

## BYLAWS

### CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION

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### ARTICLE I MEMBERS

**Section 1. Members' Qualifications and Obligations.** Any person, firm, association, corporation, body politic or subdivision thereof or any other entity recognized by law will become a member of Craighead Electric Cooperative Corporation (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he, she or it has first:

- a. made a written application for membership therein;
- b. agreed to purchase from the Cooperative electric energy as hereinafter specified;
- c. agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors; and
- d. paid the membership fee hereinafter specified.

No member may hold more than one (1) membership in the Cooperative. However, legally separate entities may each hold a membership even if owned by a person or persons who is/are a member or members. No membership in the Cooperative shall be transferable, except as provided in these bylaws.

**Section 2. Membership Fee.** The membership fee shall be an amount set by the Board of Directors from time to time, payment of which shall make the member eligible for one (1) service connection. Additional service connections shall be made under terms of the Cooperative's rules and regulations.

**Section 3. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available to the location set forth in the application, purchase from the Cooperative all electric energy used on the premises specified in his/her application (except that electric energy which is produced by the member) for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors. However, the Board of Directors may limit the amount of electric energy (if it is in the best interest of the Cooperative) which the Cooperative shall be required to furnish to any one (1) member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished

as provided in these bylaws, as required by regulation or by law. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by the member to the Cooperative as and when the same shall become due and payable.

**Section 4. No Liability for Debts of the Cooperative.** The private property of the members of the Cooperative shall be exempt from the execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

**Section 5. Expulsion of Members.** The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the Directors, expel any member of the Cooperative, who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the Board of Directors or by a vote of the members of the Cooperative. Such vote shall require a simple majority of the members for reinstatement, but shall require a two-thirds (2/3) majority of the Board of Directors for reinstatement.

**Section 6. Loss of Membership.** Any member shall lose his, her or its membership in the Cooperative when such member's electrical service has been terminated and is no longer available to the member at any location from the Cooperative.

**Section 7. Membership, Transfer and Termination Thereof.**

- a. Membership in the Cooperative shall not be transferable, except as hereinafter otherwise provided and, upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate except for a joint membership when there is a surviving spouse. Any such termination of membership shall not release the party, his or her heirs, his or her estate or its successors from the debts or liabilities of such member to the Cooperative.
- b. A membership may be issued to an individual, jointly to married persons, to an entity or association. Membership to married persons shall be the only type of joint membership in the Cooperative.
- c. When a membership is held jointly by married persons, upon the death of either person, the membership shall be held solely by the survivor. However, the estate of the decedent shall not be released from any membership debts or liabilities due the Cooperative at the time of death of the member.

## ARTICLE II MEETINGS OF MEMBERS

**Section 1. Annual Meetings.** The annual meeting of the members shall be held on a date set each year by the Board of Directors at any place within Craighead County as the Board of Directors may designate. Such meeting shall be for the purpose of passing upon such matters as the Board of Directors may cause to be designated in the notice of the meeting, and further for the purpose of electing directors, passing upon reports covering the fiscal year and such other business as may come before the meeting. If the election of directors shall not be held on the day designated or an adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is practicable. Failure to hold the annual meeting at the designated time, or failure to have the election at such time, shall not cause a dissolution of the Cooperative, void any election otherwise properly conducted or otherwise affect the Cooperative.

**Section 2. Special Meetings.** Special meetings of the members (except meetings concerning the removal of a director or officer as set forth herein) may be called by a majority of the Board of Directors or upon a written request signed by at least five hundred (500) of the members of the Cooperative and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Such request for a special meeting of the members shall set forth the purpose or purposes of such special meeting. Special meetings of the members may be held at any place within Craighead County in the State of Arkansas specified in the notice of the special meeting.

**Section 3. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the person calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative with postage thereon paid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 4. Quorum.** A quorum is necessary to transact any business at any meeting of the members of the Cooperative. In order to constitute a quorum, there must be at least five hundred (500) of the members of the Cooperative who are present. As used in this Section 4, the term, "present" means any member who is present in person, by written vote properly returned, if applicable, or by proper mail return of an acknowledgment of the meeting (when no vote is being taken). If less than a quorum is present at any meeting of the members, a majority of those members present in person may adjourn the meeting without further notice.

**Section 5A. Voting.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote. All questions presented shall be decided by a vote of a majority of the members properly voting thereon except as otherwise provided by law, the articles of incorporation or these bylaws. If a husband and wife hold a joint membership, they shall jointly

be entitled to one (1) vote and no more upon each matter submitted to a vote of the members. At all members' meetings, a member may vote in person or by mail ballot, and voting by proxy shall not be permitted.

**Section 5B. Mail Voting.** All matters which are to be submitted to members for vote shall be voted on by written ballot sent to each of the members by mail except for approval of unapproved minutes of previous meetings which shall be voted on by the members in actual attendance at the meeting. The Secretary shall be responsible for sending to each member a notice of the meeting and a ballot for all issues to be resolved by mail voting including the election of directors. Such notice shall include a full and complete copy of all such motions or resolutions to be voted upon by mail as well as the ballots for the election of directors. Each member shall express his/her vote thereon by placing a mark in the space provided therefor opposite his/her approval or disapproval of each such motion or resolution and for the candidate(s) chosen as his/her selection(s). The member shall enclose each ballot marked in a sealed envelope bearing his/her name and addressed to the Secretary of the Cooperative. Such written vote must be returned to the secretary in its envelope by mail or by personal delivery to the Cooperative to be counted. Ballots received which are not in a properly marked envelope shall not be counted. All ballots properly marked and received by the time specified in the notice of meeting shall be counted as the vote of such member upon the issues. In the case a joint membership, only one (1) vote may be cast by such joint membership. The failure of any member to receive a copy of any ballot shall not invalidate any action which may be taken by the members at the meeting.

**Section 6. Order of Business.** The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be as follows:

- a. Call of the roll.
- b. Reading of the notice of the meeting and proof of the mailing thereof, or the waiver or waivers of notice of the meeting as the case may be.
- c. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- d. Reports of officers, directors and committees.
- e. Report of all mail votes on election of directors and other matters, if any.
- f. Adjournment.

ARTICLE III  
DIRECTORS

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all the powers of the Cooperative except such as are by law, by the articles of incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

**Section 2A. Districts - Residence Requirements for Directors.** Each director shall be elected from his/her particular district and position. For the purpose of election of directors, the Cooperative's designated territory is divided into districts and positions as follows:

DISTRICT 1, POSITION 1 - That part of Craighead County described as follows: Begin at the Southeast corner of Craighead County, Arkansas; thence North along the Eastern boundary line of Craighead County to the Arkansas/Missouri state line; thence West on the Northern boundary of Craighead County to the St. Francis River (which is the Eastern boundary of the Greene County line); thence South along the St. Francis River (the Eastern boundary of the Greene County line) to a point which is the southeast corner of Greene County; thence West along the Northern boundary of the Craighead County line to Arkansas Highway 135; thence South along Arkansas Highway 135 to the intersection of Arkansas Highway 135 and the intersection of Highway 230 at Dixie; thence West along Highway 230 to Arkansas Highway 49B; thence North on Highway 49B to the intersection with Highway 49; thence North on Highway 49 to the Craighead County/Greene County line; thence West along the Northern boundary of Craighead County to the intersection of Highway 351 and the North line of Craighead County; thence South on 351 to the City limits of the City of Jonesboro as they exist from time to time; thence continuing along the City limits of the City of Jonesboro as they exist from time to time in an easterly direction and then in a southerly direction along the City limits of the City of Jonesboro as they exist from time to time to the intersection of said City limits and I-555; thence Southeasterly on I-555 to the Southern boundary of Craighead County; thence East along the Southern boundary of Craighead County to the Southeast corner of Craighead County, the point of beginning,

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

DISTRICT 2, POSITION 1 - That part of Greene County described as: All of Greene County lying west of a line which begins at the Craighead/Greene County line and its intersection with Highway 49, thence northerly along said Highway 49 to Highway 135, thence continuing northerly along Highway 135 to the Greene/Clay County line; LESS AND EXCEPT all of the territory located inside the City limits of the City of Paragould as they exist from time to time,

ALSO, LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

DISTRICT 2, POSITION 2 - That part of Greene County described as: All of Greene County lying east of a line which begins at the Craighead/Greene County line and its intersection with Highway 49, thence northward along said Highway 49 to Highway 135, thence continuing northward along Highway 135 to the Greene/Clay County line; LESS AND EXCEPT all of the territory located inside the City limits of the City of Paragould as they exist from time to time,

AND

That part of Craighead County described as follows:

Begin at Highway 49 at the Craighead/Greene County line; thence South on Highway 49 to its intersection with Highway 49B, thence South on Highway 49B to its intersection with Highway 230, thence East on Highway 230 to the intersection of Highway 135 and Highway 230 (Dixie), thence north on Highway 135 to the Greene County line, thence west on the Craighead/Greene County line to the point of beginning,

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

DISTRICT 3, POSITION 1- That part of Lawrence County described as: All lands lying East of Highway 67 in Lawrence County, Arkansas

AND

That part of Craighead County described as follows:

Begin at the intersection of Highway 351 and the North line of Craighead County, thence South on 351 to the north line of the City limits of the City of Jonesboro as they exist from time to time; thence continuing westerly and southerly along the City limits of the City of Jonesboro as they exist from time to time to a point where said City limits intersect with Highway 49; thence West on Highway 49 to Gibson Switch; then Southwest on Highway 49 to the Poinsett County/Craighead County line; thence West along the Poinsett County/Craighead County line to the Southwest corner of Craighead County; thence North on the Craighead County/Jackson County line to the intersection of Craighead County, Jackson County and Lawrence County; thence East on the Craighead County/Lawrence County line; thence North on the Craighead County/Lawrence County line to the intersection of Craighead County, Greene County and Lawrence County; thence east along the North line of Craighead County to Highway 351,

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

DISTRICT 3, POSITION 2 - That part of Lawrence, Randolph and Independence Counties described as: All of such counties within the service area of Craighead Electric Cooperative lying west of Highway 67 which runs North and South through Lawrence and Randolph Counties, Arkansas.

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to

Entergy Arkansas, Inc.

DISTRICT 4, POSITION 1 - That part of Poinsett County described as: All of said county within the service area of Craighead Electric Cooperative lying west of a line beginning at the intersection of I-555 (U.S. Highway 63) with the Craighead/Poinsett County line, thence continue southerly along I-555 (U.S. Highway 63) to the point where I-555 (U.S. Highway 63) intersects with the west levee of the St. Francis River floodway; thence south and west along the west levee of the St. Francis River floodway to the Poinsett/Cross County line.

AND

That part of Craighead County described as follows:

Begin at the intersection of I-555 (U.S. Highway 63) and the Southern boundary of Craighead County; thence North on I-555 (U.S. Highway 63) to the City limits of the City of Jonesboro as they exist from time to time; thence continuing westerly along the City limits of the City of Jonesboro as they exist from time to time to the intersection of said City limits and Highway 49; thence West on Highway 49 to Gibson Switch; then Southwest on Highway 49 to the Poinsett County/Craighead County line; thence East on the Poinsett County Craighead County line to I-555 (U.S. Highway 63).

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

DISTRICT 4, POSITION 2 - That part of Poinsett County described as: All of said county within the service area of Craighead Electric Cooperative lying east of a line beginning at the intersection of I-555 (U.S. Highway 63) with the Craighead/Poinsett County line, thence continue southerly along I-555 (U.S. Highway 63) to the point where I-555 (U.S. Highway 63) intersects with the west levee of the St. Francis River floodway, thence south and west along the west levee of the St. Francis River floodway to the Poinsett/Cross County line;

AND

All of Crittenden County within the service area of Craighead Electric Cooperative.

LESS AND EXCEPT any territory allocated by the Arkansas Public Service Commission to Entergy Arkansas, Inc.

As a qualification of office at the time that a director is first elected to the Board of Directors, the director shall have his or her primary residence in and receive electrical service in the area encompassed by that same district and position.

In order to remain eligible to serve as a director or to be re-elected (while such director is an incumbent), the director must continue to reside in the County or Counties which is/are a part of the district and position from which the director was elected and receive electrical service from the Cooperative in the area encompassed by that same district and position.

For purposes of these bylaws, the term, "first elected" shall mean the election of a director in accordance with the bylaws when that director is not an incumbent at the time of his/her election regardless of previous service on the Board of the Cooperative. Unless a vacancy occurs, the terms of directors shall be staggered so that not more than one (1) director from each district shall have a term of office expiring in the same year. In the event districts are combined, the director whose district is being eliminated, will continue to serve until such time as his/her term expires.

**Section 2B. Qualifications and Tenure.** All directors shall serve terms of six (6) years in length unless they are filling a vacancy of an unexpired term. All directors elected to fill a vacancy of an unexpired term shall be elected for the period remaining on the unexpired term.

In order to be eligible to become and to continue to serve as a director, the person must:

- a. be a citizen of the United States of America;
- b. be of proper legal capacity;
- c. be a member of the Cooperative in good standing;
- d. not currently be nor shall have been employed by the Cooperative or any other electric utility at any time during the five (5) years immediately prior to the date of the election for such directorship;
- e. not have a spouse who is currently employed by or has been employed by the Cooperative or any other electric utility at any time during the five (5) years immediately prior to the date of the election for such directorship;
- f. not be nor have a spouse who is in any way employed by or directly financially interested in a competing enterprise or business selling electric energy or supplies to the Cooperative;
- g. not have been convicted of a felony or a misdemeanor which misdemeanor involves dishonesty within the ten (10) years prior to the date of the election unless the candidate has received a pardon for such conviction;
- h. not be convicted of a felony or a misdemeanor which misdemeanor involves dishonesty while serving as a director;
- i. attend a majority of all board meetings (unless excused by the Board of Directors for good cause) during any twelve (12) consecutive month period;
- j. meet the residency requirements of Section 2A; and



- k. not be and not have a spouse who is the incumbent of or a candidate for an elected public office in connection with which a salary is paid.

Upon it being determined that a director fails to meet any one (1) or more of the qualifications set forth in this Section 2B, then the director shall immediately be removed from the Board without any action or vote being necessary.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director. Nothing contained in this section shall or shall be construed to affect in any manner whatsoever the validity of an action taken at any meeting of the Board of Directors.

**Section 3. Nominations.** Nominations for the Board of Directors shall be by petition only. Any petition for nomination must be obtained at the Cooperative by the person who is to be nominated. Such petition shall be for a particular district and position. The person seeking such nomination may obtain more than one (1) copy of such petition and shall provide the Cooperative with a phone number upon which voicemails may be left. To be placed on the ballot, the petitioner must obtain the signature of no less than fifteen (15) current members of the Cooperative on the petition(s). Note: Only one (1) person may sign on the nominating petition for each membership, i.e., a husband and wife having a joint membership shall be counted as only one (1) signature on a petition.

Petitions for nomination shall first be available at the Cooperative one hundred fifty (150) days prior to the annual meeting. The person desiring to be nominated as a member of the Board of Directors must present the petition(s) with original signatures thereon not less than ninety (90) days prior to the annual meeting. Only petitions that have been provided by the Cooperative will be accepted. If such petition(s) are in proper form and contain a minimum of fifteen (15) proper signatures, and the person so nominated meets the requirements as outlined in this Article III, such person shall be added to the list of nominees for the proper position. If, for any reason, the Cooperative and its attorney determine that the petition is not in proper form or does not contain a minimum of fifteen (15) proper signatures, the Cooperative shall provide both verbal and written notice to the member being nominated no later than three (3) days after such petition(s) are returned to the Cooperative. Upon receipt of such notice, the member desiring to be nominated may correct such petition(s) and return properly completed petition(s) to the Cooperative no later than ninety (90) days prior to the annual meeting. If the petition(s) is/are returned to the Cooperative and the member desiring to be nominated does not return the petition(s) to the Cooperative within such time as to allow the Cooperative to verify that the petition(s) is/are proper and to provide notice to such member, then the member shall not be nominated for such position and shall not be placed on any ballot to be sent by the Cooperative.

The Secretary will post and maintain at the Cooperative, a current list of all proper nominees for all of the Board of Directors' positions to be elected at the next annual meeting. Following the close of nominations, the Secretary will mail with a notice of the annual meeting a statement setting forth the position to which directors are to be elected at such meeting and the name of all proper nominees for each such position. The Secretary will be responsible for assuring that the notice of the meeting is published in the Arkansas Living magazine. Notwithstanding anything contained herein, failure to comply with the provisions of this Section

will not affect in any manner whatsoever the validity of any election of a director or directors.

The election of Directors will be by ballot in writing delivered by mail or personal delivery to the office of the Cooperative and only those persons nominated by petition will be on such ballots. No nominations will be accepted from the floor. The Cooperative shall mail each member a ballot in sufficient time for it to be marked and returned by the time set for the annual meeting.

**Section 4. Removal of Directors and Officers except for Failure to Meet**

**Qualifications.** Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by twenty percent (20%) of the members, requesting the removal of the officer or director in question. Such petition for removal shall be against only one (1) officer or director, i.e. a separate petition containing the requisite number of signatures must be provided for each officer or director that is proposed to be removed. The charges which are brought against such officer or director shall be set forth in writing and shall provide sufficient detail to allow the officer or director to know and understand the nature of the charges made against him or her. Further, any meeting to consider evidence for removal shall be for one (1) officer or director only at a time, i.e. each officer or director that is proposed to be removed shall be entitled to a separate meeting during which evidence concerning that officer or director only shall be considered.

The officer or director against whom such charges have been brought shall be informed in writing [a minimum of sixty (60) days prior to any such meeting] of the charges and shall have an opportunity to be heard in person and by counsel and to present such evidence at such meeting as is relevant and necessary to make a proper determination regarding the charges against the officer or director. Further, the person or persons bringing such charges against the officer or director shall have the same opportunity to present such evidence. The date for the hearing of such charges shall be fixed by the Board of Directors and written notice of such hearing shall be sent to all members of Cooperative at their mailing address no less than forty five (45) days prior to the date of the hearing. Any officer or director shall be removed for cause only. For purposes of removal of such officer or director, the term, "for cause" shall be defined as an act or omission adversely affecting the Cooperative which amounts to gross negligence, fraud, criminal conduct or other action(s) which materially affect the Cooperative.

Evidence shall be heard at the special meeting for removal of the director. In order to conduct such meeting, there shall be a minimum of one thousand (1,000) members present in person throughout such meeting. During such meeting at which the evidence is presented, the members of the Cooperative who are present throughout shall vote on whether the officer or director shall be removed at the end of the presentation of the evidence. Such voting shall be accomplished by written ballot. An officer or director shall only be removed by an affirmative vote of not less than two-thirds (2/3rds) of the members voting upon such issue. In the event that the officer or director is removed based upon this vote, the remaining members of the Board of Directors shall vote upon and elect a new member of the Board of Directors at the first regular board meeting following the removal of such officer or director.

**Section 5. Vacancies.** Vacancies occurring in the Board of Directors for any reason,

including but not limited to removal of a director, shall be filled by a majority vote of the remaining directors and each director thus elected shall serve for the remainder of the unexpired term of the member being replaced.

**Section 6. Compensation.** Directors shall not receive any salary for their services but by policy of the Board of Directors a per diem as well as all reasonable attendance related expenses shall be allowed for attendance during which a Board Member participates related to his membership on the Board of Directors or any committee or other office or membership based upon their Board of Directors' activities. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity.

**Section 7. Rules and Regulations.** The Board of Directors shall have the power to make and adopt such rules, regulations and policies, not inconsistent with applicable law, the articles of incorporation of the Cooperative or these bylaws as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**Section 8. 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 and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America or other authority having jurisdiction over the Cooperative. The Board of Directors shall within ninety (90) days after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the Board of Directors at a regular meeting following completion of the audit.

#### ARTICLE IV MEETINGS OF DIRECTORS

**Section 1. Regular Meetings.** A regular meeting of the Board of Directors shall be held, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly or at other intervals and at such time and place in Craighead County, Arkansas, as the Board of Directors may provide by resolution. Such meetings may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board of Directors may be called by the CEO, Chairman or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Craighead County, Arkansas), for the holding of any special meeting called by them.

**Section 3. Notice.** Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days prior thereto, by written notice, delivered personally or mailed to each director at his/her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice

of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

**Section 4. Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**Section 5. Manner of Acting.** The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

## ARTICLE V OFFICERS

**Section 1. Number.** The officers of the Board of Directors and the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The officers of the Board of Directors shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If this election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer of the Board of Directors shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers of the Board of Directors.

**Section 3. Removal.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby.

**Section 4. Vacancies.** Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

**Section 5. Chairman of the Board of Directors.** The Chairman of the Board of Directors shall:

- a. be the principal officer of the Board of Directors of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- b. sign, with the Secretary, 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 thereof shall be expressly delegated by the Board of Directors 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 Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 6. Vice Chairman of the Board of Directors.** In the absence of the Chairman of the Board of Directors, or in the event of his/her inability or refusal to act, the Vice Chairman of the Board of Directors 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 of the Board of Directors and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 7. Secretary.** The Secretary shall:

- a. keep, or cause to be kept, the minutes of meetings of the members and the Board of Directors in one (1) 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. determine that the corporate records are properly maintained and see that the seal of the Cooperative is affixed to all appropriate documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;
- d. keep, or cause to be kept, a register of the address of each member which shall be furnished to the Cooperative by such member;
- e. have general charge of the books of the Cooperative in which a record of the members is kept;
- f. keep on file at all times a complete current set of the bylaws of the Cooperative which shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of such bylaws thereto to each member upon written request; and

- g. in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 8. Treasurer.** The Treasurer shall:

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

**Section 9. Chief Executive Officer.** The Board of Directors may appoint a Chief Executive Officer (“CEO”) who may be, but who shall not be required to be, a member of the Cooperative. The CEO shall perform such duties as the Board of Directors may from time to time require of him and shall have the authority as the Board of Directors may from time to time vest in him. The CEO shall not be an officer of or member of the Board of Directors, but is an officer of the Cooperative.

**Section 10. Bonds of Officers.** The Board of Directors may require the Treasurer or any other officer 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 Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount with such surety as it shall determine. The cost of such bonds shall be an expense of the Cooperative.

**Section 11. Compensation.** The compensation of any officer, agent or employee who is a close relative of a director (as defined by board policy) shall be determined by management.

**Section 12. Reports.** The officers of the Cooperative shall submit, or cause to be submitted, to each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the results of the year as well as the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

**Section 1. Contracts.** Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or limited to specific instances.

**Section 2. Checks, Drafts, etc.** All checks, drafts or other orders for payment of

money and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative in such manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 3. Deposits or Funds.** Funds of the Cooperative may be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select. Further, funds of the Cooperative may be deposited with, loaned to or invested in Arkansas Electric Cooperative Corporation or Arkansas Electric Cooperatives, Inc. in the discretion of the Board of Directors.

## ARTICLE VII NON-PROFIT OPERATION

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons except on deposits as required by applicable law or rule.

**Section 2. Patronage Capital in Connection with Furnishing of Electric Energy.** In the furnishing of electric energy, 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 Board of Directors shall periodically make distributions of patronage capital to its members. To make such decision, the Board of Directors shall determine the financial condition of the Cooperative based upon all amounts received from the furnishing of electric energy in excess of operating costs and expenses, its long term liabilities and a reasonable amount of operating capital to fund operations as well as future expansion of the system based upon the financial statements for each year. The books and records of the Cooperative shall be maintained so that at the end of each fiscal year the amount of capital, if any, shall be readily determinable.

If the Board determines that the financial condition of the Cooperative shall not be impaired by a distribution of patronage capital, the patronage capital for any year(s) may be credited to the patrons' accounts and retired in full or in part. Any such retirements of capital shall be made by any non-discriminatory method selected by the Board of Directors.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding patronage capital shall be retired without priority on a pro rata basis before any payments are made on account of property rights of current members. Notwithstanding any other provision of these bylaws, to the extent allowed by law or by regulation, the Cooperative shall have the right of recoupment from and against all members for unpaid indebtedness to the Cooperative against any patronage capital due to such members. The Cooperative shall exercise this right of recoupment of any outstanding balance due for non-payment of electric services by a member or former member of the Cooperative from the patronage capital credit(s) which is/are to be paid to said member or former member as a result of the Board of Directors' decision to retire capital credits for a given

year(s) in whole or in part.

## ARTICLE VIII WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of a meeting required to be given by these bylaws. In addition, a member of director shall waive any required notice of a meeting or lack thereof by attendance at such meeting unless at the beginning of such meeting the member or director objects to the meeting due to lack of notice or the impropriety of such notice.

## ARTICLE IX DISPOSITION OF PROPERTY

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

- a. property which in the judgment of the Board of Directors neither is, nor will be necessary to operate and maintain the Cooperative's system, facilities and office. However, all sales, leases or other dispositions of such property shall not in any one (1) year exceed ten percent (10%) of the value of all of the property of the Cooperative;
- b. Electric energy or services of all kinds; and
- c. Personal property acquired for resale.

The Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America or any agency or instrumentality thereof, or any financial institution, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences or indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or 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 wherever situated, all upon such terms and conditions as the Board of Directors shall determine. Notwithstanding any other provision of these bylaws, the Cooperative shall always have the authority to lease any or all of its assets to a subsidiary or other entity exclusively owned or exclusively controlled by the Cooperative.

## ARTICLE X FISCAL YEAR

The fiscal year of the Cooperative shall be as set by the Board of Directors from time to time.

## ARTICLE XI MEMBERSHIP IN OTHER ORGANIZATIONS



The Cooperative shall not become a member of any other organization without an affirmative vote of the Board of Directors.

ARTICLE XII  
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.

ARTICLE XIII  
AMENDMENTS

These bylaws or portions thereof shall only be altered, amended, changed, modified or repealed by the affirmative vote of at least two-thirds (2/3rds) of all directors at any regular or special meeting of the Board of Directors.

ARTICLE XIV  
INDEMNIFICATION

The Cooperative shall indemnify its directors, officers as well as the CEO to the maximum extent allowed by law pursuant to Arkansas Code Annotated Section 4-26-814 and other applicable law.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Chairman