

**AMENDED CODE OF REGULATIONS
Of
GUERNSEY-MUSKINGUM
ELECTRIC COOPERATIVE, INC.**

AMENDED AS OF APRIL 4, 2009

**ARTICLE I
Membership**

*Section 1
Requirements for Membership*

Any person, whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, will become a member of Guernsey-Muskingum Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Made a written application for membership therein, if required by the Board;
- (b) Agreed to purchase from the Cooperative electric power and/or energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Directors of the Cooperative (hereinafter sometimes called the "Board").

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations.

Each member shall provide the Cooperative without charge such easements and rights-of-way in mutually agreed locations as are reasonably needed by the Cooperative to serve such member or other members or patrons of the Cooperative.

*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. Such certificate shall be signed either manually or by facsimile signature by the Chairman and by the Secretary of the Cooperative and the corporate seal or a facsimile thereof shall be affixed to such certificate. Failure to issue a membership certificate or the loss or destruction thereof shall not affect the membership status of any person listed as a member in the Cooperative's membership records. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and conditions as the Board may prescribe.

*Section 3
Joint Membership*

Applications for joint membership shall not be accepted; however, in those cases where such applications have been accepted prior to March 28, 1970, (date of adoption of this Code) the term "member" as used in this Code of Regulations shall include a husband and wife holding a joint membership and all provisions relating to the rights and liabilities of membership shall apply equally 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; and
- (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*

Upon the death of either spouse who is a party to a joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate may be surrendered, and may be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

*Section 5
Purchase of Electric Energy*

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership and shall pay therefore at rates which shall from time-to-time be fixed by the Cooperative in accordance with all applicable requirements of law. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time-to-time by the Cooperative. It is expressly understood that amounts paid for electric power and/or energy in excess of the cost of service are furnished by the patrons of the Cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

*Section 6
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 of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, 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 him 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 Board or by vote of the members at any Annual or special meeting.
- (b) Upon the withdrawal, death, cessation of existence, cessation of the Cooperative's electric service to, or expulsion of a member, the membership of such member shall thereupon terminate and the membership certificate of such member shall be surrendered forthwith to the Cooperative. The Board may adopt uniform rules governing the membership status of persons whose electric service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts or obligations due the Cooperative.

*Section 7
Service to all Persons Within the Cooperative's Service Area*

- (a) The Cooperative shall extend electric service to all persons, whether members or non-members, within the Cooperative's service area who (i) desire such service and (ii) meet all requirements established by the Cooperative as a condition of such service. Conditions of service shall be set

forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable and not unreasonably discriminatory or preferential. No discrimination or preference shall be made between member and non-member patrons of the Cooperative with respect to rates or terms or conditions of service. As used in this Code of Regulations, the term "service area" shall mean the entire geographic area wherein the Cooperative supplies electric power and/or energy or maintains electric facilities as well as all areas adjacent thereto which are unserved by any other supplier of electric energy, and all areas which are closer to the electric distribution facilities of the Cooperative than to the electric distribution facilities of any other electric supplier.

- (b) Nothing contained in this Code of Regulations, in the Cooperative's rules and regulations, policies, or otherwise, shall be construed to prevent the Cooperative from selling electric power and/or energy or otherwise rendering electric service to non-members or to prohibit the Cooperative from entering into and performing franchises or other contracts with political subdivisions, bodies politic, or governmental agencies or instrumentalities, which franchises or contracts provide for the selling of electric power and/or energy or otherwise rendering electric service to any such subdivision, bodies, agencies, instrumentalities or the citizens thereof.

ARTICLE II

Rights and Liabilities of Members

Section 1

Property Interest of Members

Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative have been paid, and
- (b) All capital furnished through patronage has been retired as provided in this Code of Regulations, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

Section 2

Non-Liability for Debts of the Cooperative

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

ARTICLE III

Meeting of Members

Section 1

Annual Meeting

The Annual Meeting of the members shall be held during the month of March or April in each year beginning with the year 1994 at such place within the service area of 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 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. In the event that such Annual Meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any

business transactions or elections held at such meeting shall be as valid as if transacted or held at the Annual Meeting.

*Section 2
Special Meetings*

Special meetings of the members may be called by a resolution of the Board, or upon a written request signed by any three (3) board members, by the Chairman, or by ten (10) percentum or more of all the members, and it shall thereupon be the duty of the Secretary to cause Notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative designated by the Board.

*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 his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive Notice of an Annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Notice of adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

*Section 4
Quorum*

The members entitled to vote present in person at any meeting of the members shall constitute a quorum.

*Section 5
Voting*

Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations, and except that a spouse of a member not present may vote on behalf of such member at such meeting.

With respect to any matter which is to be submitted to a vote of the members for which this Code of Regulations or the Articles of Incorporation requires the affirmative vote of greater than a majority of a quorum, such matter shall be submitted to the members for vote pursuant to an election by mail in accordance with such procedures as the Board may determine, in its discretion.

*Section 6
Order of Business*

The order of business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. 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.

2. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
3. Presentation and consideration of reports of officers, board members and committees.
4. Election of board members.
5. Unfinished business.
6. New business.
7. Adjournment.

ARTICLE IV Board of Directors

Section 1 General Powers

The entire business and affairs of the Cooperative shall be managed by a board of seven (7) Directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members. This Section may be amended, subject to ARTICLE XII, to increase or decrease the size of the Board; provided that any amendment, proposing to increase the size of the Board which, together with any other amendments to this Code of Regulations approved or becoming effective within the previous twelve (12)-month period, would have the effect of increasing the size of the Board by more than one (1) member during such twelve (12)-month period, shall be approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

Section 2 Election and Tenure of Office

Beginning with the 1994 director election, the service area of the Cooperative shall be divided into the following seven (7) board districts so that equitable representation may be given to the geographic area served by the Cooperative:

- District #1 - Muskingum County Townships of Cass, Falls, Hopewell, Jackson, Licking, Madison, Muskingum, Newton, and Springfield; Licking County Township of Hopewell; Perry County Township of Madison.
- District #2 - Muskingum County Townships of Adams, Highland, Monroe, Perry, Rich Hill, Salem, Salt Creek, Union, Washington, and Wayne; Coshocton County Township of Linton.
- District #3 - Muskingum County Townships of Blue Rock, Brush Creek, Clay, Harrison, and Meigs; Noble County Townships of Brookfield and Sharon; Morgan County townships of Bloom, Bristol, Manchester, Meigsville, and York.
- District #4 - Guernsey County Townships of Adams, Cambridge, Knox, Liberty, and Westland.
- District #5 - Tuscarawas County Townships of Clay, Oxford, Perry, Rush, Salem, and Washington; Guernsey County Township of Wheeling; Harrison County Township of Freeport.
- District #6 - Guernsey County Townships of Center, Jefferson, Londonderry, Madison, Monroe, Oxford, Washington, and Wills.
- District #7 - Guernsey County Townships of Jackson, Millwood, Richland, Spencer, and Valley; Noble County Townships of Beaver and Wayne.

The Board shall have the power to change the boundaries of such districts when the number of members of the smallest then existing district is less than fifty (50) percent of the largest then existing district. Any redistricting by the Board shall not shorten the term of any currently serving board member, i.e. all board members serving at the time of the redistricting by the Board will serve the remaining term of their appointment. In addition to population considerations of the members, the Board shall consider other factors such as:

- (a) Political subdivisions (county, township, and municipal boundaries);
- (b) School districts;
- (c) Geographic features; and
- (d) Any other factor reasonably related to promoting equitable representation of the members on the Board.

Each district shall be represented by one (1) Director who resides in that district. Directors shall be elected for a term of three (3) years from the date of their election and until the election and qualification of their successors. In the 1994 election, Directors shall be elected from Districts #1 and #4. In the 1995 election, Directors shall be elected from Districts #3 and #5. In the 1996 election, Directors shall be elected from Districts #2, #6, and #7. In annual elections thereafter, the same rotation among the districts shall be adhered to.

Board members shall be elected by secret ballot if there is more than one (1) nominee at the Annual Meeting of the members, or any meeting held in lieu thereof as hereinbefore provided, by and from the members. Such election shall be subject to the provisions of this Code of Regulations with respect to the removal of board members. Board members may be elected by a plurality vote of ballots cast by members, in person, attending such meeting.

Section 3 Qualifications

No person shall be eligible to become or remain a member of the Board who:

- (a) Is not a member and domiciled in the particular district within the service area of the Cooperative which he is to represent; or
- (b) Is an employee or close relative of an employee of or a person or close relative of a person who has a material financial interest, in a competing enterprise; or
- (c) Is an employee of or close relative of an employee of, or a person or close relative of a person who has a material financial interest in, a business that sells or provides a material amount of products or services to the Cooperative; or
- (d) Has been an employee of the Cooperative for any period during the most recent six (6) years or close relative of such employee; or
- (e) Is a close relative of a person who then serves as a Director of the Cooperative; or
- (f) Has pled guilty or been convicted, with all appeals having been completed, of any (i) felony, (ii) theft offense, or (iii) drug abuse offense not constituting a minor misdemeanor in the immediately preceding five (5) years.

Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken by the Board.

As used in this Article, "close relative" means the spouse and the relationships of father, mother, brother, sister, son and daughter, existing by reason of blood, marriage, or adoption.

Section 4 Removal of Board Member

Any member may request the removal of a board member for Cause (defined below) by filing with the Secretary a petition signed by at least ten (10) percentum of all of the members of the Cooperative setting forth in reasonable detail the facts and circumstances which such members believe constitute Cause for such board member's removal together with the evidentiary basis therefore (hereinafter, simply "charges"). If more than one (1) Director is sought to be removed, individual charges against each such Director shall be specified. The question of the removal of such board member shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled by the vote of the remaining board members for the unexpired portion of such removed board member's term and until a successor shall have been nominated, qualified, and elected. The removal of no more than

two (2) Directors may be considered or voted upon at any meeting of members, unless otherwise approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

Any board member may request the removal of another board member for Cause by delivering to each board member a notice, signed by at least two (2) members of the Board, setting forth the charges against such other board member. The unanimous vote of all members of the Board (except the member against whom charges are brought) shall be required in order to remove a board member for Cause. Any vacancy created by such removal by the Board shall be filled by the vote of the members at the next scheduled meeting of the members with compliance with the foregoing provisions relating to nominations.

For purposes of this Section 4 of ARTICLE IV, "Cause" shall mean any of the following:

- (a) Failure of the board member to attend four (4) consecutive regular monthly meetings of the Board or failure to attend six (6) regular monthly meetings of the Board in any twelve (12)-month period.
- (b) Long-term disability of the board member, consisting of the inability to perform the essential functions of his or her position for a period of 180 days or longer, as certified in writing by a qualified medical doctor.
- (c) Failure of the board member to serve in accordance with or violation by the board member of any material term, condition, or provision of the Cooperative's Articles of Incorporation, Code of Regulations or Policies, which failure or violation has a material adverse effect on the business and affairs of the Cooperative.

Notwithstanding the foregoing provisions of this Section 4, the board member against whom charges are brought shall be informed in writing of the charges at least ten (10) days prior to the meeting of members or Directors, as appropriate, at which the charges are to be considered (which meeting shall be held on such date and at such time as the Board may determine, in its discretion) and shall have an opportunity at such meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against such Director shall have the same opportunity. No board member shall be removed from office unless the specific facts and circumstances constituting Cause are supported by clear and convincing evidence.

Section 5 Vacancies

Except in the instance of removal of board members pursuant to Article IV, Section 4, of this Code of Regulations, a vacancy occurring in the Board may be filled by (1) a either a majority vote of the remaining Directors, and Directors so elected thus shall serve until the next annual meeting of members and until a successor shall have been elected and qualified, or (2) an election for the unexpired term at an annual meeting. Directors so elected shall serve a term consistent with the three year rotation prescribed in Article IV, Section 2.

Section 6 Compensation

Members of the Board shall not receive any salary for their services as such, however, the Board may by resolution provide a reasonable compensation to be paid to each board member for his services rendered on behalf of the Cooperative as a board member, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement of board members for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses. A board member may also receive compensation for services rendered as an officer of the Cooperative, but no board member shall receive compensation for serving the Cooperative in any other capacity, except in emergency. No close relative of a board member shall receive compensation for serving the Cooperative, except in emergency, unless such compensation shall be specifically authorized by a vote of the members. As used in this Article, "close relative" means the spouse and the relationships of father, mother, brother, sister, son and daughter, existing by reason of blood, marriage, or adoption.

ARTICLE V

Meetings of Board of Directors

Section 1

Regular Meetings

A regular meeting of the Board shall 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, either within or without the State of Ohio, 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 Meetings

Special meetings of the Board may be called by the Chairman or by any three (3) board members, and it shall thereupon be the duty of the Secretary to cause Notice of such meeting to be given as hereinafter provided. The Chairman or board members calling the meeting shall fix the time and place, either within or without the State of Ohio, for the holding of the meeting.

Section 3

Notice of Special Board Meetings

Written Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the board member calling the meeting. If mailed such Notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least two (2) days before the date set for the meeting.

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 board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this Code of Regulations.

Section 5

Action on Director Without a Meeting

Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the members of the Board.

ARTICLE VI

Officers

Section 1

Number

The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, General Manager/CEO, 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*

Each officer, except the General Manager/CEO and any officer appointed pursuant to Section 3 of this ARTICLE VI, 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. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Meeting of the members or until his successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The General Manager/CEO shall be chosen and employed and his compensation shall be set by the Board.

*Section 3
Additional Officers*

In addition to the officers specified in Section 1 of this ARTICLE VI, the Board, in its discretion, may appoint one (1) or more Vice-Chairmen, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers and such other officers as may be deemed necessary or desirable who shall have such duties and authority as generally pertains to their respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be prescribed by the Board.

*Section 4
Removal of Officers and Agents by the Board*

Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten (10) percentum of the members may request the removal of such officer.

The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the questions of his removal shall be considered and voted upon at the next meeting of members. Notwithstanding any other provisions of this Code of Regulations the Board may, in its discretion, authorize a written employment agreement between the Cooperative and the General Manager/CEO containing terms and conditions relating to the removal of the General Manager/CEO which are inconsistent with this Code of Regulations.

*Section 5
Resignations*

Any officer may resign at any time by giving written notice to the Board, or to the Chairman or to the Secretary of the Cooperative. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

*Section 6
Vacancies*

A vacancy in any office, except that of General Manager/CEO, shall be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of General Manager/CEO, the Board shall choose and employ a General Manager/CEO upon terms and conditions which the Board considers to be in the best interests of the Cooperative.

*Section 7
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) On behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, certificates of membership and may sign any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (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 8
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 such other duties as from time-to-time may be assigned to him by the Board or by the Chairman.

*Section 9
Secretary*

The Secretary shall be responsible for:

- (a) Keeping 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 this Code of Regulations 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 or a facsimile thereof 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 this Code of Regulations;
- (d) Keeping a register of the name and post office addresses of all members;
- (e) Signing, with the Chairman, certificates of membership;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and Code of Regulations 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 Code of Regulations and of all amendments thereto to any member upon request; and
- (g) In general performing all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned to him by the Board.

*Section 10
Assistant Secretary*

The Assistant Secretary, if one is appointed by the Board pursuant to Section 3 of this ARTICLE VI, need not be a member of the Board and he shall hold office until relieved by the Board. He shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board.

*Section 11
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 this Code of Regulations; and
- (c) The general performance of all the duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned to him by the Board.

*Section 12
Assistant Treasurer*

If an Assistant Treasurer is appointed by the Board pursuant to Section 3 of this ARTICLE VI, he need not be a member of the Board and he shall hold office until relieved by the Board. He shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board.

*Section 13
General Manager/CEO*

The General Manager/CEO shall:

- (a) Be the chief administrative officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board subject to the direction and instruction of the Board;
- (b) Have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board;
- (c) Prepare for the Board of Directors such reports and budgets as are necessary to inform the Board concerning the operation of the Cooperative; and
- (d) In general perform all duties incident to the office of General Manger/CEO as chief administrative officer and perform such other duties as may from time-to-time be assigned to him by the Board.

*Section 14
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 15
Compensation*

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a board member and close relatives of a board member.

*Section 16
Reports*

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

ARTICLE VII

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 in Connection with Furnishing Electric Energy

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, 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. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

- (a) Used to offset any losses incurred during the current or any prior fiscal year; and
- (b) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event 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. Any such retirements of capital shall be made in such order of priority as the Board may determine in the reasonable exercise of its discretion.

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 patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of this Code of Regulations, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of this Code of Regulations, 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.

Notwithstanding any other provision of this Code of Regulations or other provision of the membership certificate, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within four (4) years after payment of the same has been made available to him by notice or check mailed to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this Section shall include the failure by such patron or former patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. The assignment and gift provided for under this Section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such patron or former patron without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60)-day period, such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be the Cooperative newsletter. The sixty (60)-day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations 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 Code of Regulations shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE VIII

Disposition of Property

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the Notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, 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 to the United States of America or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor; provided further, however, that notwithstanding any other provision of this Article, the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another non-profit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities so exchanged within any twelve 12-month period exceed ten (10) percent of the total electric plant of the Cooperative.

ARTICLE IX

Seal

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal State of Ohio," but failure to affix such seal shall not affect the validity of any instrument duly executed on behalf of the Cooperative by its authorized officers.

ARTICLE X

Financial Transactions

Section 1

Contracts

Except as otherwise provided in this Code of Regulations, 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 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 or banks as the Board may select.

Section 4

Fiscal Year

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

ARTICLE XI

Miscellaneous

Section 1

Waiver of Notice

Any member or board member may waive in writing any Notice of a meeting required to be given by this Code of Regulations. 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.

Section 2
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 this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 3
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 substantially conform to such accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Service of the United States of America, or its successors. 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 report of such audit shall be submitted to the members at the next following Annual Meeting.

ARTICLE XII **Amendments**

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting, provided the Notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; provided further that the provisions set forth in this Article and ARTICLE VIII hereof shall not be altered, amended or repealed in any respect unless approved by the affirmative vote of not less than two-thirds of all of the members of the Cooperative; and provided further that no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

ARTICLE XIII **Indemnification of Board Members and Officers**

Section 1

The Cooperative shall indemnify each board member, officer, employee, agent and volunteer, as defined in Section 1702.01 (N) of the Ohio Revised Code, now or hereafter serving the Cooperative and each person who at the request of or on behalf of the Cooperative is now serving or hereafter serves as a trustee, director, officer, employee, agent or volunteer of any other corporation or enterprise, and the respective heirs, executors and administrators of each of them who was or is a party, or is threatened to be made a party, to any threatened, pending or completed civil, criminal, administrative or investigative action, suit or proceeding, including all appeals, against all costs, expenses, judgments, decrees, fines, penalties, or settlements in lieu thereof in connection with the action, suit, or proceeding brought by a third party or on behalf of the Cooperative against such person by reason of his being or having been such board member, trustee, director, officer, employee, agent or volunteer whether or not he is a board member, trustee, director, officer, employee, agent or volunteer at the time of incurring such costs, expenses, judgments, decrees, fines, penalties and liabilities provided that the person requesting indemnification acted in good faith and in a manner reasonably believed to be in or not opposed to the

best interests of the Cooperative. Notwithstanding the foregoing, no indemnity shall be provided by the Cooperative if it is proved by clear and convincing evidence in a court of competent jurisdiction that the act or omission giving rise to such action, suit or proceeding was undertaken with the deliberate intent to cause injury to the Cooperative or with reckless disregard for the best interests of the Cooperative and, with respect to any criminal action or proceeding, that such person had reasonable cause to believe his conduct was unlawful.

Indemnification of the board member, trustee, director, officer, employee, agent or volunteer of the Cooperative as provided for in the preceding paragraph shall be granted by the Cooperative upon a determination that indemnification of such person is proper under the foregoing standard of conduct. This determination shall be made as a result of or by obtaining any of the following:

- (a) A majority vote of a quorum of the board members who are not parties to or threatened with the action, suit or proceeding giving rise to the indemnification request;
- (b) A written legal opinion from independent legal counsel, other than an attorney or firm having associated with it an attorney, who has been retained by or who has performed services for the Cooperative or any person to be indemnified within the past five (5) years;
- (c) A decision by the members of the Cooperative; or
- (d) A decision by the court of common pleas or the court in which the action, suit or proceeding necessitating the indemnification request was commenced or decided.

Unless the action, suit or proceeding referred to in this Section arises solely under Ohio Revised Code § 1702.55, any expenses (including attorney's fees) incurred by the person seeking indemnification in defending the action, suit, or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of the action, suit or proceeding; provided, however, that such person agrees to:

- (a) Repay all amounts paid by the Cooperative if it is proved by clear and convincing evidence in a court of competent jurisdiction that the act or omission was undertaken with a deliberate intent to cause injury to the Cooperative or was undertaken with reckless disregard for the best interests of the Cooperative, and
- (b) Fully cooperates with the Cooperative throughout the pendency of the action, suit or proceeding.

Section 2

The right of indemnification provided for by Section 1 of this ARTICLE XIII shall not be exclusive of any other rights to which a board member, trustee, director, officer, employee, agent or volunteer may be entitled under any law, agreement, vote of shareholders, vote of members, any insurance purchased by the Cooperative, or otherwise.