

# Bylaws and Articles of Incorporation

As amended through May 28, 2021



A Touchstone Energy Cooperative 

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# INTER-COUNTY ENERGY COOPERATIVE CORPORATION BYLAWS

## ARTICLE I MEMBERSHIP

### SECTION 1. Requirements for Membership.

**1.01. Eligibility.** Any natural person, firm, association, corporation, or body politic or political subdivision or agency thereof (each hereinafter referred to as “person,” “applicant,” “his,” “him,” or “her”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from Inter-County Energy Cooperative Corporation (hereinafter called the “Cooperative”); however, no person shall hold more than one voting membership in the Cooperative.

**1.02. Application for Membership.** Application for membership—where in the applicant shall agree to purchase electric power and energy from the Cooperative and be bound by and to comply with all provisions of the Cooperative’s Articles of Incorporation, Bylaws, and all rules, rate schedules and regulations as they now exist or may hereafter be adopted or amended by the Board of Directors (the obligations embraced by such agreement being hereinafter called “membership obligation”)—shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 4, together with any service security deposit, service connection deposit or fee, facility extension fee or contribution in aid of construction (hereinafter referred to as “other deposits or fees”) that may be required by the Cooperative, which membership fee and other deposits or fees shall be refunded in the event the application is denied by the Board.

**1.03. Acceptance Into Membership.** Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his/her connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination after due hearing if the applicant requests a hearing, that the applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application has been denied or, for sixty (60) days or longer, has been submitted but not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the Board of Directors, have his/her application submitted to and approved or disapproved by the vote of the Directors at such meeting. Any application not denied by the Board of Directors hereunder shall be deemed to have been accepted.

**SECTION 2. Membership Certificates.** Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provision as shall be determined by the Board. Such certificate shall be signed by the Chairman and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed, or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board may prescribe. No membership certificate shall be transferable, except as provided in these Bylaws.

**SECTION 3. Membership Fees.** The membership fee shall be set by the Board of Directors. Upon payment of same the applicant shall be eligible for membership and service. Under policies of general application, membership fees may be transferred or, upon termination of the membership, refunded; provided, however, no interest on membership fees shall be paid or payable, and all debts due the Cooperative shall have been paid.

**SECTION 4. Purchase of Electric Energy.** The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used

by him, shall purchase from the Cooperative all electric energy used on the premises specified in his/her application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by the members as capital to the Cooperative and each member shall be credited with the capital so furnished (without interest) on the books of the Cooperative as provided in these Bylaws. Each member shall pay such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

**SECTION 5. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.** Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specification of the Kentucky Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative’s physical facilities for the furnishing and metering of electric service and shall permit the Cooperative’s authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile animals or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative’s bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative’s physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member’s reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative’s cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative’s billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery, being the point where the Cooperative’s line physically connects to the member’s facilities.

**SECTION 6. Member to Grant Easements to Cooperative.** Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative’s electrical facilities.

### SECTION 7. Termination of Membership.

**(a) Withdrawal.** Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe.

**(b) Suspension and Expulsion.** The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board,

expel any member who fails to comply with any of his membership obligations, including the provisions of the articles of incorporation, bylaws, or rules or regulations adopted by the Board, but only as set out herein. The member shall be given written notice by the Cooperative of the obligation with which it alleges the member has failed to comply and shall be given written notice that such failure makes him liable to expulsion.

Upon his/her failure after the expiration of ten (10) days after such notice of noncompliance to pay any amounts due the Cooperative or to cease any other noncompliance with his/her membership obligations within the time limit contained in the said notice, a person's membership shall automatically be suspended; and he/she shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his/her membership obligations within the time limit provided in such notice shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Upon failure of a suspended member to be automatically reinstated to membership, as provided in this Section, he/she may, without further notice, but only after due hearing if such is requested by him/her, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. Nothing contained herein shall be construed to impair the right of the Cooperative to cut off service to any member for non-payment of the utility bill upon ten (10) days notice of delinquency and impending cutoff.

**(c) Cancellation.** The membership of a member who for a period of six (6) months after service is available to him/her, has not purchased electrical energy from the Cooperative, or of a member who has ceased for six (6) months to purchase energy from the Cooperative may be cancelled by resolution of the Board.

**(d) Death or cessation of existence.** Upon the death of a member, or upon the dissolution of a corporate member, including a partnership, association or body politic, membership shall terminate automatically.

**(e) Upon the cancellation of a membership** as herein provided, and upon the withdrawal, death, cessation of existence or expulsion of a member, the membership certificate of such member shall terminate, and the membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

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

## ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

**SECTION 1. Property Interest of Members.** Upon dissolution, after

(a) All debts and liabilities of the Cooperative shall have been paid, and

(b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members eligible under law in the proportion which the aggregate patronage of each bears to the total patronage of all members.

**SECTION 2. NonLiability 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.

## ARTICLE III MEETINGS OF MEMBERS

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held between the first day of May and the fifteenth day of September each year, beginning with the year 1968, at such place within one of the counties 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 an annual meeting of the members shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 2. Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by a majority of the Board, by the Chairman, or petition signed by not less than ten per cent of all the members of the cooperative; and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. 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, on such date, not sooner than thirty-five (35) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by the Secretary or those calling or petitioning for the same.

**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 transacted, the purpose or purposes for which the meeting is called, shall be delivered to each member in person or by mail not less than five (5) days nor more than forty-five (45) days before the date of the meeting. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in the Kentucky Living, and notice by mail shall be deemed to be delivered when it has been deposited in the United States mail addressed to the member at his address shown on the Cooperative's records, postage prepaid and postmarked at least five (5) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative's records shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary or Credentials and Elections Officer prior to or at the beginning of the meeting of his objection.

**SECTION 4. Quorum.** A quorum for the transaction of business at a member meeting shall be the lesser of one half of one percent of the total number of members as reflected in the Cooperative's records, or fifty (50) members, except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than thirty (30) days later and to any place in one of the counties in Kentucky within which the Cooperative serves; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

**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 other than the election of Board members, which is specially provided for in these Bylaws, shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law or in the Articles of Incorporation or these Bylaws. Members may not cumulate their votes.

**SECTION 6. Absentee Balloting.** Prior to the meeting of members, a member may vote by absentee ballot. All absentee ballots shall be cast by 4:30 p.m. Eastern Standard Time no more than twenty-one (21) days and no less than seven (7) days before the meeting for which it is proposed to be used. All absentee ballots shall be cast in person on such ballots as supplied by the Cooperative and shall be received by the Credentials and Elections Officer or his/her designated agent(s) at the Cooperative's headquarters building on 1009 Hustonville Road, Danville, Kentucky or the Cooperative's district office located at 46 Old Kentucky 68, Lebanon, Kentucky. Absentee ballots can only be secured and voted at those office locations. Once an absentee ballot is cast, it cannot be revoked. The presence of a member at a meeting of the members shall not revoke an absentee ballot theretofore executed by him/her and such member shall not be entitled to vote at such meeting.

**SECTION 7. Members to Register With Credentials and Elections Officer. Credentials and Elections Committee.**

(a) Not less than one hundred-five (105) nor more than one hundred-forty (140) days before the annual meeting of the members, the Board of Directors shall appoint a Credentials and Elections Officer who may be the secretary of the Board or any other person designated by the Board. It is the duty of each member attending a meeting of the members to make his/her presence known by registering with the Credentials and Elections Officer or person designated by the Board before or at the time the meeting is called to order.

(b) Not less than one hundred-five (105) nor more than one hundred-forty (140) days before the annual meeting of the members, the Board of Directors shall appoint a Credentials and Elections Committee "Committee" under the provisions of Article IV, Section 5 of these Bylaws nominating a member to serve as director. The Committee shall consist of four (4) Cooperative members in good standing, one (1) from each district other than in which a director's term expires who would qualify to be a Director under Article IV, Section 3, but must not be: existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. The Committee shall:

- i. elect its own Chairman and Secretary;
- ii. establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter
- iii. to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination, absentee ballots, or the qualifications of candidates and the regularity of the nomination and election of directors) and;
- iv. to pass upon any protest or objection filed with respect to any election or affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. As determined by the Board, the Cooperative may reasonably compensate and/or reimburse the Credential and Elections Committee members for time and expenses incurred in serving on the Committee.

(c) The Credentials and Elections Officer's record of the names of members registered with him/her shall be prima facie evidence of the presence in person of such members at the meeting and with the list of absentee ballots filed shall serve as the roll of members present at the meeting. Said roll, certified by the Secretary, shall be filed by him/her with the records of the corporation.

(d) On the day and prior to the hour for the meeting, the Credentials and Elections Officer shall be responsible for providing at the place of meeting conveniently located and clearly marked, tables or desks at which his/her agents shall be present to register members attending in person, and to receive and file absentee ballots; and sufficient opportunity shall be given for registering in person and the filing of absentee ballots.

**SECTION 8. Order of Business.** The order of business at the annual meeting of members, and so far as possible at all other meetings of members, shall be substantially as follows:

- 1. The call to order and report on the number of members present in person and by absentee ballot 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, Board members, and Committees.
- 5. Election of Board members.
- 6. Unfinished business.
- 7. New business.
- 8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established and is present at the time of any vote.

**SECTION 9. Agenda.** No proposal from a member or group of members shall be voted upon at the annual meeting unless it has been placed on the agenda at least thirty (30) days prior to the date of the meeting. Any legitimate proposal may be placed on the agenda by any member by filing a copy of the proposal with the Secretary within the time allowed, with a request that it be submitted to the annual meeting for consideration.

**SECTION 10. Approval of Minutes.** At the first meeting of the Board following a meeting of the members, or as soon thereafter as may be convenient, the minutes of the last meeting of the members shall be read, and after corrections, if any, approved and so subscribed by the Chairman, the Chairman pro tem of the meeting, if there was one, and the Secretary.

**ARTICLE IV  
BOARD OF DIRECTORS (THE "BOARD")**

**SECTION 1. General Powers.** The business and affairs of the Cooperative shall be governed by a Board of six (6) directors, (hereinafter called "Board members"), which shall represent the Cooperative as a whole, and shall exercise all its powers except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

**SECTION 2. Districts.**

(a) To best serve the membership of the Cooperative the areas served shall be divided into districts. Each district shall elect one member to the Board of Directors of the Cooperative as provided for in these Bylaws.

(b) Not less than sixty (60) days before any meeting of the members at which Board members are to be elected, the Board shall review the composition of all districts, and if it finds the best interests of the Cooperative and its members will be served thereby, shall reconstitute the districts forth-with.

(c) As of the time these bylaws were reviewed and adopted by the Board of Directors of the Cooperative the districts and the number of directors to be elected from each are:

DISTRICT NAME	DISTRICT COUNTIES	NUMBER OF DIRECTORS
Boyle	Boyle	One
Mercer	Mercer & Washington	One
Marion	Marion, Nelson & LaRue	One
Casey	Casey & Taylor	One
Lincoln	Lincoln & Rockcastle	One
Garrard	Garrard & Madison	One

**SECTION 3. General Director Qualifications.** To become and remain a Director, a Person must comply with the following general qualifications:

- (a) be an individual;
- (b) have the capacity to enter legally binding agreements;
- (c) not have been previously removed or disqualified as an NRECA Cooperative Director for cause;

(d) is a member in good standing of the Cooperative and receives the Cooperative's electric service at the Director's principal residence within the particular district served by the Cooperative from which he/she is elected;

(e) is not in any way employed by or has a substantial financial interest in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to members of the Cooperative;

(f) is not an employee of the Cooperative, a retired or former employee or is not a close relative of an employee of the Cooperative or of an incumbent Director of the Cooperative;

(g) is a United States Citizen; or

(h) has not plead guilty to, or been convicted of, a felony.

(i) any Board member who is absent from three (3) consecutive regular meetings of the Board, unless excused by the affirmative vote of a majority of the other Board members, shall be deemed to have vacated his/her office or may be removed. After declaring the vacancy to exist, the remaining Board members shall proceed to fill the vacancy.

Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he/she becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he/she was not a party.

Any time after a candidate has been elected and if that Director should fail to meet any of the qualifications defined herein, then the Board shall proceed to remove such Board Member from office. The allegation of the change of the Director's qualifications shall be presented to the full Board and the Board Member who allegedly no longer meets the qualifications defined in this section shall be given written notice of the alleged violation. The person(s) subject to such removal shall be informed in writing at least twenty-five (25) days prior to the meeting of the Board of Directors at which the charges are to be considered. The person(s) subject to such removal shall have the opportunity at the meeting when their removal is going to be considered to be heard in person, to have counsel there to represent them, to have the opportunity to present evidence of their own and to question any individual or evidence that is being brought to establish the fact that the person(s) no longer meets the qualifications listed in Article IV, Section 3, of the Cooperative Bylaws. The Board likewise shall have the opportunity to have separate counsel, the right to produce evidence including the attendance of witnesses, and the right to question and/or cross examine any of the witnesses presented by the person(s) subject to removal.

Any dispute regarding the process of removal shall be filed exclusively in the Boyle Circuit Court, the 50th Judicial District, of the Commonwealth of Kentucky.

**SECTION 4. Election and Tenure.** Board members shall be elected by ballot, by the members-at-large at the annual meeting of members or at a special meeting thereof held for that purpose within a reasonable time thereafter. They shall serve for terms of four (4) years each, ending with the fourth annual meeting following election, and until their successor shall have been elected and shall have qualified. Board members whose terms are expiring are eligible for immediate re-election. The election of Board members shall be by written ballot, except when a candidate is unopposed the election shall be by voice vote. The ballots shall list the candidates nominated according to districts, giving their names and addresses. Each member of the Cooperative present shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected a Board member.

Breaking a tie vote for the election of directors can be done by one of two methods.

(a) **Flipping a Coin.** If the candidates agree, the winner of the seat can be determined by flipping a coin for two-way ties. In a three-way tie, the candidates (if they agree) can either draw straws or draw a name to determine the winner.

(b) **Runoff Election.** If the candidates do not agree to flip a coin or draw for the winner to break a tie, a run-off election needs to be held. Only those candidates who tied for the seat are in the runoff. Nominations are not reopened for the open seat.

Until the tie is resolved, the other newly elected directors should immediately begin serving their terms (if it can be determined which seats the winners are entitled to).

**SECTION 5. Nominations.** Not less than eighty-four (84) days (the deadline to file a petition) before the annual meeting of members, all candidates for Director, including incumbents, shall file a petition on such forms as supplied by the Cooperative which shall include the district in which the nominee resides, the printed names, addresses and telephone numbers and the original dated signatures signed of at least twenty-five (25) or more members of the Cooperative who reside in the Directorate District for which the nominee is being nominated. The nominating petition shall be filed in a sealed envelope clearly identified as a petition at the Cooperative's headquarters building on Hustonville Road, Danville, Kentucky or placed in the night depository box at the headquarters prior to 4:30 p.m. of the last day to file. Cooperative personnel receiving the sealed petition shall deliver same without breaking the seal to the Credentials and Elections Officer or his/ her duly authorized agent who shall receipt for same and safeguard same in the Cooperative's vault until such time as the Credentials and Elections Committee has met. No member may sign a nominating petition for more than one (1) nominee in a single election. If a member does sign a nominating petition for more than one (1) nominee, the member's signature shall not be valid on any of the petitions signed by the member. If a membership is jointly held, all of the persons holding such joint membership shall be treated as one (1) member and only one of such persons may sign a nominating petition for any single election. If more than one such person signs a nominating petition, for different nominees, none of the signatures for such member shall be counted. If more than one such person signs a nominating petition, but all for the same nominee, only one of such signatures shall be counted.

The Credentials and Elections Committee meeting shall be held within fourteen (14) days following the deadline for petitions by candidates for director, at which time the Credentials and Elections Officer, or his/her duly authorized agent, shall deliver the sealed petition to the Credentials and Elections Committee for its review to determine its adequacy under the Bylaws. If the said Committee determines that the petition is adequate in all respects under the Bylaws and is signed by the required number of members then the Secretary shall post such nomination(s) at the principal office of the Cooperative not less than sixty-three (63) days before the annual meeting of members. The list of nominations shall contain the director candidates to be elected, listing separately the nominee(s) for each Directorate District from or with respect to which a director must, pursuant to this Article, be elected at the meeting.

If the Credentials and Elections Committee determines that the petition is inadequate under the Bylaws then said Committee will immediately notify the proposed nominee of its decision and the reasons why the petition is inadequate. If the said nominee wishes to appeal the said Committee's ruling then an appeal shall be filed in writing with the said Committee Chairman stating the reason for the appeal within four (4) days of the date of notification. The Credentials and Elections Committee shall meet within four (4) days of receipt of such an appeal to determine the merits of same. Both the said nominee and any other candidate for the office shall be allowed to be present at the meeting to present evidence either personally or through counsel. The Credentials and Elections Committee shall rule upon the appeal and its decision shall be final. At the Cooperative's expense, the Cooperative shall make available legal counsel to the Credentials and Elections Committee.

In the event there are no petitions filed for an expiring term on the Board, it shall be the responsibility of the Board of Directors to fill the vacancy under the provisions of Article IV, Section 10 of these Bylaws.

Nominations of an individual to run for election to a Director position scheduled for election at an annual meeting will not be accepted from the floor at such meeting, nor will write-in votes naming persons, not properly nominated pursuant to the Bylaws, be counted.

**SECTION 6. Voting for Directors; Validity of Board Action.** In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

**SECTION 7. Removal of Directors by Members.** Any member(s) may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing signed by said member(s), together with a petition signed by not less than ten percent

(10%) of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s), and which specifies the place, time and date thereof not sooner than twenty-five (25) days after the filing of such petition. Each page of the petition shall, in the forefront thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. A statement of such charge(s) verbatim, the name(s) of director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting; PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect to the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise, with the ruling concerning same to be made by the chairman of the special meeting. The chairman of the said meeting shall be a licensed attorney appointed by the attorney to the Board, and the Cooperative shall compensate him for his services. If a director is removed pursuant to this action, the vacancy created by such removal shall be filled by the Board of Directors.

**SECTION 8. Removal of Directors by the Board of Directors.** Any Director may be removed from the Board of Directors by a secret-ballot vote of two-thirds of the Directors at a duly constituted and conducted meeting of the Board of Directors. Such removal must be for cause, and the person(s) subject to such removal shall be informed in writing of the charges at least twenty-five (25) days prior to the meeting of the Board of Directors at which the charges are to be considered, and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges. The Director(s) bringing the charges against that Board Member shall have the same opportunity.

**SECTION 9. Resignation.** Any Director may resign his/her position at any time. Such resignation shall be made in writing and shall be submitted to the Secretary or the Board Chair. The resignation shall take effect at the time it is received by the Secretary or the Board Chair.

**SECTION 10. Vacancies.** All vacancies occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated, until a successor is elected and qualified; PROVIDED, that such a director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

**SECTION 11. Compensation.** Board members shall not receive any salary for their services as such, except that the Board may by resolution authorize a per diem to be paid for each day or portion thereof spent on cooperative business, such as attendance of meetings, conferences, and training programs; or when authorized by the Board, in performing Committee assignments. Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or by action of the Board may be granted a reasonable per diem allowance in lieu of a detailed accounting for some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall a close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the members, or shall be certified by the affirmative vote of a majority of the Board members not involved therein, taken before or after such service is rendered, as an emergency measure or a special case; PROVIDED, that a director who is also an Officer of the Board, and who as such Officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors;

and PROVIDED FURTHER, that an employee shall not lose his/her eligibility to continue in the employment of the Cooperative if he/she becomes a close relative of a director because of a marriage to which he/she was not a party.

**SECTION 12. Rules, Regulations, Rate Schedules and Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

**SECTION 13. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

**SECTION 14. "Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

**SECTION 15. "Cause" Defined.** As used in these Bylaws, "cause" means gross abuse of office or Board position amounting to a breach of trust, committing or omitting a negligent, fraudulent, or criminal act significant and adversely affecting the Cooperative.

## ARTICLE V MEETINGS OF BOARD OF DIRECTORS

**SECTION 1. Regular Meetings.** A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the board in advance of the annual member meeting; PROVIDED, however, that failure to hold such meeting shall not affect in any manner whatsoever the validity of any action subsequently taken by the board. 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 that of the resolution fixing the time and place thereof.

**SECTION 2. Special Meetings.** A special meeting of the Board of Directors may be called by the Board of Directors, by the Chairman or by any four (4) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3. The board, the Chairman, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Kentucky within which the Cooperative serves, unless all directors consent to its being held in some other place in Kentucky or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 3, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such telephone conference meeting, if all the directors consent thereto.

**SECTION 3. Notice of Directors Meeting.** Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the board and, when the business to be transacted thereat shall require such, of any regular meeting of the board shall be delivered to each director not less than five (5) days prior thereto, by one or more of the following methods: either personally, by mail, by electronic mail or at the direction of the Secretary, or upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting the date, time and place of which have already been fixed by board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any

business or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

**SECTION 4. Quorum.** The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken unless otherwise provided by statute or these Bylaws; PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

**SECTION 5. Participation by Other Means.** Upon proper notice as otherwise provided in Section 3 and upon approval of a majority of those directors in attendance, a Director(s) may participate in a meeting of the Board of Directors or its designated committees by any means of communication by which all Directors participating may simultaneously hear, understand, and communicate with each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

## ARTICLE VI OFFICERS; MISCELLANEOUS

**SECTION 1. Number and Title.** The Officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer, and such other Officers as may be determined by the board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**SECTION 2. Election and Term of Office.** The Officers shall be elected by ballot, annually by and from the board at the meeting of the board held immediately after the annual meeting of the members, or as soon thereafter as it may be conveniently done. Each Officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

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

**SECTION 4. Chairman.** The Chairman shall:

- (a) be the principal executive officer of the Cooperative, and unless otherwise determined by the members of the board, shall preside at all meetings of the members and the board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board, and 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, and
- (c) in general perform all duties incident to the office of Chairman and such other duties as may be prescribed by the board from time to time.

**SECTION 5. Vice Chairman.** In the absence of the Chairman or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform other duties as from time to time may be assigned by the board.

**SECTION 6. Secretary.** The Secretary shall be responsible for:

- (a) keeping or causing to be kept, the minutes of the meetings 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 book and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of the Bylaws;
- (d) keeping, or causing to be kept, a register of the names and post office addresses of all members;

(e) signing, with the Chairman, certificates of membership, the issue of which shall have been authorized by the board or the members;

(f) have general charge of the books of the Cooperative in which a record of the members is kept;

(g) 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

(h) 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 7. Treasurer.** The Treasurer shall be responsible for:

(a) custody of all funds and securities of the Cooperative;

(b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

(c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the board.

(d) Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6 and 7, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**SECTION 8. President/CEO.** The board may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the board may vest in such office from time to time.

**SECTION 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety 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 in such amount and with such surety as it shall determine.

**SECTION 10. Compensation.** The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 11 of Article IV of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors.

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

**SECTION 12. Indemnification of President/CEO, Officers, Directors, Staff Employees and Agents.** The Cooperative shall 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 President/CEO, director, officer, staff employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a President/CEO, director, officer, staff employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including all costs of defense), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person 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 interest of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

To the extent that a President/CEO, director, officer, staff employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in paragraph 1, (and, in addition, actions by or in the right of, the Cooperative) of any claim, issue or matter therein, such person shall be indemnified against expenses (including all costs of defense) actually and reasonably incurred by such person in connection therewith.

The indemnity herein provided shall be co-extensive with those authorized under Kentucky Revised Statute Chapter 271B and shall be effective in accordance with all of the terms and conditions of such statute.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a President/CEO, director, officer, staff employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a President/CEO, director, officer, staff employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this bylaw.

## ARTICLE VII FINANCIAL TRANSACTIONS

**SECTION 1. Contracts.** Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any cooperative officer, agent or employee 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 or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**SECTION 3. Deposits, Investments.** All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

## ARTICLE VIII WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member 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.

## ARTICLE IX AMENDMENTS

These Bylaws may be altered, amended or repealed by the Board of Directors at any regular or special board meeting; PROVIDED, that the notice of the meeting, shall have contained a copy of the proposed alteration amendment or repeal or an accurate summary explanation thereof. A copy of each alteration, amendment or repeal shall be furnished to the Administrator of Rural Utilities Service and National Rural Utilities Cooperative Finance Corporation and notice of same shall be published in the Cooperative's monthly newsletter or the *Kentucky Living* within a reasonable time after adoption.

## ARTICLE X RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any Committee provided for in these Bylaws and of any other Committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

## ARTICLE XI NONPROFIT 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 in Connection with Furnishing Electric Energy.** In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt of the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account if requested. 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 pursuant to legal obligation and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, within the sole discretion of the Board of Directors, and insofar as permitted by law, be;

- (a) used to offset any expenses or losses incurred during the current or any prior fiscal year; and/or,
- (b) used for furtherance of the Cooperative's Equity Management Policy; and/or,
- (c) used for any other reasonable corporate purpose; and/or
- (d) held for future use to satisfy known or anticipated obligations of the cooperative; and/or
- (e) to the extent not needed for these purposes, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

A patron's right to the payment of capital credits is contingent or conditional and does not vest upon allocation of such credits, but rather, only upon a determination by the Board of Directors to retire them.

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; PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors 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, on any method of allocation, basis, priority and order of retirement that the Board in its discretion determines to be just and equitable and in furtherance of the cooperative concept.

In furtherance of this bylaw the Board of Directors shall have the authority and discretion to adopt terms, conditions and rules embodied in its board policies to specify the process and conditions under which patronage capital credits are determined, allocated, accounted for, and retired.

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

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital

credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms, conditions and rules embodied in its board policies, and provided that the financial condition of the Cooperative will not be impaired thereby; and, further, that no payment of capital credits to the estate of a deceased member shall be made except to the extent said credits represent margins earned by the Cooperative and shall exclude any capital credits received from the allocation and/or retirement of same from any affiliated organizations of the Cooperative including, but not limited to, other cooperatives or corporations of which this Cooperative is a member or owner.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

## **ARTICLE XII DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION**

**SECTION 1. Disposition of Property.** The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; PROVIDED, however, that notwithstanding anything therein 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 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 to the United States of America or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, and any other agency, where mortgage arrangements can be accommodated and approved by the Rural Utilities Service. A substantial portion as used in this Article shall be defined as at least ten percent (10%) of the value of the property of the Cooperative other than merchandise and property acquired for resale during any one fiscal year.

**SECTION 2. Distribution of Surplus Assets on Dissolution.** Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistent with the provisions of the third paragraph of Section 2 of Article XI of these Bylaws be distributed without priority but on a patronage basis among all persons who are members of the Cooperative; PROVIDED, however, that if in the judgment of the board the amount of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

## **ARTICLE XIII PATRON'S DUTY TO SUPPLY ADDRESS, PROCEDURE IN GIVING NOTICE MAKING DISTRIBUTIONS TO PATRONS, ABANDONMENT AND RECOVERY OF UNCLAIMED PROPERTY**

**SECTION 1. Duty to Supply Address.** It is the duty of each patron (including in the meaning of the word "patron" members, former members, non-members and successors in interest or successors in

occupancy to all or part of a patron's premises served by the Cooperative) to keep the Cooperative informed of his/her current address. It is the duty of the legal representative of deceased patrons to inform the Cooperative promptly of their identity and qualification and current address. In giving notices, in making payments, refunds and other distributions to patrons the Cooperative may rely solely on the last addresses given by them, their successors or legal representatives. Failure to supply such information shall constitute the waiver of any notice.

**SECTION 2. Giving Notice, Making Distributions.** All notices given by the Cooperative, all refunds made by it, and distributions of capital credits, patronage refunds and book equities shall be deemed to have been given when the same, or a check, draft, or certificate therefor has been deposited in the United States mail with the postage thereon prepaid, addressed to the patron or his legal representative at his last known address as shown on the records of the Cooperative.

**SECTION 3. Abandonment and Recovery of Unclaimed Property.** The property in any capital credits, patronage refunds, or book equities sought to be distributed by the Cooperative to its patrons shall, be deemed to have been abandoned, and the amounts of money represented thereby may be treated as incidental income of the Cooperative for the appropriate year, either under a general rule or special resolution of the board, when checks, drafts, certificates or other instruments of distribution and payment remain in the hands of the Cooperative for a period of five (5) years after the tender thereof to the patron in person, or the mailing thereof in the manner provided for in the Bylaws, and;

- (a) acceptance of delivery has been refused and legal action has not been taken by the owner; or
- (b) the owner cannot be found, and after having been mailed to him at his last known address as provided for in these Bylaws the checks, drafts, certificates or other instruments of distribution or payment have been returned by the United States mail unclaimed, and the amounts have not been called for; or
- (c) presentment for payment or surrender for capital has not been made, or action taken by the owner to claim the right.

## **ARTICLE XIV SEAL**

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

## **ARTICLE XV CHANGE IN RATES**

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in rates charged by the Cooperative for electric energy becomes effective.

## **ARTICLE XVI 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 XVII AREA COVERAGE**

The board shall make diligent effort to see that electric energy service is extended to all unserved persons within the Cooperative service area who

- (a) desire such service, and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

# INTER-COUNTY ENERGY COOPERATIVE CORPORATION ARTICLES OF INCORPORATION

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these Articles of Incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky, at a Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

## ARTICLE I

The name of the Corporation shall be, "Inter-County Energy Cooperative Corporation."

## ARTICLE II

The purpose for which this corporation is formed is to engage in any and all lawful business and/or activity authorized pursuant to Kentucky law including but not limited to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as foresaid electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery, (including any fixture or property of both which may by its use be conducive to a more complete use of electricity or electric energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed, or otherwise authorized by law, and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, or otherwise permitted by law, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

(b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

(d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair, electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects, or purposes of the Corporation; to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages,

or deed or deeds, of trust upon, or by the pledge of our other lien upon any or all of the property, rights, privileges, or permits of the Corporation, wheresoever situated, acquired or to be acquired;

(f) To exercise the right of eminent domain in its corporate name, and in the manner provided by the condemnation laws for acquiring private property for public use;

(g) To do and perform either for itself or for its members any and all acts and things under, through or by means of its own officers, agents and employees or by contracts with any person, federal agency, corporation, cooperative association or municipality, and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the act under which this corporation is formed or as may now or hereafter be authorized by law or which are not prohibited by law and to exercise any of its powers anywhere.

## ARTICLE III

The principal office of the Corporation shall be located at Danville, in the County of Boyle, Commonwealth of Kentucky.

## ARTICLE IV

The operations of the Corporation are to be conducted in the counties of Boyle, Mercer, Washington, Marion, Lincoln and Garrard, and in such other counties as such operations may from time to time become necessary or desirable in the interest of this corporation or its members.

## ARTICLE V

The number of directors of the Corporation shall not be less than five (5) nor more than eleven (11). Unless otherwise provided in the Bylaws, the number of directors shall be seven (7).

## ARTICLE VI

The names and post office addresses of the directors who are to manage and conduct the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

NAMES	POST OFFICE ADDRESSES
William H. Rogers	Harrodsburg, KY
Kearney Adams	Lancaster, KY
P.E. Hughes	Raywick, KY
Beeler Whitlock	Gravel Switch, KY
Robinson Cook	Harrodsburg, KY

## ARTICLE VII

The duration of the Corporation is: Perpetual.

## ARTICLE VIII

**SECTION 1.** The Corporation shall have no capital stock and the property rights and interests of each member shall be equal.

**SECTION 2.** Any person, firm, corporation or body politic may become a member in the Corporation by:

(a) paying the membership fee specified by the Bylaws;

(b) agreeing to purchase from the Corporation electric energy as specified in the Bylaws; and

(c) agreeing to comply with and be bound by these Articles of Incorporation and the Bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

PROVIDED, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members in the manner provided for in the Bylaws. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this Section, provided the husband

and wife comply jointly with the foregoing provisions of the above subdivisions (a), (b), and (c).

**SECTION 3.** Membership in the Corporation shall be terminated by death, cessation of existence, expulsion or withdrawal of the member as provided in the Bylaws of the Corporation. Termination of membership in any manner shall not release the member, or his estate from the debts or liabilities of such member to the Corporation.

**SECTION 4.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person or by any other method as provided in the Bylaws. Members sharing a joint membership shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

**SECTION 5.** The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

**SECTION 6.** The Bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation or the Act under which the Corporation is organized.

## ARTICLE IX

**SECTION 1.** The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these Articles of Incorporation or the Bylaws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

**SECTION 2.** Directors of the Corporation shall be members thereof.

## ARTICLE X

The Corporation may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

IN WITNESS WHEREOF, We hereunto subscribe our names this 12th day of June, 1937.

(Signed)

William H. Rogers

Kearney Adams

P. E. Hughes

Beeler Whitlock

Robinson Cook

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## STATEMENT OF NONDISCRIMINATION

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- (1) mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, DC 20250-9410;
- (2) fax: (202) 690-7442; or
- (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

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## Stay safe on the farm

*Remember these safety tips when operating farm machinery:*

- Use a spotter when operating large machinery near lines.
- Use care when raising augers or the bed of grain trucks around power lines.
- Keep equipment at least 10 feet from lines—at all times, in all directions.
- Inspect the height of the farm equipment to determine clearance.
- Always remember to lower extensions when moving loads.
- NEVER attempt to move a power line out of the way or raise it for clearance.
- If a power line is sagging or low, call Inter-County Energy immediately.



A Touchstone Energy<sup>®</sup> Cooperative 

## Red Flags Rule:

In October 2008, the Inter-County Energy board of directors approved an Identity Theft Red Flag Prevention Policy. The “Red Flags Rule” was mandated by the Federal Trade Commission and has been implemented by the cooperative.

The Red Flags Rule requires all financial institutions and creditors to implement an “Identity Theft Prevention Program” for the purpose of detecting, preventing and mitigating identity theft for their covered accounts. The rule applies to “creditors” who maintained one or more accounts and in the rule, the term “Utility Companies,” which includes Inter-County Energy, is defined as creditors.

Because of this rule and the related policy, you may be asked to provide additional information and identification when you make inquiries regarding your service/account with Inter-County. Please be patient with us as we work to ensure that we are compliant with this requirement.

