



Bylaws

**FREESTATE ELECTRIC
COOPERATIVE, INC**

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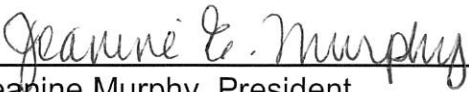
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APPROVAL BY THE BOARD OF TRUSTEES

These Bylaws have been reviewed and approved by the Board of Trustees.



Jeanine Murphy, President

Date Adopted: January 1, 2017

Date Effective: January 1, 2017

These Cooperative Principles have been followed in drafting the by-laws and have been implemented through various sections governing membership, meetings, voting, electing Trustees, officers, transfer of assets, dissolution and capital credits. The cooperative principles are as follows:

Article 1 – General

Section 1.1 – Usage.

Within these Bylaws of FreeState Electric Cooperative, Inc. (“Cooperative”) as currently existing or as later amended (“Bylaws”), except as otherwise provided and subject to the context requiring otherwise:

- (1) words and phrases have their customary and ordinary meaning;
- (2) the singular use of a word includes the plural use and the plural use of a word includes the singular use;
- (3) the masculine use of a word includes the feminine and neutral uses, the feminine use of a word includes the masculine and neutral uses, and the neutral use of a word includes the masculine and feminine uses;
- (4) the present tense of a word includes the past and future tenses, and the future tense of a word includes the present tense;
- (5) the words “shall” and “must” are words of obligation, with “shall” meaning “has a duty to” and “must” meaning “is required to;”
- (6) the word “may” is a word of discretion meaning “has discretion to,” “is permitted to,” “is authorized to,” or “is entitled to;”
- (7) the words “may . . . only” are words of limited discretion and prohibition;
- (8) the words “shall not,” “must not,” and “may not” are words of prohibition, with “shall not” meaning “has a duty not to,” “must not” meaning “is required not to,” and “may not” meaning “has no discretion to,” “is not permitted to,” “is not authorized to,” and “is not entitled to;”
- (9) an exception to a word of obligation is a word of discretion and an exception to a word of discretion is a word of prohibition;
- (10) the words “except as otherwise provided,” “subject to,” and similar words are words of limitation and exception;
- (11) the words “include,” “includes,” and “including” mean “include without limitation,” “includes without limitation,” and “including without limitation;”
- (12) the word “or” is inclusive, with “A or B” meaning “A or B or both;” and
- (13) the word “individual” means a “natural person” or “human being.”

Section 1.2 – Law and Articles.

These Bylaws are subject to Law and the Articles of Consolidation of FreeState Electric Cooperative, Inc. (“Articles”). If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. “Law” includes applicable:

- (1) local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and

- (2) legally binding contracts enforceable by or against the Cooperative, including legally binding contracts between the Cooperative and an Applicant or Member.

Article 2 – Cooperative Membership

Section 2.1 – Member Qualifications.

Except as otherwise provided in these Bylaws, an individual or Entity may become and remain a member of the Cooperative only if: (1) the individual or Entity is a person with the capacity to enter legally binding contracts (“Person”); and (2) the Person consumes, receives, purchases, or otherwise uses (“Uses”), or requests or agrees to Use generated, transmitted, distributed, sold, supplied, furnished, or otherwise provided (“Provided”) by the Cooperative. A “Cooperative Service” is: (1) electric energy Provided by the Cooperative; and (2) as determined by the Cooperative’s Board of Trustees (“Board”), a good or service Provided by the Cooperative.

An “Entity” includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.

Except as otherwise provided in these Bylaws, a Person may not become or remain a member of the Cooperative if the Person resides at, engages in a business at, owns, controls, or otherwise occupies (“Occupies”) a residence, office, building, premise, structure, facility, or other location (“Location”), the Provision of a Cooperative Service to which Location is the basis of membership, and which Location is or was:

- 1) Occupied by a second Person, other than a landlord, tenant, or similarly related Person, who: (A) is a Member, other than a Joint Member; or (B) owes the Cooperative for a Cooperative Service Provided to or for the Location, if the first Person Occupied the Location when the Cooperative Provided the Cooperative Service; or
- 2) Previously Occupied by an Entity owned or controlled by the Person, which Entity owes the Cooperative for a Cooperative Service Provided to or for the Location.

A Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one membership in the Cooperative. Persons Occupying a Location to or for which the Cooperative Provides a Cooperative Service may not hold more than one membership in the Cooperative.

Section 2.2 – Membership.

Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative (“Member”) and consents to being a Member upon using, or requesting or agreeing to use, electric energy provided by the Cooperative. The Cooperative may issue membership certificates to Members in a manner, method, and form determined by the Board.

If the Board determines that a qualified Person is unable to complete the Membership Procedure, then the Board may refuse, suspend, or terminate the Person's membership in the Cooperative. For other good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.

Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred. If an individual Member, other than a Joint Member, dies without the Cooperative's knowledge, and if a Close Relative of the deceased Member Uses a Cooperative Service at the Location previously Occupied by the deceased Member, then, until the Cooperative learns of the Member's death or terminates the deceased Member's membership, the deceased Member's membership is transferred to the Close Relative.

Section 2.3 – Membership Agreement.

A Member shall: (1) comply with the Governing Documents; (2) provide and maintain a current mailing address and telephone number with the Cooperative; and (3) pay the Cooperative for the Cooperative's damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the Member's failure to comply with the Governing Documents. If a Member fails to comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may: (1) bring and maintain a legal action to enjoin the Member from violating the Governing Documents; and (2) bring and maintain a legal action to order the Member to comply with the Governing Documents.

The Articles and these Bylaws are contracts between the Cooperative and a Member. By becoming a Member, the Member acknowledges that: (1) Every Member is a vital and integral part of the Cooperative; (2) the Cooperative's successful operation depends upon each Member complying with the Governing Documents; and (3) Members are united in an interdependent relationship.

If a dispute arises out of, or relates to, the Governing Documents, the Cooperative's Provision of a Cooperative Service, or a Member's Use of a Cooperative Service, if the dispute cannot be settled through negotiation, and if requested by the Cooperative or the Member Cooperative then the Cooperative and the Member shall first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or other dispute resolute procedure.

As requested by the Cooperative, a Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Trustee, Officer, employee, agent, or representative ("Cooperative Official"), and caused by the negligence, gross negligence, or willful misconduct of the Member or a non-Member Occupying

the same Location as the Member, or by the unsafe or defective condition of a Location Occupied by the Member.

In general, a Member is not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations solely because of membership in the Cooperative. A Member may become liable to the Cooperative as provided in the Governing Documents or as otherwise agreed to by the Cooperative and the Member.

Section 2.4 – Joint Membership.

Persons who qualify to be Members may hold a joint membership in the Cooperative ("Joint Membership"). A Joint Membership may consist of individuals occupying the same location to or for which the Cooperative provides or will provide a cooperative service.

(a) Creating a Joint Membership. To become joint members of the Cooperative, qualified Persons must jointly complete the Membership Procedures initially using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Persons. Qualified Persons become joint members of the Cooperative ("Joint Members") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member's individual membership to a Joint Membership with a qualified Person. While a Joint Member, a qualified Person may become or remain a separate, non-Joint Member by Using a Cooperative Service at a Location different from the Joint Membership Location.

(b) Rights and Obligations of Joint Members. Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

- (1) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
- (2) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;
- (3) the presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
- (4) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
- (5) the presence of one Joint Member at a meeting may revoke a Member Proxy Appointment previously executed by the Joint Member;
- (6) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;
- (7) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature, or action;

- (8) except upon the cessation of marriage, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and
- (9) a Joint Member qualified to be a member of the Board ("Trustee") may be a Trustee, regardless of whether another Joint Member is qualified to be a Trustee, but if more than one Joint Member is qualified to be a Trustee, then only one Joint Member may be a Trustee.

If an individual or Entity is a Joint Member in more than one Joint Membership, then the individual or Entity may vote on a matter, and sign a petition, consent, waiver, or other document, through one Joint Membership only.

(c) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a failure to occupy the same location to or for which the cooperative provides or will provide a cooperative service. Upon determining or discovering the failure to occupy the same location to or for which the Cooperative provides or will provide a cooperative service:

- (1) if one Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of this Person;
- (2) if more than one Joint Member remains qualified to be a Joint Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership comprised of these Persons;
- (3) if all Joint Members remain qualified to be Joint Members and continue to Use a Cooperative Service at the same Location, then the Joint Membership converts to a membership of Persons determined by Cooperative; and
- (4) if no Joint Member remains qualified to be a Member and continues to Use a Cooperative Service at the same Location, then the Joint Membership terminates.

Section 2.5 – Provision of Cooperative Service.

A Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for providing the Cooperative Service.

(a) Interruption of Cooperative Service. The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, non-continuous, or fluctuating electric energy or other Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member. In case of emergency, or as requested by government or emergency officials or representatives, the Cooperative may interrupt the Provision of Cooperative Services to Members.

(b) Safe and Protected Operation of Cooperative. A Member shall take or omit any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, which act involves: (1) a Location Occupied by the Member and to or for which the Cooperative Provides or will Provide a Cooperative Service; (2) real or personal property in which the Member possesses a legal or equitable right or interest (“Member Property”); (3) Cooperative Equipment; or (4) Member Equipment connected to Cooperative Equipment. A Member shall: (1) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (2) install and maintain any protective device, and implement and follow any protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, the Cooperative may temporarily suspend or terminate Provision of a Cooperative Service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative Equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative Equipment.

(c) Member Equipment Connected to Cooperative Equipment. Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection in writing. Before and while Member Equipment is connected to Cooperative Equipment, the Member:

- (1) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- (2) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether the Member Equipment and connection comply with the Governing Documents;
- (4) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative’s ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service; a
- (5) shall pay the Cooperative for income not received or accrued because of the connection.

If Member Equipment is connected to Cooperative Equipment, then: (1) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (2) the Cooperative is not liable for damage to, or for the performance of, the Member Equipment; (3) the Cooperative is not liable for damage to Member Property; (4) the Member is responsible for knowing the concerns, risks, and issues associated with operating the Member Equipment and connecting the Member Equipment to Cooperative Equipment; (5) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (6) the Member is liable for, and must indemnify the Cooperative against, injury

or death to any Person and damage to any property caused by, or resulting from, the Member Equipment or the connection.

(d) Suspension or Termination of Cooperative Service. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member for a Suspension Reason. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the Provision of a Cooperative Service to the Member upon determining or discovering:

- (1) that Cooperative Equipment used to Provide the Cooperative Service has been tampered with, altered, interfered with, damaged, or impaired;
- (2) that Member Equipment connected to Cooperative Equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or Provide a Cooperative Service;
- (3) the unsafe condition of Cooperative Equipment or Member Equipment connected to Cooperative Equipment; or
- (4) an imminent hazard or danger posed by Cooperative Equipment or Member Equipment connected to Cooperative Equipment.

(e) Usage Information. Cooperative may use Cooperative Equipment to measure, collect, maintain, transmit, communicate, and store the aggregate or incremental amount, quantity, or quality of a cooperative service Used by a Member, and other data or information regarding the Member's use of a cooperative service (collectively, "Usage Information"). Cooperative may use, disclose, and transfer Usage Information if reasonably related to Providing a cooperative service or if reasonably related to protecting against, or responding to, death, personal injury, or property damage.

Section 2.6 – Grant of Property Rights.

As required by the Cooperative for a Cooperative Purpose, a Member shall: (1) provide the Cooperative safe and reliable access to or use of Member Property; and (2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written or oral easement, right-of-way, license, or other right or interest in Member Property, and execute a document regarding this grant or conveyance.

A "Cooperative Purpose" is at any time, and in a manner determined by the Cooperative: (1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment; (2) through physical, chemical, herbicide, or other means, clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation; (3) Providing a Cooperative Service to a Member or one or more other Members; (4) monitoring, measuring, or maintaining a Cooperative Service Provided to a Member or one or more other Members; (5) Providing electric energy to a Person or one or more other Persons; (6) monitoring, measuring, or maintaining electric energy Provided to a Person or one or more other Persons; (7) authorizing, permitting, satisfying, or facilitating an obligation incurred, or right granted, by the

Cooperative regarding use of Cooperative Equipment; or (8) safely, reliably, and efficiently operating the Cooperative or Providing a Cooperative Service. If reasonably needed for safety, reliability, efficiency, or similar reasons, a Cooperative Purpose includes clearing, trimming, removing, or managing any trees, bushes, brush, or other vegetation located outside an easement, right-of-way, license, or other right or interest in Member Property.

Section 2.7 – Member Termination.

Except as otherwise provided in these Bylaws, a Member is terminated upon: (1) the Cooperative learning of the Member’s death, legal dissolution, or legal cessation of existence; (2) the Member requesting termination; or (3) the Cooperative learning that the Member has permanently ceased Using a Cooperative Service. Except as otherwise provided by the Board, a partnership Member continuing to Use a Cooperative Service is not terminated upon the death of a partner or following any other alteration in the partnership. A partner departing a partnership Member remains liable to the Cooperative for Cooperative Services Provided to or for the Member before, and amounts owed to the Cooperative by the Member at the time of, the partner’s departure.

Termination of a Member does not: (1) release the Member from debts, liabilities, or obligations owed to the Cooperative; or (2) release the Cooperative from the obligation to retire and pay Capital Credits to the former Member or obligations to the former Member regarding the Cooperative’s dissolution. Upon a Member’s termination from the Cooperative, and after deducting amounts owed to the Cooperative, the Cooperative must return to the Member any amount provided in the Governing Documents.

Article 3 – Member Meetings and Member Voting

Section 3.1 – Annual and Regular Member Meetings.

Within a county in which the Cooperative Provides a cooperative service, the Cooperative: (1) shall annually hold a meeting of Members (“Annual Member Meeting”); and (2) may regularly hold meetings of Members (“Regular Member Meetings”). To the extent authorized by the Board, however, and subject to guidelines and procedures adopted by the Board, an Annual or Regular Member Meeting may be held without a geographic location if the Meeting is held through the Internet or other Electronic communications technology in a manner: (1) permitting the Cooperative to verify that each Person participating in the Meeting is a Member; and (2) permitting Members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the Members, ask questions, and make comments.

The Board determines the date, time, and location of an Annual or Regular Member Meeting. Unless the Board determines otherwise, the President or the President’s designee presides over the Annual or Regular Member Meeting. The Cooperative’s failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative.

At the Annual Member Meeting: (1) the President may provide or have provided a written and/or oral report regarding the activities of the Cooperative; and (2) the Treasurer may

provide or have provided a written and/or oral report regarding the financial condition of the Cooperative.

Section 3.2 – Special Member Meetings.

Within a county in which the Cooperative Provides a cooperative service, the Cooperative shall hold a special meeting of Members (“Special Member Meeting”) upon receiving: (1) a written or oral request from the Board or President; (2) one or more written requests signed by at least three Trustees or (3) one or more written demands signed and dated within 10 days after the first signature by at least ten percent of the total number of unsuspended Members (“Total Membership”), with each page of each written demand requesting and describing the purpose of the meeting (“Member Demand”).

The Board shall determine the date, time, and location of a Special Member Meeting. Unless the Board determines otherwise, the President or the President’s designee presides over the Special Member Meeting.

If the Cooperative does not notify Members of a Special Member Meeting within 30 days of receiving a Member Demand, then a Member signing the Member Demand may: (1) set a reasonable time, place, and location for the Special Member Meeting; and (2) notify Members of the Special Member Meeting.

Section 3.3 – Agenda, Attendance, and Action at Member Meetings.

Except as otherwise provided in these Bylaws, before or at an Annual, Regular, or Special Member Meeting (“Member Meeting”), the Board : (1) shall determine the agenda, program, or order of business for the Member Meeting; and (2) may limit attendance at the Member Meeting to Members and Persons Occupying a Location with Members.

Except as otherwise provided by the Board before or at a Member Meeting, the President or an individual designated by the President: (1) shall preside at the Member Meeting; (2) may remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter described in the notice of the Member Meeting.

Section 3.4 – Member Action Without a Member Meeting.

Except as otherwise provided in these Bylaws, Members may not act without a Member Meeting.

In a manner determined by the Board, Members may act without a Member Meeting if the Cooperative receives one or more written consents signed and dated within sixty days after the first signature by at least 50 percent of the Total Membership, with each page of each written consent approving and describing the action (“Member Written Consent”).

Section 3.5 – Notice of Member Meetings.

As directed by the President, Secretary, or any other Officer or Member properly calling the Member Meeting, the Cooperative shall deliver written or Electronic notice of a Member Meeting personally or by mail or by Electronic transmission, either with or without other documents, to all Members entitled to vote at the meeting. This notice must indicate the date, time, and location of the meeting and must be delivered at least ten days, but no more than 35 days, before the meeting. For a Member Meeting, this notice must describe any matter to be considered or voted or acted upon at the meeting.

Except as otherwise provided in these Bylaws, a mailed notice of a Member Meeting is delivered when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List. Except as otherwise provided in these Bylaws, an Electronically transmitted notice of a Member Meeting is delivered when Electronically sent to a Member at the Member's Electronic mail address shown in the Cooperative's records. The good faith, inadvertent, and unintended failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

Except as otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless: (1) the meeting is adjourned to another date occurring within 120 days following the original Member Meeting date; and (2) the new date, time, or location is announced at the Member Meeting prior to adjournment.

Section 3.6 – Member Waiver of Notice.

In a manner determined by the Board, a Member may waive notice of a Member Meeting or of a matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written or Electronic waiver of notice ("Member Meeting Waiver of Notice") either before the Member Meeting.

Unless a Member objects to holding a Member Meeting or to transacting business at the Member Meeting, the Member's attendance in person or representation by Member Proxy at the Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering, or voting or acting upon, a matter at a Member Meeting, the Member's attendance in person or representation by Member Proxy at the Member Meeting waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 3.7 – Member Voting by Mail Ballot.

Except as otherwise provided in these Bylaws or by the Board, a Member may vote or act by mail or Electronic transmission only as provided in this Bylaw and in a manner determined by the Board.

(a) Mail Ballot Without A Member Meeting. A Member may vote or act by mail only as provided in these Bylaws without a Member Meeting by the Cooperative delivering or providing access to a written mail ballot ("Mail Ballot Without Member Meeting") to each Member entitled to vote on the matter. A proposed action is approved if: (1) the number of

completed Mail Ballots Without Member Meeting timely received by the Cooperative equals or exceeds the Member Quorum; and (2) the number of votes favoring the proposed action equals or exceeds the number of votes required to approve the action at a Member Meeting at which the total number of votes cast equaled the total number of votes cast by Mail Ballot Without Member Meeting.

(b) Mail Ballot With A Member Meeting. A Member may vote or act by mail or Electronic transmission only as provided in these Bylaws in conjunction with a Member Meeting by the Cooperative delivering or providing access to a written or mail ballot ("Mail Ballot With Member Meeting") to each Member entitled to vote on the matter. A Member submitting a completed Mail Ballot With Member Meeting may not vote at the Member Meeting regarding a matter described in the Mail Ballot With Member Meeting. The Cooperative must count completed Mail Ballots With Member Meeting received before the Member Meeting in determining whether a Member Quorum exists at the Member Meeting. The Cooperative must count as a Member's vote a properly completed Mail Ballot With Member Meeting received on, or before, the time and date stated in the Mail Ballot With Member Meeting.

(c) Mail Ballot. A Mail Ballot Without Member Meeting or a Mail Ballot With Member Meeting ("Mail Ballot") must:

- (1) set forth and describe a proposed action, identify a candidate, and include the language of a motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote or act;
- (2) state the date of a Member Meeting at which Members are scheduled to vote or act on the matter;
- (3) provide an opportunity to vote for or against, or to abstain from voting on, the matter;
- (4) instruct the Member how to complete, return, or cast the Mail Ballot; and
- (5) state the time and date by which the Cooperative must receive the completed Mail Ballot.

Except as otherwise provided in these Bylaws, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member's failure to receive a Mail Ballot does not affect a vote or action taken by Mail Ballot.

Section 3.8 – Member Quorum.

A quorum of Members necessary for the transaction of business at all meetings is 50 members present in person.

If less than the Member Quorum are present in person or represented by Member Proxy at a Member Meeting, then a majority of Members attending the Member Meeting in person or represented by Member Proxy may adjourn the Member Meeting to a date no more than ninety days following the original Member Meeting.

Upon a Member being present or represented for any purpose at a Member Meeting, the Member is deemed present for Member Quorum purposes for the remainder of the Member Meeting and for any adjourned Member Meeting, unless a new Record Date is, or must be, set for that adjourned Member Meeting.

Section 3.9—Member Voting.

If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, then, regardless of the value or quantity of Cooperative Services Used, the Member may cast one (1) vote on a matter for which the Member is entitled to vote. To vote for an Entity Member, an individual must present evidence requested by and satisfactory to the Cooperative that the individual is authorized to vote for the Entity Member. Unless an Entity Member authorizes another individual to vote for the Entity Member, the Entity Member's chief executive officer, managing owner, or majority owner is authorized to vote for the Entity Member. If more than one individual is authorized to vote for an Entity Member, then the first vote cast is the Entity Member's vote. If an individual Member, other than a Joint Member, dies without the Cooperative's knowledge, then, until the Cooperative learns of the Member's death or terminates the Member's membership, a Close Relative of the Member Using a Cooperative Service at the Location previously Occupied by the Member may cast the Member's vote.

Except as otherwise provided in these Bylaws, Members approve a matter if: (1) a Member Quorum is present in person or voting by Mail Ballot; and (2) a majority of Members, who vote on the matter.

At a Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot ("Written Ballot"), or in any other reasonable manner determined by the individual presiding over the Member vote. Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

Section 3.10 – Member Voting by Member Proxy.

Pursuant to this Bylaw and in a manner determined by the Board, a Member entitled to vote may appoint another individual Member or an adult relative living in the same home with such member. ("Member Proxy") to vote on any matter as provided in these Bylaws for the Member. The Cooperative *must* accept votes properly taken by a Member Proxy on behalf of a Member entitled to vote as the Member's vote.

- (a) Member Proxy Appointment. To appoint a Member Proxy:
- (1) the Member must sign and date a form prepared by the Cooperative: (A) appointing the Member Proxy; and (B) specifying the Member Meeting at which, or the dates during which, the Member Proxy may vote for the Member ("Member Proxy Appointment"); and
 - (2) except as otherwise provided in these Bylaws, the individual designated by the Cooperative must receive the Member Proxy Appointment at the beginning of the Member Meeting at which the Member Proxy will vote for the Member.

If a matter requires the affirmative vote of more than a majority of Members present voting at a Member Meeting, then: (1) for a Member Proxy to vote on the matter for a Member

at a Member Meeting, the Cooperative Proxy Manager must receive the Member Proxy Appointment at least three business days before the Member Meeting; and (2) a Member Proxy may not vote for more than three (3) Members.

(b) Member Proxy Appointment Revocation. Before a Member Proxy votes for a Member, the Member Proxy Appointment is revoked by:

- (1) the Cooperative receiving a more recently dated Member Proxy Appointment signed by the Member appointing the Member Proxy;
- (2) the Cooperative receiving a Member Proxy Appointment or Mail Ballot] signed by the Member appointing the Member Proxy and bearing the same date as the Member Proxy Appointment;
- (3) the Cooperative receiving a written revocation of Member Proxy Appointment signed by the Member appointing the Member Proxy and dated after the Member Proxy Appointment;
- (4) in person, the Member appointing the Member Proxy attending and voting at a Member Meeting specified in, or occurring during the dates specified in, the Member Proxy Appointment, including a Member Meeting properly adjourned and reconvened; or
- (5) the Cooperative receiving notice of the death, legal incapacity, or membership suspension or termination of the Member appointing the Member Proxy.

(c) Voting at Member Meeting. Except as otherwise provided in these Bylaws, a Member Proxy may not vote for more than three Members. Joint Members in a Joint Membership may not vote for more than three Members collectively. If a Member does not attend a Member Meeting, then, unless the Member has otherwise properly appointed a Member Proxy, the Member's spouse may attend the Member Meeting and vote as the Member's Member Proxy.

Article 4 – Board of Trustees

Section 4.1 – Trustee Districts.

Based upon, membership, in the Cooperative or other equitable consideration determined by the Board, the Board shall divide the general area in which the Cooperative Provides electric energy ("Cooperative Service Area"), into districts set forth in the board policy:

West District – Service territory for the previously existing Kaw Valley Electric Cooperative, Inc., including members located in Shawnee, Douglas, Jackson, Osage, Wabaunsee and Pottawatomie counties and additions to said territories after January 1, 2017.

East District – Service territory for the previously existing Leavenworth-Jefferson Electric Cooperative, Inc., including members located in Leavenworth, Jefferson, Atchison, Douglas and Jackson counties and additions to said territories after January 1, 2017.

Section 4.2 – Board.

The Cooperative shall have a Board that equitably represents the Members and is composed of:

- (1) Six (6) to 12 Members: (A) within the Cooperative Service Area; (B) nominated by and from each Trustee District; and (C) elected by the members from both Trustee Districts.
- (2) A reasonable effort shall be made to have equal number of Trustees from each Trustee District.

Except as otherwise provided in these Bylaws:

- (1) Cooperative powers must be exercised by the Board, or under the Board’s authority;
- (2) Cooperative activities and affairs must be managed under the Board’s direction and subject to the Board’s oversight; and
- (3) the Board shall reasonably administer and enforce these Bylaws, or shall ensure that these Bylaws are reasonably administered and enforced.

To the extent the Governing Documents authorize a Person to exercise a power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

Section 4.3 – Trustee Qualifications.

A Trustee or Trustee candidate must comply with this Bylaw.

(a) General Trustee Qualifications. To become and remain a Trustee, a Person must comply with the following general qualifications (“General Trustee Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) not have been previously removed or disqualified as a Trustee;
- (4) while a Trustee, not be convicted of, or plead guilty to, a felony;
- (5) except as otherwise provided by the Board for good cause, receive a Credentialed Cooperative Trustee designation, Trustee’s Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within three years of becoming a Trustee;
- (6) comply with any other reasonable qualifications determined by the Board.

(b) Membership Trustee Qualifications. To become and remain a Trustee, an individual must comply with the following membership qualifications (“Membership Trustee Qualifications”):

- (1) while a Trustee and during the one year immediately before becoming a Trustee:

- (A) for at least six months each calendar year reside, and use electric energy Provided by the Cooperative, at a Location within the Trustee District from which the Trustee is nominated.
- (2) while a Trustee, and before becoming a Trustee be authorized by an Entity Member that while a Trustee and during the one year immediately before becoming a Trustee:
 - (A) Occupies and Uses electric energy Provided by the Cooperative at a Location within the Trustee District from which the Trustee is nominated or elected.

(c) Trustee Disqualification. After being elected, designated, or appointed, if a Trustee does not comply with all General Trustee Qualifications, Membership Trustee Qualifications, and Independence Trustee Qualifications (collectively, "Trustee Qualifications") existing when the Trustee was elected, or appointed, then, except as otherwise provided by the Board for good cause, the Board by two-thirds vote may disqualify the Trustee and the individual is no longer a Trustee if:

- (1) the Board notifies the Trustee in writing or Electronically of the basis for, and provides the Trustee an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 30 days after the Board notifies the Trustee of the proposed disqualification, the Trustee neither complies with nor meets the Trustee Qualification.

If a majority of Trustees authorized by these Bylaws complies with the Trustee Qualifications and approves a Board action, then the failure of a Trustee to comply with the Trustee Qualifications does not affect the Board action.

Section 4.4 – Trustee Nominations.

For each Trustee position nominated by or from Members Using a Cooperative Service at a Location within a Trustee District ("Nominating Members") and scheduled for election by Members at a Member Meeting, the Nominating Members or Members shall nominate individuals as provided in this Bylaw.

(a) Nominating Committee Nominations. At least forty-five days before the Member Meeting, the Board shall appoint a Nominating Committee consisting of at least two (2) Members from each Trustee District ("Nominating Committee"). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Official or known Trustee candidate.

At least thirty days before the Member Meeting at which Members are scheduled to elect Trustees, the Nominating Committee shall:

- (1) nominate at least two (2) individuals to run for election for each Trustee position, if possible, nominated by or from the Nominating Members and scheduled for election by Members at the Member Meeting ("Nominating Committee Nominations"); and
- (2) display the Nominating Committee Nominations at the Cooperative's principal office.

If, before the scheduled election, a Nominating Committee Nominee dies, becomes incapacitated, or ceases to be qualified to be a Trustee, then the Nominating Committee may nominate another individual.

(b) Member Petition Nominations. In addition to Nominating Committee Nominations, Members may nominate, through petition, individuals to run for election for a Trustee position scheduled for election by Members at the Member Meeting (“Member Petition Nominations”). Members make Member Petition Nominations by delivering to the Cooperative at least fifteen (15) days before ballots are delivered to members.

- (1) listing, on each page of the Member Petition, the name of the Member Petition Nominee;
- (2) indicating, on each page of the Member Petition, the Trustee position for which the Member Petition Nominee will run; and
- (3) containing the printed names, addresses, and telephone numbers, and original dated signatures signed within sixty days of the first signature, of at least 2% in the district.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall display the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

(c) Notice of Trustee Nominations. At least ten days before a Member Meeting at which Members are scheduled to elect Trustees, the Cooperative shall notify Members of the:

- (1) trustee positions scheduled for election by Members;
- (2) names and corresponding Trustee positions of all Nominating Committee Nominations; and
- (3) names and corresponding Trustee positions of all Member Petition Nominations.

Section 4.5 – Trustee Elections.

At each Member Meeting at which a Trustee position is scheduled for election by Members Using a Cooperative Service at a Location within the Cooperative Service Area (“Electing Members”), the Electing Members shall elect the Trustee from the Nominating Committee Nominations or Member Petition Nominations by a plurality of votes cast by Electing Members with a Member Quorum present in person or voting by Mail Ballot. Electing Members may not vote for write-in candidates.

Section 4.6 – Trustee Terms.

Except as otherwise provided in these Bylaws, a Trustee’s term is three years or until a successor Trustee is elected (“Trustee Term”). A Trustee’s term begins: (1) after the individual is elected as a Trustee; and (2) at the beginning of the first Board Meeting held after the Trustee is elected, designated, or appointed. A Trustee’s term ends after: (1) a successor Trustee consents to being elected or appointed as a Trustee; and (2) at the beginning of the first Board Meeting held after a successor Trustee is elected, designated, or appointed.

The Cooperative shall stagger Trustee Terms by dividing the total number of authorized Trustees into three (3) groups of approximately equal number. Members must annually elect an approximately equal number of Trustees. If a Trustee is not elected before or at the Annual Member Meeting immediately following the Member Meeting at which a Trustee election was scheduled, then the Trustee position becomes vacant.

Section 4.7 – Trustee Conduct.

In general:

(a) Trustee Standard of Conduct. A Trustee is not deemed a trustee regarding the Cooperative, Capital Credits, or property held or administered by the Cooperative, including property potentially subject to restrictions imposed by the property's donor or transferor. A Trustee shall discharge the Trustee's duties, including duties as a Board Committee member:

- (1) in good faith & in accord with existing law;
- (2) in a manner the Trustee reasonably believes to be in the Cooperative's best interests;
- (3) when becoming informed in connection with the Trustee's decision-making function or devoting attention to the Trustee's oversight function, with the care that an individual in a like position would reasonably believe appropriate under similar circumstances; and
- (4) in a manner in which the Trustee discloses or causes to be disclosed to other Trustees or Board Committee members information not known by them, but known by the Trustee to be material to discharging their decision-making or oversight functions, except that disclosure is not required to the extent that the Trustee reasonably believes that disclosure would violate a duty imposed under law, a legally enforceable obligation of confidentiality, or a professional ethics rule.

(b) Trustee Reliance on Others. Unless a Trustee has knowledge making reliance unwarranted, then in discharging the Trustee's duties, including duties as a Board Committee member, the Trustee may rely: (1) on the performance by any of the following individuals listed in (A) or (C) to whom the Board has formally or informally delegated the authority or duty to perform one or more of the Board's delegable functions; and (2) upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by any of the following individuals:

- (A) one or more Cooperative Officers or employees whom the Trustee reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports, or statements provided;
- (B) legal counsel, public accountants, or other individuals retained by the Cooperative regarding matters involving skills or expertise the Trustee reasonably believes are matters within the individual's professional or expert competence and as to which the individual merits confidence; and
- (C) a Board Committee of which the Trustee is not a member if the Trustee reasonably believes the Board Committee merits confidence.

Section 4.8 – Close Relative.

The term “Close Relative” means an individual who:

- (1) through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or
- (2) resides in the same residence (collectively, “Close Relative”).

An individual qualified and elected, designated, or appointed to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

Article 5 – Board Meetings and Trustee Voting

Section 5.1 – Regular Board Meetings.

The Board shall regularly meet at the date, time, and location determined by the Board (“Regular Board Meeting”). Except as otherwise provided in these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of a Regular Board Meeting. A Trustee not attending a Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting change at least five (5) days before the next Regular Board Meeting. All Trustees are entitled to receive notice of a President’s change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.

Section 5.2 – Special Board Meetings.

The Board, the President, or at least three (3) Trustees may call a special meeting of the Board (“Special Board Meeting”) by providing each Trustee at least five (5) days’ prior written or Electronic notice indicating the date, time, and location and purpose of the Special Board Meeting.

Section 5.3 – Conduct of Board Meetings.

Except as otherwise provided in these Bylaws, a Regular Board Meeting or Special Board Meeting (“Board Meeting”) may be:

- (1) held in, or out of, a state in which the Cooperative Provides a Cooperative Service; and
- (2) conducted with absent Trustees participating, and deemed present in person, through any means of communication by which all Trustees participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Trustee Quorum is present at a Board Meeting, then:

- (1) in descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, and Treasurer; and
- (2) if no Officer is present or desires to preside at a Board Meeting, then the Trustees attending the Board Meeting must elect a Trustee to preside over the Board Meeting.

The Board may promulgate or approve rules, policies, and procedures regarding:

- (1) attendance at, participation in, or presentation during Board Meetings by Persons other than Trustees;
- (2) the right to access, inspect, or copy minutes, records, or other documents relating to a Board Meeting by Persons other than Trustees; or
- (3) the conduct of Board Meetings.

Section 5.4 – Waiver of Board Meeting Notice.

At any time before, during, or after a Board Meeting, a Trustee may waive notice of a Board Meeting by delivering to the Cooperative a written or Electronic waiver of notice signed by the Trustee and later filed with the Board Meeting minutes or the Cooperative’s records. A Trustee’s attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting, unless the Trustee:

- (1) at the beginning of the Board Meeting, objects to holding or transacting business at the Board Meeting; and
- (2) does not vote for, or assent to, action taken at the Board Meeting.

Section 5.5 – Board Action by Written Consent.

Without a Board Meeting, the Board may take action required or permitted to be taken at a Board Meeting if the action is: (1) taken by all Trustees; and (2) evidenced by one or more written consents (“Trustee Written Consent”): (A) describing the action taken; (B) signed by each Trustee; (C) delivered to the Cooperative; and (D) included with the Cooperative’s Board Meeting minutes. Except as a different effective date is provided in the Trustee Written Consent, action taken by Trustee Written Consent is effective when the last Trustee signs the Trustee Written Consent. A Trustee Written Consent has the effect of, and may be described as, a Board Meeting vote.

Section 5.6 – Trustee Quorum and Voting.

A quorum of Trustees is a majority of the Trustees in office immediately before a Board Meeting begins (“Trustee Quorum”). If a Trustee Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of Trustees is required, then the affirmative vote of a majority of Trustees present is the act of the Board. An interested Trustee is not counted in determining whether a Trustee Quorum is present to vote or act upon a matter in which the Trustee is interested. A Trustee may not vote by proxy. An agreement signed by Trustees providing the manner in which a Trustee must vote is not valid.

Section 5.7 – Committees.

The Board may create a committee of the Board (“Board Committee”) and appoint Trustees to serve on the Board Committee. A Board Committee must consist of two or more Trustees and serves at the Board’s discretion. The Board may create a committee of the Members (“Member Committee”) and appoint Members, including Trustees, to serve on the Member Committee. The Board may appoint one or more Trustees or Members, respectively, as

alternate members of any Board or Member Committee to replace any absent or disqualified Committee member during the Committee member's absence or disqualification.

Article 6 – Officers, Indemnification, and Insurance

Section 6.1 – Required Officers.

The Cooperative must have the following officers: President, Vice-President, Secretary, and Treasurer (“Required Officers”). The Board shall elect Required Officers: (1) at the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; (2) by affirmative vote of a majority of Trustees in office; and (3) by secret written ballot.

A Required Officer must be a Trustee. One Trustee may simultaneously be Secretary and Treasurer. Except as otherwise provided by Law, this Trustee may not execute, acknowledge, or verify a document in more than one capacity. Subject to removal by the Board, a Required Officer holds office until the Required Officer's successor is elected. The Board shall fill a vacant Required Officer's position for the unexpired portion of the Required Officer's term.

Section 6.2 – President.

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

- (1) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- (2) on the Cooperative's behalf, may sign a document properly authorized or approved by the Board or Members; and
- (3) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.3 – Vice-President.

Except as otherwise provided by the Board or these Bylaws, the Vice-President: (1) upon the President's death, absence, disability, or inability to act, shall perform the duties, and have the powers, of the President; and (2) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.4 – Secretary.

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

- (1) shall be responsible for preparing, or supervising the preparation of, minutes of Board and Member Meetings;
- (2) shall be responsible for maintaining and authenticating the Cooperative's records;
- (3) may affix the Cooperative's seal to a document authorized or approved by the Board or Members; and
- (4) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

Section 6.5 – Treasurer.

Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

Section 6.6 – Other Officers.

The Board may create other offices and elect or appoint other officers (“Other Officers”). The same individual may simultaneously hold more than one office. Except as otherwise provided by Law, this individual may not execute, acknowledge, or verify a document in more than one capacity.

- (1) may be Trustees, Cooperative employees, or other individuals;
- (2) must be elected or appointed by the affirmative vote of a majority of current Trustees;
- (3) may be elected by secret written ballot;
- (4) may assist Required Officers; and
- (5) shall perform all duties and functions, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

Section 6.7 – Officer Resignation and Removal.

At any time, a Required Officer or Other Officer (collectively, “Officer” or “Cooperative Officer”) may resign. To resign: (1) an Officer elected or appointed by the Board must deliver to the Board written or Electronic resignation; and (2) Except as a later effective date is otherwise provided in the Officer resignation, an Officer resignation is effective when received. If an Officer resignation states a future effective date, and if, as appropriate, the Board accepts the future effective date, then, as appropriate, the Board may fill the vacant Officer position before the future effective date, but the successor Officer may not take office until the future effective date.

At any time: (1) the Board may remove, with or without cause an Officer elected or appointed by the Board;

Section 6.8 – Authority to Execute Documents.

On the Cooperative’s behalf, two Required Officers may sign, execute, and acknowledge a document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Officials to sign, execute, and acknowledge a document on the Cooperative’s behalf.

Section 6.9 – Bonds.

At the Cooperative’s expense, the Cooperative may purchase a bond covering a Cooperative employee.

Section 6.10 – Indemnification.

As determined by the Board:

- (a) Indemnification Trustee or Officer. The Cooperative shall indemnify: (1) an individual who is or was a Trustee or Officer; (2) an individual who, while a Trustee or Officer,

is or was serving at the Cooperative's request as a Trustee, officer, partner, trustee, employee, or agent of another Entity; or (3) the estate or personal representative of such an individual (collectively, "Indemnification Trustee or Officer") who was successful, on the merits or otherwise, in defending a threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding") to which the Indemnification Trustee or Officer was, is, or is threatened to be made a named defendant or respondent ("Indemnification Party") because the Indemnification Trustee or Officer is or was a Trustee or Officer.

This indemnification is against reasonable expenses, including attorney fees ("Indemnification Expenses") actually incurred by the Indemnification Trustee or Officer in connection with the Indemnification Proceeding.

(b) Indemnification Individual. The Cooperative may indemnify an individual who is or was a Cooperative Official ("Indemnification Individual") and was made, because the Indemnification Individual is or was a Cooperative Official, an Indemnification Party to an Indemnification Proceeding other than an Indemnification Proceeding: (1) by or in the right of the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative (2) charging, and in which the Indemnification Individual was adjudged liable for receiving, financial benefit to which the Indemnification Individual was not entitled], whether or not involving action in the Indemnification Individual's official capacity.

This indemnification is against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by or in the right of the Cooperative; or against the obligation to pay a judgment, settlement, penalty, fine, or reasonable expense, including attorney fees, actually incurred in connection with any other Indemnification Proceeding, if the Indemnification Individual:

- (1) acted in good faith;
- (2) reasonably believed: (A) for conduct as a Cooperative Official, that the Indemnification Individual's conduct was in the Cooperative's best interest; and (B) for all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and
- (3) in the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful (collectively, "Indemnification Standard of Conduct")

To provide this indemnification, a majority vote of the Trustee Quorum, excluding Trustees currently Indemnification Parties to the Indemnification Proceeding ("Indemnification Trustee Quorum"), must determine: (1) that the Indemnification Individual met the Indemnification Standard of Conduct; and (2) reasonable Indemnification Expenses.

(c) Advance for Expenses. Before the final disposition of an Indemnification Proceeding, the Cooperative may pay for, or reimburse, the reasonable Indemnification Expenses incurred by an Indemnification individual who is an Indemnification Party to the Indemnification Proceeding ("Indemnification Advance") if:

- (1) the Indemnification Trustee, or Individual furnishes the Cooperative a written or Electronic: (A) affirmation of the Indemnification Individual's good faith belief that the Indemnification Individual has met the Indemnification Standard of Conduct; and (B) unlimited general obligation of the Indemnification Individual, which need not be secured, may be accepted without reference to financial ability to repay, may be executed personally or on the Indemnification Individual's behalf, and obligates the Indemnification Trustee, or Individual to repay the Indemnification Advance if a majority of the Indemnification Trustee Quorum ultimately determines that the Indemnification Individual did not meet the Indemnification Standard of Conduct; and
- (2) a majority of the Indemnification Trustee Quorum determines that the facts then known to them would not preclude indemnification for the Indemnification Individual under this Bylaw.

Article 7 – Cooperative Operation

Section 7.1 – Nonprofit and Cooperative Operation.

The Cooperative: (1) shall operate on a nonprofit and cooperative basis for the mutual benefit of all Members; and (2) may not pay interest or dividends on capital furnished by Patrons.

Section 7.2 – Patronage Capital in Connection with Furnishing Electric Service.

In the furnishing of electric service the Cooperative's operations shall so be conducted that all patrons, members, and non-members alike, 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, members and non-members alike, for all amounts received and receivable from the furnishing of electric service in excess of operating costs and expenses properly chargeable against the furnishing of electric service. 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, members and non-members alike, as a capital. The Cooperative is obligated to pay credits to a capital account for each patron governed and determined by the Board of Trustees Retirement of Capital Credits Policy.

Section 7.3 – Reasonable Reserves.

Regardless of a contrary Bylaw, and to meet the Cooperative's reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses ("Reasonable Reserves"). The Cooperative must keep records necessary to determine, at any time, each Member's rights and interest in Reasonable Reserves.

Article 8 – Disposition of Cooperative Assets

Section 8.1 – Transfer of Cooperative Assets.

Except for a sale, lease, exchange, disposition, conversion, or other transfer (“Transfer”) of Cooperative Assets: (1) to secure indebtedness; (2) pursuant to condemnation or threat of condemnation; (3) pursuant to an existing legal obligation; (4) associated with a Consolidation or Merger; (5) consisting of the Cooperative’s ownership in an Entity; (6) to an Entity operating on a cooperative basis and Providing electric energy; or (7) to a Cooperative Subsidiary, the Cooperative may Transfer, all or substantially all of the Cooperative’s Assets only if:

- (1) Such transfer is in accord with K.S.A. 17-4624;
- (2) The Board approves the proposed Transfer;
- (3) In proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates to Members as Capital Credits any consideration received for the Cooperative’s Assets that exceeds the amount paid for the Cooperative Assets.

Except as otherwise provided by the Members, after the Members approve a Transfer, the Board may abandon the Transfer. To secure indebtedness by the Cooperative, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset. As used in this Bylaw, a Transfer includes the conversion of the Cooperative to another form of business.

Section 8.2 – Merger or Consolidation.

The Cooperative may consolidate or merge pursuant to Kansas law.

Article 9 – Miscellaneous

Section 9.1 – Electronic Documents and Actions.

If a Member or Trustee owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by law, the member consents to accept electronic notice, and documents sent electronically will be considered to have been delivered the date sent to the member’s last known electronic address.

Section 9.2 – Bylaw Amendment.

Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“Amended”) only by the vote of a majority of Members present and entitled to vote at a Member Meeting. Except as otherwise provided in a Bylaw Amendment, the Amendment is effective immediately after the vote approving the Amendment.

- (a) Notice of Bylaw Amendment. Notice of a Member Meeting at which Members will consider a proposed Bylaw Amendment must: (1) state that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment;

Section 9.3 – Rules of Order.

Except as otherwise provided by the Board at any time, the rules contained in the current edition of Robert’s Rules of Order Newly Revised shall govern the Cooperative in all cases to

which they are applicable and in which they are not inconsistent with these Bylaws and any special rules of order the Cooperative may adopt.

Section 9.4 – Fiscal Year.

The Board may determine and modify the Cooperative’s fiscal year. Except as otherwise provided by the Board, the Cooperative’s fiscal year is the calendar year.

Section 9.5 – Notice and Communication.

In these Bylaws:

(a) Notice and Communication Type. Except as otherwise provided in these Bylaws, a notice or communication may be: (1) oral or written or Electronic; and (2) communicated: (A) in person; (B) by telephone, telegraph, teletype, facsimile, Electronic communication or transmission, or other form of wire or wireless communication; (C) by mail or private carrier; or (D) if the above-listed forms of communicating are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

If addressed or delivered or transmitted to an address shown in the Membership List or Cooperative records, then a written or Electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written or Electronic notice, communication, or report to all Members: (1) residing at the address; or (2) having the same address shown in the Membership List or Cooperative records.

(b) Notice and Communication Effective Date. Except as otherwise provided in these Bylaws:

- (1) an oral notice or communication is effective when communicated, if communicated in a comprehensible manner; and
- (2) a written notice or communication is effective upon the earliest of: (A) when received; (B) with the postmark evidencing deposit in the United States Mail, and if correctly addressed and mailed with first class postage affixed, then five days after deposit in the United States Mail, or if correctly addressed and mailed with other than first class, registered, or certified postage affixed, then thirty days after deposit in the United States Mail; or (C) if sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

A written notice or communication is correctly addressed to a Member if addressed to the Member’s address shown in the Membership List.

If: (1) the Cooperative sends or transmits two written or Electronic notices or communications to a former Member or former Patron at the address shown in the Cooperative’s records; (2) both notices or communications are sent or transmitted to the same address; and (3) both notices or communications are returned to the Cooperative as undeliverable [or the Cooperative is informed that neither notice or communication was deliverable], then, until the

Cooperative receives a different address from the former Member or former Patron, the Cooperative is not required to send or transmit additional notices or communications to the former Member or former Patron.

Section 9.6 – Titles and Headings.

Titles and headings of Bylaw articles, sections, and subsections are for convenience and reference, and do not affect the interpretation, construction, or application of a Bylaw article, section, or subsection.

Section 9.7 – Partial Invalidity.

When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, “Bylaw Provision”) must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

Section 9.8 – Cumulative Remedies.

The rights and remedies provided in these Bylaws are cumulative. The Cooperative or a Member asserting a right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 9.9 – Successors and Assigns.

Except as otherwise provided in these Bylaws: (1) the duties, obligations, and liabilities imposed upon, and the rights granted to, the Cooperative by these Bylaws are binding upon, and inure to the benefit of, the Cooperative’s successors and assigns; and (2) the duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member’s successors and assigns. The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or a Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws.

Section 9.10 – Waiver.

The failure of the Cooperative or a Member to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.11 – Lack of Notice.

The failure of a Member or Trustee to receive notice of a Meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.

Section 9.12 – Kansas law.

These by laws shall be interpreted to be consistent with Kansas law.