

# Bylaws of The Radiant Electric Cooperative, Inc.

## ARTICLE I Membership

**Section 1. Requirements for Membership.** Any person, firm association, corporation, or body politic or subdivision thereof will become a member of The Radiant Electric Cooperative, Inc., (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he 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 trustees; and
- (d) paid the membership fee hereinafter specified. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws,

**Section 2. Membership.** Membership in the Cooperative shall be evidenced by the records of the Cooperative.

**Section 3. Joint Membership.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member and of constituting a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute one joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice to either shall constitute a notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

### Section 4. Conversion of Membership.

- (a) A membership may be converted to a joint membership in the records of the Cooperative upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles incorporation, by laws, and rules and regulations adopted by the board of trustees.
- (b) Upon the death of either spouse who is a party to a joint membership, such membership shall be held solely by the survivor. The survivor shall notify the Cooperative in writing of the death of the spouse so that the records of the cooperative can be changed to reflect the new membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**Section 5. Membership and Service Connection Fees.** The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection.

**Section 6. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the board of trustees. It is expressly understood that the amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

### Section 7. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform 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 shall have refused or failed to comply with any of the provisions of the articles of incorporation, bylaws, 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 refusal or failure makes him liable to expulsion and such refusal or 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 for a period of six (6) months after service is available to him has not

purchased electric energy from the Cooperative or of a member who has ceased to purchase energy from the Cooperative may be cancelled by resolution of the board.

(b) Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate, and the records of the Cooperative shall be changed to reflect the termination. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

## ARTICLE II Rights and Liabilities of Members

**Section 1. Property Interest of Members.** Members shall have no individual or separate interest in the property or assets of the Cooperative except that upon dissolution, after

- (a) all debts and liabilities of the Cooperative shall have been paid, and
- (b) all capital furnished through patronage shall have been retired as provided in these bylaws, and
- (c) all membership fees shall have been refunded, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution.

**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 or liabilities of the Cooperative.

## ARTICLE III Meetings of Members

**Section 1. Annual Meeting.** The annual meeting of the members shall be held on a date to be fixed by the board of trustees between March 1, and July 1 of each year, at such place within a county served by the Cooperative as selected by the board of trustees and which shall be designated in the notice of meeting, for the purpose of electing trustees, passing upon the reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the meeting. Failure to hold the annual meeting within the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.** Special meetings of the members may be called by resolution of the board of trustees, or upon a written request signed by any three trustees, by the President, 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 counties served by the Cooperative as designated by the board and shall be 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 or annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of which the meeting is called, shall be delivered not less than ten days nor more than thirty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default of 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 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.** A quorum for the transaction of business at all meetings of the members of the Cooperative shall be five percent (5%) of all members, who must be present in person, if the cooperative has not more than one thousand (1,000) members. A quorum for the transaction of business at all meetings of the members, if the Cooperative has more than one thousand (1,000) members, shall be fifty (50) members who must be present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. 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, except as otherwise provided by law, the article of incorporation, or these bylaws. "As

permitted by K.S.A. 17-461 0, which allows voting by mail, voting for trustees only shall be by ballots mailed to each member with the notice of the members meeting." Whenever a member is absent, but whose spouse is present at a meeting of the members, the spouse shall be entitled to vote to the same extent that such member could vote is present in person.

**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:

- (a) report as to the number of members present in person in order to determine the existence of a quorum;
- (b) 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;
- (c) reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (d) presentation and consideration of reports of officers, trustees, and committees;
- (e) election of trustees;
- (f) unfinished business;
- (g) new business; and
- (h) adjournment.

#### **ARTICLE IV Trustees**

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven trustees which shall exercise all 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.

**Section 2. Qualifications, Election, and Tenure.**

(a) No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who is not a member and bona fide resident in the area served by the Cooperative, or is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of the Cooperative.

(b) Trustees shall be nominated and elected from districts within the service area of the Cooperative. There shall be three (3) such districts and the district areas shall be so constituted to provide for an equitable distribution of members. There shall be two (2) trustees elected from each district and one (1) trustee elected at large from the combined districts. Terms of incumbent trustees within the same district shall not expire in the same year. Trustee districts and positions shall be established as follows:

- (1) District 1 (Positions 1 and 2): all of Neosho County service area and that portion of the Wilson County service area (except Verdigris and Webster Townships) lying east and north of the Verdigris River.
- (2) District 2 (Positions 3 and 4): all of the Labette County and Montgomery County service areas.
- (3) District 3 (Positions 5 and 6): all of the Elk County, Greenwood County, and Woodson County service areas and that portion of Wilson County not included in District 1.
- (4) At large (Position 7): all service areas of all counties.

The sequence for the election of trustees shall be provided for the election of trustees to Positions 1 and 3 in the same year, to Positions 2 and 5 in the following year, and to Positions 4, 6, and 7 in the next following year, with this sequence continuing thereafter.

If the election of trustees shall not be held on the day designated therein for the annual meeting, or any adjournment thereof, the board of trustees shall cause the election to be held at a special meeting of the members to be held within a reasonable time thereafter.

(c) Trustees shall be elected by ballot to serve for a term of three years' or until their successors shall have been elected and shall have qualified. In the event of a tie vote in an election for trustee, the winner shall be determined by a coin toss conducted as promptly as reasonably possible by the President or, in his or her absence, the Vice President. Neither candidate need be present at the coin toss. 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. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of trustees.

(d) No trustee shall be nominated or elected to serve more than four consecutive three-year terms.

**Section 3. Nominations.** It shall be the duty of the board of trustees to appoint, not less than sixty days nor more than ninety days before the date of a meeting of the members at which trustees are to be elected, a Committee on Nominations consisting of not less than five nor more than eleven members who shall be selected from different sections of the area so as to insure equitable representation. No members of the board of trustees shall serve on such committee. The committee, keeping in mind the provisions of Section 2 hereof, shall prepare and post at the principal office of the Cooperative at least

forty-five days before the meeting, a list of nominations for trustees consisting of two nominations for each trustee position to be filled by the election. The Secretary shall be responsible for mailing with the notice of the meeting a ballot listing the number of trustees to be elected and the names and addresses of the candidates nominated by the Committee on Nominations. Any fifteen or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, must be received at least thirty days before the mailing of ballots to be included on the official ballot.

**Section 4. Removal of Trustees by Members.** Any member may bring charges against a trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten per centum of the members or 300, whichever is the lesser, and request the removal of such trustee by reason thereof. The trustee against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at this meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

**Section 5. Vacancies.** A vacancy occurring in the board of trustees 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 only exception to this shall be in the event a trustee is removed by the members under Section 4 of Article IV. In such event, the vacancy shall be filled by the members in accordance with the provisions of Article IV, Section 4.

**Section 6. Compensation.** Trustees shall not receive any salary for their services as such, except that the board of trustees may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee receive compensation for serving the Cooperative, unless the payment of compensation shall be specifically authorized by a vote of the members or the service by such trustee or close relative shall have been certified by the board of trustees as an emergency measure.

#### **ARTICLE V Meeting of Trustees**

**Section 1. Regular Meeting.** Regular meetings of the Board of Trustees shall be held, without notice, at such time as the Board of Trustees may from time to time designate in advance of such meetings, provided, however, that the Board of Trustees shall have at least six (6) regular meetings each calendar year. Such regular meetings shall be held in one of the counties served by the Cooperative.

**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.

**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 days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a 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 State mail addressed to the trustee at his address as it appears on the records at 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 trustees 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, except as otherwise provided in these bylaws.

#### **ARTICLE VI Officers**

**Section 1. Number.** The officers of the Cooperative shall be a PreSident, Vice President, Secretary, Treasurer, and such other officers as may be determined by

the board of trustees from time to time. The offices of Secretary and of 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 at the meeting of 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 for the unexpired portion of the term.

**Section 3. Removal of Officers and Agents by Trustees.** Any officer or agent 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. In addition, any member of the Cooperative may bring charges against an officer by filing such charges in writing with the Secretary, together with a petition signed by ten per centum of the members or 300, whichever is the lesser, and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of the removal of such officer shall be considered and voted upon at the next meeting of the members.

**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 the board of trustees;
- (b) sign any deeds, mortgages, deed 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 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 meeting of the members and of the board of trustees in books provided for that purpose;
  - (b) seeing that all notices are fully 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 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) signing with the President, certificates of membership, the issue of which shall have been authorized by the board of trustees or the members;
  - (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, at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any 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 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) 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. Manager.** The board of trustees may appoint a manager or comanagers who may be, but who shall not be required to be, a member or members of the Cooperative. The manager or co-managers shall perform such duties and shall exercise such authority as the board of trustees may from time to time designate.

**Section 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its 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 with such surety as it shall determine.

**Section 10. Compensation.** The powers, duties, and compensation of any officers, agents, and employees shall be fixed at the direction of the board of trustees, subject to the provisions of these bylaws with respect to compensation for trustees and close relatives of trustees.

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

## ARTICLE VII Nonprofit Operation

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall all times be operated on a cooperative nonprofit 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.

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of the capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

(a) used to offset any losses incurred during the current or any prior fiscal year and

(b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided. In the event that a former patron has a delinquent, unpaid account, written off or remaining in receivables, the Cooperative shall offset such amounts against the former patron's membership and patronage account before any refund from the membership or patronage accounts are paid to the former patron.

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 members. If, at any time prior to dissolution or liquidation, the board of trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Cooperative shall equal at least thirty per centum (30%) of the total assets of 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 to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of trustees acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the board of trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of trustees, acting under policies of general application, and the legal representative of such patron's estate agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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

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

**Section 3. Patronage Capital Received By the Cooperative From a Power Supply Cooperative.** The Board of Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year. (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, and (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts.

## ARTICLE VIII Disposition of Property

The Cooperative may not sell, lease, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, lease, or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than a majority of all of the members of the Cooperative, and unless the notice of such proposed sale, 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 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; provided further that the board of trustees may upon the authorization of two thirds of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative doing business in the state of Kansas pursuant to the Act under which this Cooperative is incorporated.

## 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, Kansas."

## ARTICLE X Financial Transactions

**Section 1. Contracts.** Except as otherwise provided in these bylaws, the board of trustees may authorize any officer or officers, agent or agents to enter into any contracts 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 or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board 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 as the board of trustees may select.

**Section 4. Change in Rates.** Written notice shall be given to the administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes 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.

## ARTICLE XI Miscellaneous

**Section 1. Membership in Other Organizations.** The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership; provided, however, that the trustees shall have full power and authority to authorize the Cooperative to purchase stock in order to become a member of any corporation or cooperative organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, or with approval of administrator of the Rural Electrification Administration, of any other corporation organized for the purpose of acquiring electric facilities.

**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 transaction of any business on the grounds that 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 such policies, rules, and regulations not inconsistent with law, the articles of incorporation, or these bylaws as it may deem advisable for the management of the business and affairs of the Cooperative.

**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, shall conform so long as the Cooperative is indebted to the government or any agency or instrumentality thereof, to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. The board of trustees shall also, annually, cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative. A report of such audit shall be submitted to the members at the annual meeting next following the close of each fiscal year.

**Section 5. Indemnification of Trustees, Officers, Employees, and Agents.** Each present, former or future trustee, officer, employee, or agent of this Cooperative shall be indemnified by this Cooperative against liabilities and expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense (or in the compromise or settlement) of any threatened or completed action suit or proceeding (whether civil, criminal, administrative, or investigative) by or on behalf of whomsoever brought, in which he is made a party, by reason of being or having been a trustee, officer, employee, or agent of this Cooperative. provided that: (1) such trustee, officer, employee, agent, or person shall not be adjudged in any such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties to the Cooperative; or (2) in the event that any such action, suit, or proceeding is compromised or settled before final adjudication thereof, independent counsel shall find either that such trustee, officer, employee, agent, or person acted without negligence and that such action did not constitute misconduct in the performance of duties to the Cooperative, or that any negligence or misconduct which may have been involved did not relate to matters of sufficient consequence to warrant the withholding of the indemnity herein provided. A conviction or judgment (whether based on a plea of guilty or nolocontendere or its equivalent, or after trial) in a criminal action suit or proceeding shall not be deemed an adjudication of liability for negligence or misconduct in the performance of duties to the Cooperative if such trustee, officer, employee, agent, or person acted in good faith in what he considered to be the best interests of the Cooperative and with no reasonable cause to believe that the action was illegal. Such independent counsel shall be a lawyer or firm of lawyers practicing in the state of Kansas, selected by the Chief Justice of the Supreme Court of the state of Kansas, or in case of his absence or inability to act, by the judge of such court next senior in commission.

The foregoing rights of indemnification shall not be exclusive of any other rights which any such trustee, officer, employee, agent, or person may have as a matter of law or which may be lawfully granted; and the indemnification hereby granted shall be in addition to and not in restriction or limitation of any other privilege or power which the Cooperative may lawfully exercise with respect to indemnification or reimbursement of trustees, officers, employees, agents, or persons. The foregoing rights of indemnification shall, in the case of the death or incapacity of any such trustee, officer, employee, agent, or person inure to the benefit of his estate, executor, administrator, conservator, or other legal representative.

This Cooperative may, to the full extent permitted by law, and to the extent permitted by the board of trustees, purchase and maintain insurance on behalf of any trustee, officer, employee, agent, or person against any liability asserted against and incurred by any trustee, officer, employee, agent, or person in or arising out of such capacity or status, whether or not the Cooperative would have the power to indemnify him against such liability under the provisions of this Section.

**Section 6. Area Coverage.** The board of trustees shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative's service area who (a) desire such service, and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

## ARTICLE XII Amendments

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.