

**AMENDED AND RESTATED BYLAWS
AND STATEMENT OF NONDISCRIMINATION
FIRST ELECTRIC COOPERATIVE CORPORATION**

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**AMENDED AND RESTATED BYLAWS
AND STATEMENT OF NONDISCRIMINATION
FIRST ELECTRIC COOPERATIVE CORPORATION**

As of December 21, 2018

**ARTICLE I
DEFINITIONS**

As used in these bylaws, capitalized terms not otherwise defined herein shall have the respective meanings set forth below:

- (a) "APSC" shall mean the Arkansas Public Service Commission;
- (b) "Board" shall mean the Board of Directors of the Cooperative as at any time duly elected and comprised;
- (c) "Cooperative" shall mean First Electric Cooperative Corporation;
- (d) "Cooperative Equipment" shall mean a product, equipment, structure, facility, or other good owned, controlled, operated or furnished by the Cooperative;
- (e) "Cooperative Purpose" shall mean at any time, and in a manner determined reasonable by the Cooperative (i) installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading or replacing Cooperative Equipment; (ii) clearing, trimming, removing or managing any vegetation; (iii) providing a Cooperative Service to a Member or one or more other Members; (iv) authorizing, permitting, satisfying or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative Equipment; and (v) safely, reliably and efficiently operating the Cooperative or providing a Cooperative Service;
- (f) "Cooperative Service" shall mean (i) Electric Energy provided by the Cooperative; and (ii) as determined by the Board, any good or service provided by the Cooperative;
- (g) "Electric Energy" shall mean electric energy generated, transmitted, distributed, sold, supplied, furnished or otherwise provided by the Cooperative;
- (h) "Governing Documents" shall mean (i) the written application for membership signed by a Member; (ii) the articles of incorporation and these bylaws of the Cooperative; (iii) all laws regarding or affecting the Cooperative's property, property rights, and assets, the Cooperative's operation, the Cooperative's Members, the provision and use of Cooperative Services, Cooperative Equipment, and Member Equipment connected to Cooperative Equipment; (iv) the Cooperative's service rules and regulations; (v) the Cooperative's rate or price schedules; (vi) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated or approved by the Board; and (vii) all amendments to any of the foregoing, whether or not filed with the APSC;
- (i) "Married Persons" shall mean two (2) persons who are legally married to each other;
- (j) "Member" shall mean any person who has complied with the requirements of Article II, Section, 1, below, and Married Persons who have applied for joint membership pursuant to Article II, Section 3, below, and shall include the term "patron" as used herein;
- (k) "Member Equipment" shall mean a product, equipment, structure, facility, or other good (i) owned, controlled, operated or furnished by a Member; and (ii) located on property owned, controlled, operated or furnished by a Member;

- (l) "Member Property" shall mean real or personal property in which the Member possesses a legal or equitable right or interest;
- (m) "Suspension Reason" shall mean the basis for suspending a Member (i) as provided in the Governing Documents; (ii) as determined by the Board for good cause; (iii) when no longer qualified to be a Member; (iv) for failure to timely pay an undisputed amount due to the Cooperative; (v) for violation of or failure to timely comply with the Governing Documents; (vi) when the Member ceases using a Cooperative Service for six (6) consecutive months; or (vii) when requested by the Member.

ARTICLE II MEMBERSHIP

SECTION 1. Requirements for Membership and Grant of Property Rights.

- (a) Requirements for Membership. Any person, firm, cooperative, association, unincorporated company, corporation, partnership, trust, estate, persons having a joint or common economic interest or body politic or subdivision thereof will become a Member of the Cooperative upon receipt of a Cooperative Service, provided that such prospective Member has first:
 - 1. Agreed to purchase Electric Energy from the Cooperative;
 - 2. Agreed to comply with and be bound by the Governing Documents of the Cooperative; and
 - 3. Agreed to the membership application and paid the membership fee hereinafter specified.
- (b) No Multiple Memberships. 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.
- (c) Grant of Property Rights. As a result of applying for and becoming a Member of the Cooperative, the Member thereby, as required by the Cooperative for a Cooperative Purpose, (i) agrees to provide the Cooperative safe and reliable access to or use of the Member's property; and (ii) pursuant to terms and conditions specified by the Cooperative, and without monetary compensation from the Cooperative, grants, bargains, sells and conveys to the Cooperative an easement and right-of-way over, across and under real property then or thereafter owned, leased by or to, or mortgaged to, the Member.

SECTION 2. Membership Certificates. Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Said certificate may be in the form of a receipt or statement for membership fees, and the acceptance of same by the Member shall constitute agreement to the terms of the membership application and obligate the Member to the rights and liabilities recited thereon.

SECTION 3. Joint Membership. Married Persons may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article II, may be accepted for such membership. 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 of 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 shall constitute 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 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 Board member, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by both Married Persons to comply with the Governing Documents. Any outstanding membership certificate shall be surrendered.
- (b) Upon the death of either Married Person who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fees. The membership fee shall be such as shall be determined from time to time by resolution of the Board.

SECTION 6. Member and Cooperative Relationship. The Members 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 Member, and both the Cooperative and the Members are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions.

SECTION 7. Termination of Membership.

- (a) Any Member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any Member who fails to comply with any of the provisions of the articles of incorporation, bylaws or rules or regulations adopted by the Board, but only if such Member shall have been given written notice by the Cooperative that such failure makes the Member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled Member may be reinstated 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 such Member 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 be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a Member or the Member's 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 such Member, 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 III
RIGHTS, LIABILITIES AND OBLIGATIONS OF MEMBERS**

SECTION 1. Property Interest of Members. Upon dissolution, after (i) all debts and liabilities of the Cooperative shall have been paid and (ii) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the Members in accordance with the applicable provision of law.

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 liable or responsible for any debts or liabilities of the Cooperative.

SECTION 3. Right of the Cooperative to Set Off. The Cooperative shall be entitled to set off any monies owing or to be paid to a Member, whether as a result of the retirement of patronage capital or otherwise, against any liabilities the Member has to the Cooperative which are more than thirty (30) days past due.

SECTION 4. 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, noncontinuous, or fluctuating Electric Energy or other Cooperative Service. 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 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: (i) a location occupied by the Member and to or for which the Cooperative provides or will provide a Cooperative Service; (ii) Member Property; (iii) Cooperative Equipment; or (iv) Member Equipment connected to Cooperative Equipment. As required by the Cooperative, a Member shall correct or remedy a violation of a safety, reliability, efficiency, or similar statute, regulation, ordinance, or other requirement.
- (c) Protected Operation of Cooperative. A Member shall: (i) protect Cooperative Equipment and Member Equipment connected to Cooperative Equipment; and (ii) 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.
- (d) 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; and
 - 5. shall pay the Cooperative for income not received or accrued because of the connection.

If Member Equipment is connected to Cooperative Equipment, then: (i) the Member is, but the Cooperative is not, responsible for designing, installing, operating, maintaining, inspecting, repairing, replacing, and removing the Member Equipment; (ii) the Cooperative is not liable for damage to, or for the performance of, the Member

Equipment; (iii) the Cooperative is not liable for damage to Member Property; (iv) 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; (v) the Member is liable for damage to, and for the nonperformance of, the Cooperative Equipment caused by the Member Equipment or the connection; and (vi) 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.

- (e) 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.
- (f) 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 the 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. Unless required by law or otherwise authorized by these bylaws, the Cooperative may not disclose or transfer a Member's Usage Information to a third party without the Member's consent.

SECTION 5. Use of Cooperative Service. Except as otherwise provided in these bylaws or by the Board: (i) a Member shall use a Cooperative Service provided by the Cooperative; and (ii) a Member shall not participate in a program, activity, or event regarding the Member's use of a Cooperative Service or the value or quantity of a Cooperative Service used by the Member. In using a Cooperative Service, a Member shall comply with the Governing Documents.

- (a) Payment for Cooperative Service. At prices, rates, or amounts determined by the Board, pursuant to terms, conditions, time, and manner specified by the Cooperative, and regardless of the amount or time billed, a Member shall pay the Cooperative for: (i) Cooperative Services provided to the Member or provided to or for a location occupied by the Member; and (ii) dues, assessments, fees, deposits, contributions, or other amounts required by the Governing Documents. Dues, assessments, contributions, or other amounts paid by a Member to the Cooperative may pay for periodical subscriptions received by the Member from the Cooperative or from an entity in which the Cooperative is a Member or owner.

If the Cooperative sends a Member a bill, invoice, or similar document reflecting an incorrect or inaccurate amount owed, then: (i) the Cooperative may send the Member another bill, invoice, or similar document reflecting the correct and accurate amount owed and (ii) the Member shall pay the correct and accurate amount owed. The Cooperative may require a Member to pay for a Cooperative Service in advance of using the Cooperative Service.

When determining the value or quantity of Electric Energy provided to a Member or provided to or for a location occupied by the Member, the Cooperative may offset Electric Energy provided by the Member against the Electric Energy provided to the Member or provided to or for a location occupied by the Member.

It is expressly understood that amounts paid for Electric Energy in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished as provided in these bylaws. Each Member shall pay to the Cooperative such minimum amount regardless of the amount of Electric Energy consumed, as shall be fixed by the Board from time to time.

If another person provides a Member a good or service related to a Cooperative Service provided to the Member, then, before paying the other person: (i) the Member shall pay the Cooperative; and (ii) the Cooperative shall apply amounts received from or on behalf of the Member for or toward Cooperative Services provided to the Member or provided to or for a location occupied by the Member.

As provided by the Board: (i) a Member shall pay interest, compounded periodically, and late payment fees for amounts owed, but not timely paid, to the Cooperative; (ii) a Member shall pay all costs, including reasonable attorney and collection fees, required to collect or obtain payment of amounts owed, but not timely paid, to the Cooperative; (iii) the Cooperative may transfer an amount owed, but not timely paid, on a Member's account to another account of the Member; and (iv) regardless of the Cooperative's accounting procedures, the Cooperative may apply amounts paid by a Member to all of the Member's accounts on a pro rata basis.

- (b) Reduction of Cooperative Service. Except as otherwise provided in these Bylaws, unless the Cooperative receives thirty (30) days prior written notice from a Member that the Member intends to substantially reduce or cease the Member's use of a Cooperative Service, and as provided by the Board, if a Member substantially reduces or ceases the Member's use of a Cooperative Service, either singly or in combination, then the Cooperative may charge the Member, and the Member shall pay the Cooperative, the costs and expenses incurred by the Cooperative in relying upon the Member's pre-reduction or pre-ceasing use of the Cooperative Service.
- (c) Sale of Cooperative Service. Except as otherwise provided by the Board, a Member may not sell, lease, or otherwise transfer a Cooperative Service or a right to a Cooperative Service to any other person.

ARTICLE IV MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the Members shall be held each year at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon 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 annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative or affect any action taken by the Cooperative.

SECTION 2. Special Meetings. Special meetings of the Members shall be called by the Chairman of the Board, upon a resolution of the Board, or a written request signed by any three Board members, or receipt by the Cooperative of written petition signed by ten percent 10% or more of the Members, in each instance stating with reasonable specificity the purpose of the special meeting. In the event of a special meeting called by the Members, the petition shall contain the signatures, addresses and account numbers of the petitioning Members. Within thirty (30) days after submission of the petitions, the Cooperative shall verify the signatures, addresses and account numbers on the petitions. Upon the calling of a special meeting, 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 one of the counties served by the Cooperative as designated by the Board, and it 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 an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each

Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the Member's address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action which may be taken by the Members at any such meeting.

SECTION 4. Quorum. Five percent (5%) of the Members, present in person or voting by mail, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person or voting by mail may adjourn the meeting from time to time without further notice.

SECTION 5. Voting. Each Member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the Members. All questions shall be decided by a vote of the majority of the Members voting thereon except as otherwise provided by law, the articles of incorporation or these bylaws.

SECTION 6. Mail Voting. Any Member may vote by mail at an annual meeting or special meeting of the Members upon all matters to be submitted at such meeting. The Secretary, or the person or company working at the Secretary's direction, shall be responsible for the enclosure with the notice of such meeting of an exact copy of all such motions or resolutions to be acted upon and a ballot for voting on such motions or resolutions and for the election of directors. Each Member may express the Member's vote thereon by placing a cross (x) in the space provided therefor opposite each such motion, resolution or candidate on the ballot. Such Member shall enclose each such ballot so marked in a sealed and postage prepaid envelope bearing the Member's name and address and mailed to the person or company designated by the Board, who shall tabulate same and report to the Secretary at the meeting. When such written ballot so enclosed is received by mail from any Member, it shall be counted as the vote of such Member at such meeting. In case of a joint membership, a written ballot received from either of them shall constitute one joint vote. The failure of any Member to receive a copy of any such notice or ballot shall not invalidate any action which may be taken by the Members at any such meeting.

SECTION 7. 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, except as otherwise determined by the Members at such meeting:

1. Report on the number of Members present in person or voting by mail in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers.
5. Election of members of the Board.
6. Unfinished business.
7. New business.
8. Adjournment.

SECTION 8. Member Proposals. Any Member who desires to submit a proposal at the meeting shall submit a copy thereof to the Secretary at least sixty (60) days prior to the meeting. The proposal shall be accompanied by petitions requesting that the proposal be included on the ballot. The petitions shall contain the language of the proposal and the signatures, addresses and account numbers of at least ten percent (10%) of the membership. Within thirty (30) days after submission of the petitions, the Cooperative shall verify the signatures, addresses and account numbers on the petitions. If the petitions contain valid signatures, addresses and account numbers of at least ten percent (10%) of the membership, the proposal shall be placed on the ballot, unless the Board determines that the proposal, if adopted, would transcend the Cooperative's ordinary business operations. The Board shall establish procedures by which both proponents and opponents shall be able to submit to the Members a short statement of the reasons for or against a proposal along with other election information.

ARTICLE V BOARD OF DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed under the Board's direction, which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the Members. The Board shall be composed of nine (9) directors.

There shall be three (3) directors from the district served by the district office at Jacksonville; two (2) directors from the district served by the district office at Heber Springs; two (2) directors from the district served by the district office at Benton; one (1) director from the district served by the district office at Perryville; and one (1) director from the district served by the district office in Stuttgart.

SECTION 2. Election and Tenure of Office. The directors who are serving at the time of the adoption of these amendments to Article IV of the bylaws shall continue to serve for the remainder of the six (6) year term for which they were most recently elected and qualified. At each annual meeting of the Members following the adoption of these amendments to Article IV of the bylaws, the Members shall elect directors whose terms have expired for a period of six (6) years each or until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the Members shall be held for the purpose of electing directors within a reasonable time thereafter.

SECTION 3. Qualifications. No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is a close relative of an incumbent director or of an employee of the Cooperative;
- (b) is a current employee or a former employee of the Cooperative within six (6) years of the termination of his or her employment or the spouse or child of such current or former employee;
- (c) is not a Member in good standing of the Cooperative;
- (d) is not a bona fide, permanent and full time resident, and receiving service from the Cooperative at his/her place of abode for at least three (3) years, within the district that said Member represents or would represent on the Board;
- (e) is in any way employed by or financially interested in a substantially competing enterprise, or a business selling Electric Energy or supplies to the Cooperative,

In addition, to be eligible to become or remain a director, an individual must

- (a) through words and actions and by virtue of temperate demeanor and character, promote the best interests of the Cooperative and its Members;
- (b) be committed to learning and have time to learn about the Cooperative and issues affecting the electric industry and electric cooperatives and be willing and able to devote significant time necessary to become a meaningful contributor on behalf of all Members served by the Cooperative; and
- (c) possess and place a high value on personal and corporate integrity and ethical behavior.

Upon establishment of the fact that a nominee or prospective nominee for director lacks eligibility under this section or as may be provided elsewhere in these bylaws, it shall be the duty of the Board, as early as possible but not later than the meeting at which such nominee would otherwise be voted upon, to disqualify such nominee or prospective nominee. Upon the establishment of the fact that a director or any person being considered to fill an unexpired term as director lacks eligibility under this section or as may be provided elsewhere in these bylaws, it shall be the duty of the Board to cause him or her to be removed therefrom or to withhold such position from such person, as the case may be. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the directors have an interest adverse to that of the Cooperative.

The term "close relative" shall be defined as in the Cooperative's policies governing nepotism.

SECTION 4. Nominations. It shall be the duty of the Board to appoint, not less than sixty (60), nor more than one-hundred-eighty (180) days before the date of the meeting of the Members in which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than nine (9) Members who shall be selected from different districts so as to insure equitable representation. No director currently serving on the Board may serve on such committee. The committee shall prepare and post at the principal office of the

Cooperative at least forty-five (45) days before said meeting a list of nominations for directors who it determines are best qualified and able to serve as directors, which shall include at least one (1) candidate but not more than three (3) candidates for each position on the Board to be filled by the election. The Secretary shall be responsible for mailing with the notice of said meeting or separately, but at least ten (10) days before the date of said meeting, a statement of the number of directors to be elected and the names and addresses of the candidates nominated by the committee on nominations.

Any one hundred (100) or more Members of the Cooperative, who are also bona fide residents of the district from which the director is to be elected, may make other nominations by signed, written petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations of eligible candidates made by petition, if any, received at least thirty (30) days, but not more than forty (40) days, before said meeting shall be included on the official ballot. The names of candidates shall appear on the ballot in the order in which they are received.

Any nominee, whether a nominee nominated by the nominating committee or by petition, must be elected to the Board by a plurality of the ballots of all Cooperative Members voting. The election of directors shall be by mail ballot only and only those nominees nominated by the nominating committee or by petition shall be on the ballot, and there shall be no nominations permitted from the floor.

SECTION 5. Removal of Directors by Members. At a special meeting of Members called expressly for that purpose, directors may be removed in the manner provided in this section.

The entire Board or any one or more of the directors may be removed with or without cause, by a vote of a majority of the Members then entitled to vote at an election of directors. The proposal for the removal of any director sought to be removed shall be submitted to a vote of the Members by mail ballot as provided in Article III, Section 6 of these bylaws.

Vacancies caused by the removal of a director or directors pursuant to this Section 5 shall be filled at a special election conducted as provided in this Article IV.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the Members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

SECTION 7. Compensation. A Director is not an employee of the Cooperative. However, without granting a Director a contract or other right, in consideration for the time and effort required to serve as a Director and the responsibilities and obligations undertaken in connection with such service, the Cooperative may reasonably compensate a Director as determined and approved by the Board. If authorized by the Board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business or be granted a reasonable per diem allowance by the Board in lieu of detailed accounting for certain expenses. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board or the service by the director or the director's close relative shall have been certified by the Board as an emergency measure.

SECTION 8. Executive Committee. Pursuant to Arkansas Code Annotated § 23-18-322, the Executive Committee shall be a Standing Committee of the Board. The Executive Committee may exercise all of the powers of the Board in the direction of the management of the current and ordinary business of the Cooperative between regular meetings of the Board and such other duties as allowed under the Governing Documents, in all instances except as specifically limited by the Board. The Executive Committee shall consist of the Chairman of the Board, the Vice Chairman of the Board and the Secretary. The Secretary shall be responsible for keeping regular minutes of the meeting of the Executive Committee and shall cause them to be recorded in books kept for that purpose in the office of the Cooperative and shall report the same to the Board at the next meeting thereof.

SECTION 9. Audit Committee. The Audit Committee shall be a Standing Committee of the Board. The Audit Committee shall be appointed by the Chairman of the Board, and such Audit Committee may exercise such powers as shall be determined by the Board. The Audit Committee shall consist of not less than two (2) members of the Board. The Audit Committee shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Cooperative and shall report the same to the Board at the next meeting thereof.

SECTION 10. Compensation Committee. The Compensation Committee shall be a Standing Committee of the Board. It shall be appointed by the Chairman of the Board and may exercise such powers as shall be determined by the Board. It shall consist of not less than two (2) members of the Board. It shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Cooperative and shall report the same to the Board at the next meeting thereof.

SECTION 11. Standing or Temporary Committees. Other Standing or Temporary Committees may be established from time to time by resolution or resolutions passed by a majority of the Board, and the Board may from time to time invest such committees with such power as it may see fit, subject to such conditions as may be prescribed by such Board and subject to the Articles of Incorporation, these bylaws and applicable statutes. The members of such committees shall be appointed by the Chairman. Pursuant to Section 7 of Article IV of these bylaws, a Member duly appointed to a Standing or Temporary Committee shall be paid such fixed sum and expenses incurred by such Member, if any, in attending any regularly called meeting of such committee or in carrying out the business of such committee as may be authorized by the Board.

ARTICLE VI MEETINGS OF BOARD

SECTION 1. Regular Meetings. A regular meeting of the Board may be held without notice, immediately after, and at the same place as, the annual meeting of the Members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting. Special meetings of the Board may be called by the Chairman of the Board or by any three (3) members of the Board, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman of the Board or the members of the Board calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each member of the Board either personally or by mail, email or other electronic means at least five (5) days before the date set for the meeting by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman of the Board or the member of the Board calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Board at the director's address as appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent members of the Board of the time and place of such adjourned meeting. The act of a majority of the members of the Board present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these bylaws.

ARTICLE VII OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a Chairman of the Board, Vice Chairman of the Board, President, one or more Vice Presidents, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. Any number of offices may be held by the same person. Only the Chairman of the Board, the Vice Chairman of the Board and Secretary are required to be directors and Members of the Cooperative.

SECTION 2. Election and Term of Office. Except as provided in the next two sentences, the officers shall be elected by ballot, annually by the Board at the meeting held immediately after the annual meeting of the Members. The President, when he or she is a paid employee of the Cooperative, shall be elected by the Board for no specific term of office, is not required to be elected annually by the Board, and shall serve at the pleasure of the Board. The President may appoint one or more paid employees of the Cooperative as Chief Operating Officer, Chief Financial Officer, Vice Presidents and Assistant Secretaries of the Cooperative, and such officers shall not be required to be elected by the Board and shall serve for no specific term of office. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Except as

provided in this Section 2, each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the Members or until the successor shall have been elected and shall have qualified. A vacancy in any office elected by the Board for a specific term shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 4. Chairman of the Board. The Chairman of the Board shall (i) preside at all meetings of the Members and the Board; and (ii) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed.

SECTION 5. Vice Chairman of the Board. The Vice Chairman of the Board shall, in the absence of the Chairman of the Board or in the event of the Chairman of the Board's inability or refusal to act, perform the duties, and when so acting, shall have all of the powers and be subject to the restrictions upon the Chairman of the Board.

SECTION 6. President. The President shall:

- (a) be the chief executive officer of the Cooperative;
- (b) be responsible for formulating general policies and programs of the Cooperative for submission to the Board;
- (c) be responsible for the administrative and operations of the general business and affairs of the Cooperative; and
- (d) in general perform all duties normally incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 7. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the Board (or if there be no such determination, then in the order of their election), 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 Presidents shall also perform such other duties as from time to time may be assigned by the Board.

SECTION 8. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the Members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and 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) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any Member) and at the expense of the Cooperative, furnishing a copy of the bylaws and of all amendments thereto to any Member upon request; and
- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 9. Treasurer. The Treasurer shall be responsible for:

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

SECTION 10. 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 be bonded or insured against theft and other dishonest acts in such sums and with such surety or insurance companies as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded or similarly insured in such amounts and with such surety or insurance companies as it shall determine.

SECTION 11. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these bylaws with respect to compensation for a member of the Board and close relatives of a member of the Board.

SECTION 12. 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 VIII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital. The Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis, to all its patrons for all amounts received and receivable by the Cooperative in excess of operating costs and expenses (including such reserves as the Board may establish and such losses incurred during the current or any prior fiscal year as the Board may determine are chargeable during the current year) ("margins from patronage business"). All such margins from patronage business 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 margins from patronage business. The Board has the authority to determine the kind, timing, method, and type of allocation; provided however, that such methods are fair and equitable on the basis of patronage. 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. 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.

If the costs and expenses exceed the amounts received and receivable by the Cooperative ("loss"), then the Board shall have the authority under accepted accounting practices, loan covenants and tax law to prescribe the manner in which such loss shall be handled.

Notwithstanding any provision in Article VII, the margins from patronage business shall be federal taxable income as determined before the exclusion for patronage capital allocated under federal law. The Board is authorized, however, to adopt a reasonable alternative in lieu of regular federal taxable income.

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 shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. After March 1, 1984, and thereafter, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. Such method, basis, priority and order of retirement, if any, considered by the Board may include the retirement of amounts furnished as capital at a discount.

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, acting under policies of general application, shall determine otherwise.

Subject to the right to offset for any amounts owed the Cooperative, patrons may at any time irrevocably assign and contribute their outstanding capital credits to the Cooperative as a contribution of capital. Such irrevocable assignment and contribution of capital shall not be allocated to the patrons and is distributable only upon dissolution of the Cooperative pursuant to the property rights of patrons. Subject to the next paragraph, the Board is authorized, but not required, to negotiate capital credit settlement arrangements with estates of deceased natural persons, and/or inactive patrons.

Notwithstanding any other provision of these bylaws, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of the 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, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

ARTICLE IX DISPOSITION OF PROPERTY

The Cooperative may not sell, lease or otherwise dispose of, all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the Members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the Members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; however, after such vote, no sale, lease, lease-sale, exchange or other disposition of all or a substantial portion of the Cooperative's assets to any other entity shall be accomplished except in conformity with the following:

- (a) The Board shall first cause three (3) independent appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a Circuit Court Judge for the Judicial District in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.
- (b) If the Board, after receiving such appraisals, and other terms and conditions which are recommended, if any, shall first give every other electric membership cooperative cooperation corporately sited and operating in the state (which has not made such an offer for such sale, lease, lease-sale, exchange or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric membership cooperative corporations, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the report(s) of the three (3) appraisers. Such electric membership cooperative corporations shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (c) The Board shall then notify the Members of the initial or any subsequent proposal which has been submitted to it, expressing in detail each of any such proposals, and shall call a special meeting of the Members for consideration thereof, which meeting shall not be held sooner than ninety (90) days after the giving of such notice to the Members; provided, that consideration thereof by the Members may be given at the next annual Member meeting if the Board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.

- (d) Any fifty (50) or more Members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all Members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The foregoing provisions shall not apply to a sale, lease, lease-sale, exchange or other disposition to one or more other electric membership cooperative corporations corporately sited and operating in the state if the substantive effect thereof is to merge or consolidate with such other one or more electric membership cooperative corporations, in which event an affirmative vote of a majority of those Members present at any special or annual meeting shall be required; provided, however, that notwithstanding anything herein contained, the Board 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 shall determine, to secure any indebtedness of the Cooperative.

ARTICLE X SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Arkansas."

ARTICLE XI FINANCIAL TRANSACTIONS

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

SECTION 2. Checks, Drafts, etc. 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 and/or countersigned 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.

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, banks or cooperatives as the Board may select.

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first 1st day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

ARTICLE XII MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the Board at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of electrification or of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any Member or member of the Board may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a Member or member of the Board at any meeting shall constitute a waiver of notice of such meeting by such Member or member of the Board, except in case a Member or member of the Board shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The Board 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 shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall confirm to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A summary of the report of such audit shall be submitted to the Members at the next following annual meeting.

SECTION 5. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (i) desire such service; and (ii) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Patron. It shall be the duty of each patron of this Cooperative to keep the Cooperative informed of his, her or its full legal name and address at all times. It is understood and agreed by and between all parties concerned that the failure of any patron to do so for a period of five (5) years from the date that the Cooperative decides to make an actual cash refund shall result in any patronage refunds which may be due and payable to such patron to be classed and considered as donated capital by the patron of the Cooperative.

SECTION 7. Indemnification.

- (a) The Cooperative shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Cooperative, by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against judgments, fines, expenses, including attorneys' fees, and amounts paid in settlement actually and reasonably incurred by that person in connection with such action, suit or proceeding if such person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.
- (b) The Cooperative shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Cooperative to procure a judgement in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by that person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the Cooperative, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Cooperative unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.
- (c) To the extent that a director, officer, employee or agent of the Cooperative has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall

be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by that person in connection therewith.

- (d) Any indemnification under subsections (a) and (b) of this section, unless ordered by a court, shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (iii) by the Members.
- (e) Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that that person is not entitled to be indemnified by the Cooperative as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.
- (f) The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of Members or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.
- (g) The Cooperative shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by that person in any such capacity, or arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify that person against such liability under the provisions of this section.
- (h) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall continue as to a person who had ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.
- (i) For purposes of this section, references to "the Cooperative" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as that person would have with respect to such constituent corporation if its separate existence had continued.
- (j) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Cooperative" shall include any service as a director, officer, employee or agent of the Cooperative which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Cooperative" as referred to in this section.

SECTION 8. Rules of Order. Unless the Board determines otherwise at any time, and to the extent consistent with applicable law, the articles of incorporation and these bylaws, the latest addition of 'Robert's Rules of Order' governs all:

1. Member meetings;
2. Board meetings;
3. Member committee meetings; and
4. Board committee meetings.

SECTION 9. Governing Law. These bylaws shall be governed by, and interpreted under, the laws of the State of Arkansas and applicable federal law.

SECTION 10. 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 11. 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 12. 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 bylaw.

SECTION 13. Entire Agreement. Between the Cooperative and a Member, the Governing Documents: (i) constitute the entire agreement; and (ii) supersede and replace a prior or contemporaneous oral, written, or electronic communication or representation.

SECTION 14. Successors and Assigns. Except as otherwise provided in these bylaws: (i) 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 (ii) 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 15. Waiver. The failure of the Cooperative to assert a right or remedy provided in these bylaws does not waive the right or remedy provided in these bylaws.

SECTION 16. Lack of Notice. The failure of a Member or Board member to receive notice of a meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.

ARTICLE XIII AMENDMENTS

These bylaws may be altered, amended or repealed by the Board at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

EQUAL OPPORTUNITY POLICY STATEMENT

As a federal contractor subject to the nondiscrimination and affirmative action obligations of Executive Order 11246, as amended, and its implementing regulations, First Electric Cooperative Corporation (hereinafter referred to as "the Cooperative") will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, age, disability, gender, sexual orientation, gender identity, genetic information, veteran status or any other status protected by law and will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, national origin, age, disability, gender, sexual orientation, gender identity, genetic information, veteran status or any other status protected by law. Such action includes, but is not limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.