

CANADIAN VALLEY ELECTRIC COOPERATIVE, INC.
BY-LAWS
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ARTICLE I MEMBERSHIP

Section I. Requirements for Membership.

Any person, legal entity, or body politic or subdivision thereof (hereinafter called "Applicant") may become a member in Canadian Valley Electric Cooperative, Inc., (hereinafter called "Cooperative") only if:

- a.) The individual or legal entity has the capacity to enter legally binding contracts ("Person"); and,
- b.) Applicant files a written application for membership. In the case of a legal entity, body politic or subdivision thereof, such legal entity shall, at the time of filing such application, designate the district to which its membership shall be assigned for voting purposes; provided the legal entity, body politic or subdivision thereof must receive electric service from the Cooperative within the district designated; and,
- c.) Applicant agrees to consume, receive, purchase, or otherwise use ("Uses"), or requests or agrees to Use within five (5) business days after electric energy is distributed, sold, supplied, furnished, or otherwise provided ("Provided") by the Cooperative., or agrees to the Cooperative providing standby service for electric energy; and,
- d.) Applicant agrees to comply with and be bound by the Articles of Incorporation and By-laws of the Cooperative and any Rules and Regulations adopted by the Board of Trustees; and,
- e.) No person, legal entity, or body politic or subdivision thereof shall become a member unless and until he, she, or it has been accepted for membership by the Board of Trustees.

No Applicant may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

A "Legal Entity" includes a domestic or foreign corporation, cooperative, business or nonprofit corporation, sole proprietorship, unincorporated association, limited liability company, professional limited liability company, partnership, limited partnership, revocable and irrevocable trust, estate, persons having a joint or common economic interest, or any other entity created by statute or recognized statutorily or by caselaw in the State of Oklahoma and local, regional, state, federal, or national government, including an agency or division of a government.

Except as otherwise provided in these Bylaws:

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- a) a Person may not remain a member of the Cooperative if the service to the residence, office, building, premise, structure, facility, or other facility ("Facility") occupied by the Person has been cut-off and the Person's account remains unpaid.
- b) a Person may not remain a member of the Cooperative if the account of the Person for standby service to the residence, office, building, premise, structure, facility, or other facility ("Facility") occupied by the Person remains unpaid for a period of sixty (60) days.
- c) a Person may not become a member of the Cooperative if the Person resides with a member at the Facility of the member who has been cut-off and the account of the member remains unpaid, or in the event of stand-by service, the account of the member remains unpaid for a period of sixty (60) days.
- d) a Person may not remain a member of the Cooperative if the Person has a controlling interest in a corporation, manager of a limited liability company, manager of a professional limited liability company, managing partner of a limited partnership, partner, trustee of a revocable trust, trustee of an irrevocable trust, personal representative (executor, executrix, administrator, administratrix) of an estate in probate, or sole proprietor of a sole proprietorship where the domestic or foreign corporation, cooperative, business or nonprofit corporation, sole proprietorship, unincorporated association, limited liability company, professional limited liability company, partnership, limited partnership, revocable and irrevocable trust or estate has been cut-off and the account of the legal entity remains unpaid.
- e) a Person may not remain a member of the Cooperative if the Person has a controlling interest in a corporation, manager of a limited liability company, manager of a professional limited liability company, managing partner of a limited partnership, partner, trustee of a revocable trust, trustee of an irrevocable trust, personal representative (executor, executrix, administrator, administratrix) of an estate in probate, or sole proprietor of a sole proprietorship if the account of the Legal Entity for standby service to the domestic or foreign corporation, cooperative, business or nonprofit corporation, sole proprietorship, unincorporated association, limited liability company, professional limited liability company, partnership, limited partnership, revocable and irrevocable trust or estate remains unpaid.

Section 2. Joint Membership.

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Subject to each person's compliance with the requirements set forth in Section I of this Article, two or more persons may hold a joint membership which shall be deemed one member. The persons holding a joint membership shall designate the person who is to receive notices. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- a) The presence at a meeting of one or more persons shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting; and,
- b) The vote of any one of the persons separately or both jointly shall constitute one vote; and,
- c) A waiver of notice signed by one of the persons of the joint membership shall constitute a waiver of all persons of the joint membership; and,
- d) Notice to the person designated to receive notice shall be deemed notice to all person of the joint membership.

Section 3. Conversion of Membership.

a) Conversion to Joint Membership

A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the additional person or persons to comply with the articles of incorporation, by-laws and rules and regulations adopted by the board of trustees.

b) Conversion from a Joint Membership

1. Expulsion of one person of the joint membership shall terminate the joint membership;
2. Withdrawal of one person of the joint membership shall terminate the joint membership.
3. Upon the death of a person who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased joint member shall not be released from any debts due the Cooperative.
4. Upon the dissolution of the marriage or civil union of a joint membership, the joint membership shall cease and the person awarded the real property shall become the sole member. Neither joint member shall be

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released from any debts due the Cooperative and shall be joint and severally liable until all monies owed to the Cooperative have been paid in full.

Section 4. Membership Fee.

- a) The membership fee shall be five dollars (\$5.00).

Section 5. Purchase of Electric Energy.

Each member shall, as soon as electric services shall be available, purchase from the Cooperative all electric services purchased for use on the premises specified in the member's application for membership and shall pay therefor at rates which shall from time to time be fixed by the board of trustees; provided, however, that the Cooperative may limit the amount of electric services which it shall be required to furnish to any one member. It is expressly understood that amounts paid for electric services exceeding 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 by-laws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric services consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Production or use of electric energy on the premises specified in a member's application for membership, regardless of 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, and in accordance with prevailing law or the rules and regulations of any governing body having jurisdiction over this Cooperative.

Section 6. Standby Services.

Each member who makes application for standby electric services shall, as soon as standby electric services shall be available, purchase from the Cooperative standby electric services for use on the premises specified in the member's application for membership and shall pay therefor at rates which shall from time to time be fixed by the board of trustees; provided, however, that the Cooperative may limit the amount of standby electric services which it shall be required to furnish to any one member. It is

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expressly understood that amounts paid for standby electric services exceeding 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 by-laws. Each member receiving standby electric services shall pay to the Cooperative a minimum amount per month as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Production or use of electric energy on the premises specified in a member's application for membership, regardless of 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, and in accordance with prevailing law or the rules and regulations of any governing body having jurisdiction over this Cooperative.

Section 7. Termination of Membership.

- 1) Any member may withdraw from membership upon compliance with such terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the trustees, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws or rules or regulations adopted by the board of trustees, but only if such member shall have been given written notice by the Cooperative that such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board of trustees or by vote of the members at any annual or special meeting. The membership of a member who:

- i) for a period of six months after service is available to the member, has not purchased electric service from the Cooperative, or
- ii) ceases to purchase electric service from the Cooperative

shall be canceled by the Cooperative.

The membership of a member who for a period of three (3) months after standby electric service has been made available to the member, fails, refuses or neglects to pay the Cooperative for the standby electric service, shall be canceled by the Cooperative.

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

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members.

Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these by-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members held by the Cooperative at the time of dissolution.

Section 2. Non-Liability for Debts of the Cooperative.

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

Article III MEETINGS OF MEMBERS

Section 1. Annual Meeting.

The annual meeting of the members shall be held each year at a date, time and place within the area served by the Cooperative, selected by the Board of Trustees. The place may additionally include:

1. a city or town that is not served by the Cooperative but is contiguous to an area served by the Cooperative, or
2. Facilities located on trust real property of a federally recognized tribe that is within the area served by the Cooperative.

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Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. Reports of all officers shall be considered at this meeting, as well as the consideration of such other business as may come before the meeting.

Section 2. Special Meetings.

Special meetings of all the members may be called by resolution of the board of trustees, or upon a written request signed by any three trustees, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative specified in the notice of the special meeting. The place may additionally include:

1. a city or town that is not served by the Cooperative but is contiguous to an area served by the Cooperative, or
2. Facilities located on trust real property of a federally recognized tribe that is within the area served by the Cooperative.

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, a district meeting or annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally, or by mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. 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.

Five per centum of all the members, present in person, shall constitute a quorum at an annual or special meeting. Five per centum of all the members of a district, present in person, shall constitute a quorum at a district meeting. If less than a quorum is present at any meeting, there shall be no business transacted and the meeting shall be

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adjourned. The minutes of each meeting shall contain a list of the members present in person.

Section 5. Voting.

Each member shall be entitled to only one vote. All questions shall be decided by a vote of majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these bylaws. Voting by proxy or by mail shall not be permitted.

Section 6. Order of Business.

The order of business at the annual meeting of the members and so far as possible at all other meetings of the members shall be essentially as follows:

1. Report as to the number of members present in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereof.
4. Presentation and consideration of reports of officers, trustees, committees, and manager.
5. Election of trustees. (District Meetings only)
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV TRUSTEES

Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of eight trustees who shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these bylaws conferred upon or reserved to the members.

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Section 2. Qualifications.

The persons named as trustees in the Articles of Incorporation or their successors, duly appointed or elected, shall compose the board of trustees until their successors are elected in the district meetings as hereinafter provided. Trustees elected shall serve until their successors are elected and qualified.

No person shall be eligible to file as a candidate for, become or remain a trustee or to hold any position of trust in the Cooperative who:

- a) Is not an active member of the Cooperative currently receiving electrical service to his primary residence or business, and a bona fide resident of the particular district which he is to represent; or
- b) Is in any way employed by or financially interested in a competing enterprise or business selling electric energy or supplies to the Cooperative. These prescriptions shall not apply if and where the degree of the prohibited activity is so inconsiderable and incidental as to pose no reasonable prospect of conflict or interest; or
- c) Is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one thousand dollars per annum is paid; or
- d) Is an employee of the Cooperative or has been an employee of the Cooperative within the last five (5) years prior to the date of filing, or is related to any employee or trustee of the Cooperative by blood or marriage within the third degree; or
- e) Has entered a plea of guilty or nolo contendere to or has been convicted of a felony.
- f) Does not have the capacity to enter legally binding contracts.
- g) Has been a member of the Cooperative less than six months.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the board of trustees to remove such trustee from office.

A Trustee of the Cooperative who fails to attend at a minimum, nine of every twelve consecutive regularly scheduled Board Meetings shall automatically lose his status as a Trustee and the remaining Trustees shall declare a vacancy on the Board from the District represented by such Trustee, to be filled in accordance with these Bylaws, unless the remainder of the Board of Trustees determines that such absences should be excused for justifiable cause.

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Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken in any meeting of the Board of Trustees.

Section 3. Districts.

The territory served or to be served by the Cooperative shall be divided into eight districts. Each district shall be represented by one trustee. The Board of Trustees shall have authority from time to time, but at least once every five years, to alter the boundaries of said districts as they shall deem it best for the interest of the Cooperative.

Section 4. Tenure of Office.

Trustees from each district shall be elected to serve three year terms. Those trustees presently serving as trustees as of the Annual Meeting of the Cooperative held in 1996 shall continue serving for the balance of their elected three year term. As these terms expire, trustees shall be elected by district to serve three year terms and elected thereafter, as terms expire.

Section 5. Election of Trustees at District Meetings.

- a) DISTRICT MEETINGS. Not less than thirty days nor more than sixty days before any annual meeting the board shall call a separate meeting of the members of each district in which the terms of incumbent board members are due to expire, for the purpose of electing one board member to represent the members located within each of such districts. Such meeting must be held within the boundaries of said districts. If no one files for the position of trustee of a particular district other than the incumbent trustee of that district, then a district meeting shall not be required, unless the Board of Trustees shall determine that a meeting of the district members is necessary for other purposes, and the incumbent trustee shall be declared the official trustee from that district for the ensuing term. If the incumbent trustee does not file a Notice of Candidacy as provided in paragraph C of this section, he shall be ineligible to continue serving as a trustee beyond the expiration of the current term. If a new trustee is not elected according to these bylaws by the members of that particular district at a meeting where a quorum was present, then the Board of Trustees of the Cooperative shall declare the position of trustee of that particular district vacant subject to the filing of this position according to Section 7 of this Article.

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- b) NOTICE OF DISTRICT MEETINGS. Written or printed notice stating the place, day, and hour of the meeting shall be delivered not less than ten days before the date of each meeting, either personally or by mail, by or at the direction of the Secretary to each member of the district. The notice shall indicate the district to which such member belongs, and shall state that election of a board member is to be the purpose of the meeting. It shall also contain the names of all persons who filed written notice of their candidacy to be voted on at said election.
- c) NOTICE OF CANDIDACY. Members of a district desiring to be candidates for election as trustee from that district and meeting the qualifications set forth in Section 2 of this Article shall file with the Cooperative written notice, on a form provided by the Cooperative, of their candidacy and intention to stand for election to the office of trustee from their district not less than twenty-five days nor more than thirty days prior to the meeting of the members of said district, provided however, if the last day for filings falls on a Saturday, Sunday, or a legal holiday, then the filing period shall be extended until 5:00 P.M. on the first business day thereafter. Only persons filing written notice of their candidacy and intention to stand for election shall be eligible for election at said meeting. If no member files such notice of candidacy and intention to stand for election with the Cooperative within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting, and said office shall be filled by vote of the Board, prior to the next succeeding Annual Meeting, without regard to any provisions herein regarding nomination and election of trustees.
- d) CONDUCT OF DISTRICT MEETINGS. The district meeting shall be called to order by the trustee representing the district or by another designated representative of the board of trustees, or in his absence, by any member residing within the district. The members shall then proceed to elect a Chairman, who shall be someone other than a trustee, and who shall appoint a Secretary to act for the duration of the meeting. Five percent of the members of the Cooperative residing in such district and being present at such meeting shall constitute a quorum. Members of other districts present at the meeting may be heard but shall have no vote.
- e) ELECTION. Each member in attendance at the district membership meeting shall be entitled to one vote. Any firm, association, corporation, body politic or subdivision, being a member of the Cooperative is entitled to designate one person to vote for such member, but no person shall be authorized or permitted to vote as a representative of more than one such member and such

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authorization must be signed by a president, vice-president, partner or principal officer, and such designation must be on file in the office of the Cooperative not less than fifteen (15) days prior to such election. No member at any district membership meeting shall be permitted to vote by proxy or by mail. Voting shall continue until a candidate shall have received a majority vote of those voting and such candidate shall be declared elected. The minutes of such district meeting shall set forth, among other matters, the name of the person elected trustee and the number of votes received by such person. A certified copy of the minutes signed by the Secretary and the Chairman of the district meeting shall be delivered to the Secretary of the Cooperative within five days after such meeting. The certification by the Chairman and Secretary of the election of the trustee by any district meeting shall be taken by the Cooperative as conclusive of the election of such board member at such district membership meeting. In the event a quorum cannot be obtained for any one of the district meeting provided herein, then and in such an event, the board member serving the district in which a quorum cannot be obtained shall be declared the official trustee from that district; provided the incumbent trustee has met the filing requirements of paragraph A of this section. The trustee elected shall take office and assume the duties and responsibilities thereof at the first meeting of the board, whether special or regular, after the annual membership meeting. Any error or omission in the giving of any notice or the holding of any meeting as herein provided shall not affect in any manner whatsoever the validity of the election of any board member.

Section 6. Removal of Trustees by Members.

Members of a voting district may bring charges against the trustee of their particular district and petition for removal, for just cause, of the trustee representing such district by filing with the Secretary of the Cooperative, and delivering a copy of the same to the manager of the Cooperative and the trustee, such charges, in writing, together with a petition for removal signed by at least ten present (10%) of the members of that district. The signatures shall be verified by the Cooperative using the membership applications and other member records on file at the Cooperative. The charges for removal for just cause must be specified in the petition in order to adequately inform the trustee of the same. The following procedure will then be followed:

- a) The Board of Trustees of the Cooperative shall call a meeting of the membership of that particular district and designate a date, time and place in the district in which the petition will be considered;

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- b) Notice in writing to all members of that district shall be given by the Cooperative setting forth the date, time, place and reason for the meeting. The notice must be given at least twenty (20) days, but not more than sixty (60) days, prior to the date of the meeting;
- c) Ten percent (10%) of the eligible members of the district present in person at this meeting shall constitute a quorum. If a quorum is not present at the place and time designed in the notice of the meeting, the meeting shall be adjourned and no further action taken.
- d) The district meeting shall be called to order by a trustee other than the one representing the district concerned, or someone designated by the Board of Trustees. The members shall then proceed to elect a Chairperson and Secretary of the meeting. The present trustee shall not act in either capacity;
- e) The charges and evidence will be presented by petitioners. The trustee shall have the right to refute the charges and present evidence concerning the same. At least one of the members bringing the charges must appear in person.
- f) The question of removal shall be heard and voted on. To be effective, removal of the trustee shall require a majority of those members of the district present in person at the meeting voting for removal of the trustee.
- g) If a vacancy is created, the same shall be filled by the members at the meeting. If they fail to do so, then the vacancy will be filled in accordance with other vacancy provisions of these bylaws;
- h) Any new trustee must meet qualifications of the bylaws and be seated as a board member immediately after selection;
- i) Roberts Rules of Order shall govern the conduct of the meeting;
- j) The Chairperson and Secretary shall certify to the Cooperative the selection of the new trustee.
- k)

Section 7. Vacancies.

Subject to the provisions of these bylaws with respect to filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the board of trustees

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shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs. The member elected as trustee to fill the vacancy must reside in the same district as the trustee to whose office he succeeds.

Section 8. Compensation.

Trustees as such shall not receive any salary for their services, but by resolution of the board of trustees a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the board of trustees and for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, training programs, performing committee assignments, or for attending any function or performing an act in behalf of the cooperative in any other capacity; provided, however, that trustees shall be entitled to receive such benefits as may from time to time be offered trustees of all rural electric cooperatives under programs sponsored by the National Rural Electric Cooperative Association; nor shall any person related to a trustee by blood or by marriage within the third degree receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such trustee or person related to a trustee by blood or by marriage within the third degree shall have been certified by the board of trustees as an emergency measure.

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.

Section 9. Oath of Office.

Prior to any person assuming the office of trustee, such person must subscribe to the following oath or affirmation: "I do solemnly swear (or affirm) that I will support the Constitution and the laws of the United States of America, the Constitution and the laws of the State of Oklahoma, and the bylaws of Canadian Valley Electric Cooperative, Inc., and that I will faithfully discharge according to the best of my ability the duties of my office during such time as I am a trustee of Canadian Valley Electric Cooperative, Inc., and that I will never knowingly do or cause to be done any act or deed which would not be in the best interest of the Cooperative and its membership."

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ARTICLE V MEETINGS OF TRUSTEES

Section 1. Regular Meetings

Regular meeting of the board of trustees shall be held monthly at the principal place of business of the Cooperative, or at such other location within the service territory of the Cooperative specified in the notice of the special meeting. The place may additionally include:

1. a city or town that is not served by the Cooperative but is contiguous to an area served by the Cooperative, or
2. Facilities located on trust real property of a federally recognized tribe that is within the area served by the Cooperative

at such date, time and place as the board may adopt by resolution. Such regular monthly meetings may be held without notice except those to be held at any place other than the principal place of business of the Cooperative shall require not less than 5 days written notice to all Trustees.

Section 2. Special Meetings.

Special meetings of the board of trustees may be called by the President or by any three trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the trustees calling the meeting shall fix the time and place for the holding of the meeting as specified in the notice of the special meeting. The place may additionally include:

1. a city or town that is not served by the Cooperative but is contiguous to an area served by the Cooperative, or
2. Facilities located on trust real property of a federally recognized tribe that is within the area served by the Cooperative

Section 3. Notice of Trustees' Meetings.

Written notice of the time, place, and purpose of any special meeting of the board of trustees shall be delivered not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the trustees calling the meeting, to each trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United

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States mail addressed to the trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. Quorum.

A majority of the board of trustees shall constitute a quorum, provided, that if less than such majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent trustee of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees; provided any action taken at a special meeting of the board of trustees other than the question of adjournment, in order to be binding must have the concurrence of the majority of the entire board of trustees. "Presence" is to be used in its broadest sense and includes electronic exchange, telephone calls, and face-to-face meeting.

ARTICLE VI OFFICERS

Section 1. Number.

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

Section 2. Election and Term of Office.

The officers shall be elected by ballot annually by and from the board of trustees held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board of trustees of the unexpired portion of the term.

Section 3. Removal of Board Officers by Trustees.

Any President, Vice President, Secretary or Treasurer elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgment the best interests of the Cooperative will be served thereby.

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Section 4. President.

The President shall:

- a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the board of trustees, shall preside at all meetings of the members and board of trustees;
- b) Sign, with the Secretary, 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 5. 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. The Vice-President shall also perform such other duties as from time to time may be assigned to him by the board of trustees.

Section 6. Secretary.

The Secretary shall be responsible for:

- a) Keeping the minutes of the meetings of the members and of the board of trustees in books provided for that purpose;
- b) Seeing that all notices are duly given in accordance with these bylaws or as required by law;
- c) The safekeeping of the corporate records and of the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on

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behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

- d) Keeping a register of the names and post office addresses of all members;
- e) Having general charge of the books of the Cooperative in which a record of the members is kept;
- f) Keeping on file at all times, a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forwarding a copy of the Bylaws and of all amendments thereto, to each member upon request; and,
- g) In general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the board of trustees.

Section 7. Treasurer.

The Treasurer shall be responsible for:

- a) Custody of all funds and securities of the Cooperative;
- b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and,
- c) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the board of trustees.

Section 8. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the board of trustees shall determine. The board of trustees in its discretion may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

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Section 9. Compensation.

The powers, duties, and compensation of any officers, agents, and employees shall be fixed by the board of trustees.

Section 10. Reports.

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

ARTICLE VII NONPROFIT OPERATION

Section 1. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a Cooperative nonprofit 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 or for 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 2. Patronage Capital in Connection with Patronage Business.

In the furnishing of services of all kinds, including the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons 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 Federal taxable income). All such amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such patronage dividends. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each 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

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account of each patron, and the Cooperative shall within a reasonable time, after the close of the fiscal year, notify each patron of the amount of capital so credited to their account; provided that individual notices of such amounts furnished by patrons shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how patrons may compute and determine for themselves the specific amount of capital so credited to them and that specific information on such amount of capital is available from the Cooperative on request. 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 in excess of costs and expenses shall, insofar as permitted by law, be allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of patrons. 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 credited to patrons' accounts may be retired in full or in part. After August 13, 1977, the board of trustees shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. Provided further, however, that the board of trustees shall have the power to adopt rules providing for the separate retirement of that 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 to the Cooperative.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of

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this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The 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 meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of trustees of the 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 and leaseback transaction only where the board of trustees determines that such transaction will not impair the ability of the cooperative to use the assets as needed to serve the members; provided, however, that such transactions shall apply only to the physical assets of the cooperative and shall not be used to effect a sale or other disposition of the cooperative business entity itself; and further, shall have full power and authority to authorize the execution and delivery of 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 wherever situated, as well as the revenues and income therefrom all upon such terms and conditions as the board of trustees shall determine, to secure any indebtedness of the Cooperative to the United State 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.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Oklahoma".

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ARTICLE X FINANCIAL TRANSACTIONS

Section 1. Contract.

Except as otherwise provided in these bylaws, the board of trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc.

Except as otherwise provided by law or in these bylaws, 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 by such officer, officers, agent, or agents of the Cooperative in such manner as shall from time to time be determined by resolutions of the board of trustees.

Section 3. Deposits.

All funds, except petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks, savings and loan associations, the National Rural Utilities Cooperative Finance Corporation or other primary lenders for Rural Electrification or other federally regulated and insured institutions as the board of trustees may select.

Section 4. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America and the National Rural Utilities Cooperative Financial Corporation not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy become effective.

Section 5. Fiscal Year.

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

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ARTICLE XI MISCELLANEOUS

Section 1. Membership in Other Organizations.

The Cooperative by a majority vote of its board of trustees may become a member of other organizations which are organized and operated to further the interest of rural electrification and such other organizations as the board of trustees may determine beneficial to the Cooperative.

Section 2. Waiver of Notice.

Any member or trustee may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or trustee shall attend a meeting for the express purpose of objecting to the transactions of any business because the meeting shall not have been lawfully called or convened.

Section 3. Policies, Rules, and Regulations.

The board of trustees shall have power to make and adopt policies, rules, and regulations, not inconsistent with law, the Articles of Incorporation, or these bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports.

The board of trustees shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws, rules, and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The board of trustees shall cause a full and complete audit of the accounts, books, and financial condition of the cooperative to be conducted by an independent certified public accountant – such audit to be conducted for the period of time as determined by the Board of Trustees, commencing with the day following the date of the last preceding audit. A report of such audit shall be submitted to the members at the next following annual meeting.

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Section 5. Gender Clarification.

In all places within these bylaws where masculine gender is used, it shall include feminine gender as though specifically stated therein.

Section 6. Rules of Procedure.

Parliamentary procedure at all meetings of the members, of the board of trustees, provided for in these by-laws and of any other meeting of the members, of the board of trustees, which may from time to time be duly established, shall be governed by the most recent edition of Roberts Rules of Order, except to the extent such procedures are otherwise determined by law or by the Cooperative's Articles of Incorporation, or by-laws.

Section 7. Chief Executive Officer and Agents.

The board of trustees may appoint a chief executive officer who may be, but who shall not be required to be, a member of the Cooperative. The chief executive officer shall perform such duties and shall exercise such authority as the board of trustees may from time-to-time vest in him.

The board of trustees may appoint such other agents as may be necessary for the effective operation of the Cooperative.

ARTICLE XII AMENDMENTS

With the exception of that portion of Article VIII hereof, these bylaws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal and further provided that these bylaws shall not be altered, amended, or repealed except by the affirmative vote of at least sixty percent (60%) of all members of the cooperative present at a regularly called annual meeting of the members of the Cooperative at which a quorum is present or a called special meeting of the members of the Cooperative at which a quorum is present. The Board of Trustees may offer to the membership meeting any proposed amendment by a majority resolution of the Board of Trustees. If any member or members desire to offer an amendment to these bylaws, such member or members shall deliver a copy of the proposed amendment, alteration, or repeal, and a petition in support thereof signed by not less than one hundred (100) of the members of the cooperative, to the Secretary of

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the Board of Trustees not less than forty-five (45) days prior to the meeting in which such resolution is to be offered and the Secretary shall cause a copy of said amendment, alteration, or repeal to be included with the notice of the regular annual meeting or special meeting of the members of the cooperative.

ARTICLE XIII SAVINGS CLAUSE

In the event any clause or provision of these bylaws shall be adjudged to be invalid or void, or determined to be in conflict with any laws, rules and regulations of the United States of America, State of Oklahoma, or any governing body having jurisdiction over the Cooperative, then and in that event, such laws, rules and regulations shall take precedence over the particular bylaw and the fact that any such clause or provision may be invalid or void shall not serve to invalidate the remaining Bylaws, clauses or provisions contained herein.

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STATEMENT OF NONDISCRIMINATION

CANADIAN VALLEY ELECTRIC COOPERATIVE, INC., is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Gary Highley, CEO. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Service, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

\s\ Gary Highley, CEO