only until the next member meeting at which a quorum is present and such elections are held.

Adopted 8-17-13

SECTION 5.05. Nominations. It shall be the duty of the Board of Trustees to appoint, not less than ninety (90) nor more than one-hundred fifty (150) days prior to the date of a meeting of the members at which trustees are to be elected, a Committee on Nominations, consisting of not less than three (3) nor more than nine (9) persons who are members of the Cooperative, but are not incumbent trustees or close relatives of such trustees or known candidates to become trustees. The Committee shall prepare and post at the principal office of the Cooperative at least sixty (60) days prior to the meeting a list of nominations for trustees to be elected, listing separately the nominee or nominees with respect to each position to be elected at the meeting. Any fifteen (15) or more members of the Cooperative, acting together, may make additional nominations in writing over their signature, in like manner showing clearly which Committee-nominated candidate is being opposed, not less than forty-five (45) days prior to the meeting, and the Secretary shall verify that at least fifteen (15) of the signing members are in good standing with the Cooperative and that the nominee is in good standing and qualifies to serve as trustee for the district for which he/she is nominated. Once verified, the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but not less than thirty (30) days prior to the date of the meeting, a statement of the trustees to be elected for each position, and the names and addresses of all nominees, showing separately those nominated by the Committee and those nominated by petition, if any. The chairman at such meeting shall announce nominations made for each position to be elected. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions

shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees.

Approved 8-17-02

SECTION 5.06. Voting for Trustees; Validity of Board Action. In the election of trustees, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of trustees to be elected, but no member may vote for more than one nominee for each position. Voting in violation of the foregoing restriction with respect to each position shall be invalid and shall not be counted. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of trustees.

SECTION 5.07. Removal of Trustees by Members.

(A) A Trustee may be removed for cause by the affirmative vote of a majority of the members.

(B) "Cause" for removal shall mean that the Trustee is alleged to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to gross negligence, fraud or criminal conduct.

(C) No Trustee shall be removed except upon certification that the following procedures have been followed:

(i) A written petition must be presented to the Board, which shall:

(a) Describe in detail each of the charges and the basis therefor. If more than one Trustee is sought to be removed, individual charges for removal shall be specified.

(b) Be signed by a minimum of 10% of the members of the Cooperative within 60 days of the date of the petition.

(ii) If the Board determines that the petition complies with paragraph (C)(i), and the Secretary certifies the authenticity of the petition, a meeting of the members shall be noticed in accordance with these Bylaws and shall be held within sixty (60) days after receipt by the cooperative of the written petition.

(iii) At such meetings, evidence must be presented in support of the charges. The Trustee shall be entitled to be represented by counsel and shall have the opportunity to refute such charges and present evidence in his or her defense before a vote of the members is taken.

(D) Nothing contained herein, however, shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

Approved 8-17-02

SECTION 5.08. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining trustees. A trustee thus elected shall serve out the unexpired term of the trustee whose office was originally vacated and until his successor is elected and qualified.

SECTION 5.09. Compensation; Expenses; Indemnification. For their services as such, trustees shall, on a per diem basis, receive such compensation, which may include insurance benefits, as is fixed by resolution of the Board of Trustees. For the performance of their duties, trustees shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in accordance with the Cooperative's established policies covering such. No trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the unanimous vote of the remaining trustees upon their certification of such as an emergency measure: PROVIDED, that a trustee who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amounts as shall be fixed and authorized in advance of such service by the unanimous vote of the remaining trustees. The Cooperative shall indemnify its trustees, officers, agents and employees, and may purchase insurance to cover such indemnification against all liability arising out of their acts in their official capacities if they shall have acted in good faith and deemed such acts to be in the best interests of the Cooperative or not against its best interests.

SECTION 5.10. Rules, Regulations, Rate Schedules and Contracts. The Board of Trustees shall have the power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 5.11. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 5.12. Subscription to Cooperative's Newsletter; Subscription to Statewide Publication. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Trustees shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the Cooperative's Newsletter, *Sparks and Flashes*, which expense shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board of Trustees shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to *Oklahoma Living*, which expenses shall be deducted from any funds in the same manner as would any other expense of the Cooperative.

SECTION 5.13. "Close Relative" Defined. As used in these bylaws, "close relative" means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

Section 5.14. Minimum Standards. The Board of Trustees are authorized to establish, by resolution of the Board, minimum standards of conduct and qualifications of elected Trustees as addition to qualifications currently contained in Section 5.02 of the Cooperative Bylaws.

Approved 8-20-05

ARTICLE VI

MEETINGS OF TRUSTEES

SECTION 6.01. Regular Meeting. A regular meeting of the Board of Trustees shall be held, without notice, as soon as practical after the adjournment of the annual meeting of the members at such site as designated by the Board. A regular meeting of the Board of Trustees shall also be held monthly at such date, time and place within Beckham County, State of Oklahoma as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: **PROVIDED**, that any trustee absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; **AND PROVIDED FURTHER** that, by policy established by the Board, the President may change the date, time or place of a regular monthly meeting for good cause and upon at least five (5) days' notice thereof to all trustees.

SECTION 6.02. Special Meetings. Special meetings of the Board of Trustees may be called by Board resolution, by the President or by any three (3) trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 6.03. The Board, the President or the trustees calling the meeting shall fix the date, time and place for the meeting, which shall be held in Beckham County, State of Oklahoma unless all trustees consent to its being held in some other place.

SECTION 6.03. Notice of Trustees Meetings. Written notice of the date, time, place and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each trustee not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in duty by the Secretary, by him or those calling it in the case of a special meeting or by any other trustee or officer in the case of any meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the trustee at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a trustee at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 6.04. Quorum. The presence in person of a majority of the trustees in office shall be required for the transaction of business, and, except where these Bylaws provide otherwise with respect to specific matters, the affirmative votes of at least a majority of the trustees present may adjourn the meeting from time to time, but shall cause the absent trustees to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VII

OFFICERS; MISCELLANEOUS

SECTION 7.01. Number and Title. The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other officers as may from time to time be determined by the Board of Trustees. The offices of Secretary and Treasurer may be held by the same person.

SECTION 7.02. Election and Term of Office. The four officers named in Section 7.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Trustees at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of trustees by the members and to the removal of officers by the Board of Trustees. Any other officers may be elected by the board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Trustees may from time to time deem advisable.

SECTION 7.03. Removal. Any officer, agent, or employee elected or appointed by the Board of Trustees may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served. However, such removal shall not be effectuated inconsistently with any written contract between the Cooperative and such officer, agent or employee unless he so consents.

SECTION 7.04. Vacancies. A vacancy in any office elected or appointed by the Board of Trustees shall be filled by the Board for unexpired portion of the term.

SECTION 7.05. President. The President shall --

- (a) be the principal executive officer of the cooperative and shall preside at all meetings of the Board of Trustees, and, unless determined otherwise by the board of Trustees, at all meetings of the members;**
- (b) sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Trustees, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and**
- (c) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.**

SECTION 7.06. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 7.07. Secretary. The Secretary shall --

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Trustees in one or more books provided for that purpose;**
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;**
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Cooperative under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;**
- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;**
- (e) sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Trustees;**
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;**
- (g) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and**
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.**

SECTION 7.08. Treasurer. The Treasurer shall--

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;**
- (b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or securities as shall be selected in accordance with the provisions of these Bylaws; and**
- (c) in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.**

SECTION 7.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 7.07 and 7.08, the Board of Trustees by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not trustees. To the extent that the Board does so delegate with respect to either such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 7.10. General Manager, Executive Vice President. The Board of Trustees may appoint a general manager, who may be, but who shall not be required to be, a member of the Cooperative, and who also may be designated Executive Vice President. Such officer shall perform such duties as the Board of Trustees may from time to time require and shall have such authority as the Board of Trustees may from time to time vest in him.

SECTION 7.11. Bonds. The Board of Trustees shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such sum and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 7.12. Compensation. The compensation, if any, of any officer, agent or employee who is also a trustee or close relative of a trustee shall be determined as provided in Section 5.09 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Trustees.

SECTION 7.13. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

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

SECTION 8.01. Disposition and Pledging of Property. A cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the members thereof by an affirmative vote of not less than two-thirds (2/3) of all of the members of the cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition of encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, or any other provisions of law, the board of trustees of a cooperative, without authorization by the members thereof, shall have full power and authority upon an affirmative vote of not less than two-thirds (2/3) of the board of trustees to authorize the execution and delivery of a lease-leaseback transaction only where the board of trustees determines that such transaction will not impair the ability of the cooperative to use the assets as needed to serve the members; provided, however, that such transactions shall apply only to the physical assets of a cooperative and shall not be used to effect a sale or other disposition of the cooperative business entity itself; and further, 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 the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and whenever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the cooperative to the United States of America or any instrumentality or agency thereof or to any corporation or financial institution authorized to assist in the credit and financial needs of rural electric cooperatives.

Approved 8-17-02

SECTION 8.02. Distribution of Surplus Assets on Dissolution. Except if and to the extent in conflict with the Oklahoma law providing for the dissolution of private corporations, upon the Cooperative's dissolution any assets remaining after all of the Cooperative's liabilities and obligations, including outstanding capital credits, have satisfied or discharged or a plan therefor appropriately established, shall, to the extent practicable as determined by the Board of Trustees, be distributed without priority among all persons who are or who have been patrons of the Cooperative for any period during its existence, on the basis that their respective patronage during such periods bears to the total receipts of the Cooperative since its inception or such subsequent date for the limiting of such total period as may be determined by the Board of Trustees: **PROVIDED** that, before making such distribution, if any gain is realized upon dissolution from the sale of any appreciated asset, such gain shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable as determined by the Board of Trustees; **AND PROVIDED FURTHER, HOWEVER,** that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making any distribution whatsoever, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE IX

MEMBERSHIP CERTIFICATES

SECTION 9.01. Certificate of Membership. Membership in the Cooperative may, if the Board so resolves, be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate, if authorized to be issued by the Board shall be signed by the President and by the Secretary, and the seal shall be affixed thereto or a facsimile thereof printed thereon: PROVIDED, that the signatures of the President and the Secretary may be imprinted by facsimile thereon also.

SECTION 9.02. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Trustees may prescribe.

ARTICLE X

SEAL

SECTION 10.01. Seal. The corporate seal of the Cooperative shall be in a form prescribed by the Board and shall have inscribed thereon the name of the Cooperative and the words "corporate seal."

ARTICLE XI

CONTRACTS, CHECKS AND DEPOSITS

SECTION 11.01. Contracts. Except as otherwise provided by law or these Bylaws, the Board of Trustees may authorize any Cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 11.02. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

SECTION 11.03. Deposits; Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Trustees may select.

ARTICLE XII

AMENDMENTS

SECTION 12.01. Amendments. These Bylaws may be altered, amended or repealed by the affirmative votes of a majority of the votes cast by the members at any annual or special member meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

ARTICLE XII

WAIVER OF NOTICE

SECTION 13.01. Waiver of Notice. Any member or trustee may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE XIV

FISCAL YEAR

SECTION 14.01. Fiscal Year. The Cooperative's fiscal year shall begin on the first day of the month of July of each year and end the last day of the month of June following.

ARTICLE XV

RULES OF ORDER

SECTION 15.01. Rules of Order. Parliamentary procedure at all meetings of the members, of the Board of Trustees, of any committee provided for in these Bylaws and of any other committee of the members or Board of Trustees which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.