

Table of Contents

Article I: Membership

Section 1: Requirements for Membership.....	1
Section 2: Joint Membership.....	1
Section 3: Conversion of Membership.....	2
Section 4: Purchase of Electric Energy.....	2
Section 5: Termination of Membership.....	2
Section 6: Service to All Persons Within the Cooperative’s Service Area.....	2

Article II: Rights and Liabilities of Members

Section 1: Property Interest of Members.....	3
Section 2: Nonliability for Debts of the Cooperative.....	3

Article III: Meeting of Members

Section 1: Annual Meeting.....	3
Section 2: Special Meeting.....	3
Section 3: Notice of Members’ Meetings.....	3
Section 4: Quorum.....	3
Section 5: Voting.....	4
Section 6: Order of Business.....	4

Article IV: Board of Trustees

Section 1: General Powers.....	4
Section 2: Election and Tenure of Office.....	4
Section 3: Qualifications.....	4
Section 4: Nominations.....	5
Section 5: Election.....	5
Section 6: Removal of Trustee.....	5
Section 7: Vacancies.....	6
Section 8: Compensation.....	6

Article V: Meetings of Board of Trustees

Section 1: Regular Meetings.....	6
Section 2: Special Meetings.....	6
Section 3: Notice of Special Meetings.....	6
Section 4: Quorum.....	6
Section 5: Actions of Trustees Without a Meeting.....	7

Article VI: Officers

Section 1: Number.....	7
Section 2: Election and Term of Office.....	7
Section 3: Additional Officers.....	7
Section 4: Removal of Officers and Agents by the Board.....	7
Section 5: Resignations.....	7
Section 6: Vacancies.....	7

Section 7: Chair	7
Section 8: Vice Chair	8
Section 9: Secretary	8
Section 10: Assistant Secretary	8
Section 11: Treasurer	8
Section 12: Assistant Treasurer	9
Section 13: President.....	9
Section 14: Bonds of Officers	9
Section 15: Compensation.....	9
Section 16: Reports.....	9
Articles VII: Nonprofit Operation	
Section 1: Interest or Dividends of Capital Prohibited	9
Section 2: Patronage Capital	9
Article VIII: Disposition of Property	11
Article IX: Seal	11
Article X: Financial Transactions	
Section 1: Contracts	12
Section 2: Checks, Drafts, Etc.	12
Section 3: Deposits	12
Section 4: Fiscal Year	12
Article XI: Miscellaneous	
Section 1: Waiver of Notice	12
Section 2: Policies, Rules, and Regulations	12
Section 3: Accounting System and Reports	12
Article XII: Amendments	12
Article XIII: Indemnification	
Section 1: General.....	13
Section 2: Derivative Action Indemnification.....	13
Section 3: Determinations of Indemnification.....	13
Section 4: Advance of Expenses.....	14
Section 5: Nonexclusivity: Heirs.....	14
Section 6: Insurance Against Liability.....	14
Section 7: Mergers	14
Section 8: Liability of a Board Member or Officer	14
Section 9: Use of Term “Cooperative”	14
Article XIV: Partial Invalidity Clause	15
Articles of Incorporation of Union Rural Electric Cooperative, Inc.	16

**UNION RURAL ELECTRIC COOPERATIVE, INC.
CODE OF REGULATIONS**

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership. Any person, whether a natural person or a firm, association, partnership, body politic or subdivision thereof, will become a member of Union Rural Electric Cooperative, Inc. (hereinafter called the “Cooperative”) upon receipt of electric and/or other energy service from the Cooperative, provided that:

- a) An application for membership; is made and accepted;
- b) Applicant agrees to purchase from the Cooperative electric power, natural gas and/or other energy service as hereinafter specified; and
- c) Applicant agrees 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 Trustees 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.

SECTION 2. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. 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 a joint vote; provided, however, that if a husband and wife who are joint members disagree between themselves as to the exercise of their vote and either so request a special ballot will be available which permits each such joint member a separate one-half vote on all issues presented to the membership;
- c) A waiver of notice signed by either or both shall constitute a joint waiver;
- d) Notice to either shall constitute notice to both;
- e) Expulsion of either shall terminate the joint membership;
- f) Withdrawal of either shall terminate the joint membership;
- g) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office;
- h) Payment of any capital credit, refund, or other money or thing of value to one joint member shall be deemed a payment to both joint members, and shall discharge the Cooperative’s liability for said payment.

Transfer and Termination of Membership; Joint Membership. Membership in the Cooperative shall not be transferable, except as herein otherwise provided, and, upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and

his/her or its membership shall be surrendered to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

SECTION 3. Conversion of Membership.

a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Code of Regulations and rules and regulations adopted by the Board.

b) Upon the death of either spouse who is a party to the joint membership, or upon divorce or dissolution of a member's marriage, the joint membership as shall be held solely by the spouse who continues to qualify as a member and resides at that location where electric and/or other energy service was being provided at the time of the divorce or dissolution. The outstanding membership may be surrendered, and 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 either party to a divorce or dissolution of marriage shall not be released from any membership debts or liabilities due the Cooperative.

SECTION 4. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, and unless otherwise agreed to in writing by the Cooperative or mandated by law, purchase from the Cooperative all electric energy purchased for use on the premises specified in the 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. It is expressly understood that amounts paid for electric power and/or energy in excess of the costs of service are furnished by the patrons of the Cooperative, whether members or nonmembers, as capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed to the Cooperative as and when the same shall become due and payable.

SECTION 5. Termination of Membership.

a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all 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 failure makes the member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the 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 and/or other energy 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 and/or other energy service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts or obligations due the Cooperative.

SECTION 6. Service to All Persons Within the Cooperative's Service Area.

a) The Cooperative shall extend electric service to all persons, whether members or nonmembers, 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 nonmember 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 apply to providing electric distribution service only, and shall mean the entire geographic area within the certified territory of the Cooperative as determined by the Public Utilities Commission of Ohio pursuant to law, franchise territory or other areas which can otherwise be lawfully served by the Cooperative.

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 and/or other energy service to nonmembers 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 and/or other energy 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. 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 MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held at a date and time specified by the Board of Trustees 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 reporting on the election of 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 at such meeting shall be as valid as if transacted at the annual meeting.

SECTION 2. Special Meeting. Special meetings of the members may be called by resolution of the Board, or upon written request signed by any three (3) Board members, by the Chair, or by ten per centum (10%) or more of all members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings 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 seven (7) days or more than twenty five (25) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the 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 in person or represented by proxy at any meeting of the members shall constitute a quorum.

SECTION 5. Voting.

a) Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote. All questions shall be decided by a vote of a majority of the members voting thereon in person, by mail or by electronic means, including Internet voting, except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations subject to provisions outlined in Article 1, Section 2 Joint Membership.

b) The vote of a firm, association, corporation, partnership, body politic or subdivision thereof which is a member shall be cast by a duly authorized representative of said member.

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:

a) 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.

b) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.

c) Presentation and consideration of reports of officers, Board members and the committees.

d) Report on the election of Board members.

e) Unfinished business.

f) New business.

g) Adjournment.

**ARTICLE IV
BOARD OF TRUSTEES**

SECTION 1. General Powers. The entire business and affairs of the Cooperative shall be managed by a Board of seven (7) trustees which shall exercise all of the powers of the Cooperative except as are, by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members. The number of Board members may not be increased without the affirmative vote of two-thirds (2/3) vote of the members of the Cooperative.

SECTION 2. Election and Tenure of Office. The Board shall divide the service area of the Cooperative into seven (7) districts so that equitable representation may be given to the geographic areas served by the Cooperative. The Board shall have the power to change the boundaries of such districts whenever in their opinion the purpose of this Section requires such a change. Each district shall be represented by one (1) Board member. Board members shall be elected each year by secret ballot by and from the members to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, 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 the members. Neither less than two (2) nor more than three (3) trustees shall be elected each year.

No member elected to the Board of Trustees after January 1, 2005 shall be more than 72 years of age on or before the date of his or her election to the Board of Trustees; provided however, that this qualification shall not apply to any trustee who was a member of the Board of Trustees on January 1, 2005 and who is re-elected to the Board after January 1, 2005.

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

- a) Is not a member and bona fide resident in the particular district within the service area of the Cooperative which is to be represented; or
- b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; or
- c) Is, or has been within five (5) years of the date of the election or proposed appointment, an employee of Union Rural Electric Cooperative, Inc., or any of its subsidiaries.

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

SECTION 4. Nominations. It shall be the duty of the Board to appoint, not less than sixty (60) days nor more than one hundred and fifty (150) days before the date of a meeting of the members at which members of the Board are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to ensure equitable representation on the committee to the geographic areas constituting the service area of the Cooperative. No member of the Board or officer or employee, nor any member of the Board's or officer's or employee's family (father, mother, brother, spouse, sister, son or daughter by blood, marriage or adoption) may serve on such committee and no committee member shall nominate a family member (father, mother, brother, spouse, sister, son or daughter by blood, marriage or adoption). No person shall serve on the nominating committee more than one (1) time in every four (4) years. The committee shall prepare and provide to the Secretary at least seventy (70) days before the meeting of the members a list of nominations for Board membership which shall include at least two (2) candidates from each district for each position for a Board member representing such district which is to be filled. Any member may nominate other qualified candidates for the Board of Trustees by submitting a written petition signed by at least one hundred (100) members. Said petition must be filed with the Secretary of the Cooperative not less than seventy (70) days prior to the annual meeting. Said nomination shall be made upon forms provided by the Cooperative. No person shall be voted upon for membership on the Board who has not signified a willingness to serve if elected. Nothing contained in this Section shall affect in any manner whatsoever the validity of any election of Board members or any action taken by the Board. If a nominee, the Secretary shall be replaced by a Board member who is appointed by the Board, but who is not a nominee.

SECTION 5. Election. A ballot shall be prepared under the direction of the Secretary and mailed at least twenty (20) days prior to the annual meeting of members to each member. The ballot shall list the names of the qualified nominees who have signified their willingness to serve if elected and shall show separately arranged by districts and in alphabetical order, the nominations made by the committee and, if any, nominations made by petition. The ballot when voted shall be returned to the Secretary or the Secretary's designee at a place designated by the Secretary by the close of business two (2) days prior to the annual meeting of members. The ballots shall be tabulated by disinterested intermediary selected by the Board of Trustees, who shall thereby determine the successful candidates. With respect to each position to be filled on the Board, the nominee receiving the greatest number of votes shall be elected a trustee effective as of the date of the annual meeting. In case of a tie vote, the election shall be decided by flipping a coin. The results of the election shall be announced at the annual meeting of the members.

SECTION 6. Removal of Trustee. Any member may bring specific charges of malfeasance, misfeasance or nonfeasance in office against a Trustee and, by filing with the Secretary in writing a detailed description of each such charge and the evidentiary basis therefore together with a petition signed by at least ten per centum (10%) of the members may request the removal of such Board member by reason thereof. If more than one (1) Trustee is sought to be removed, individual charges against each Trustee and the evidentiary basis for each charge shall be specified. For purposes of this Article "malfeasance, misfeasance, or nonfeasance" means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty five (45) days after the filing of such charges, the member bringing the charges against the Trustee shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the Trustee shall have an

opportunity to be heard in person or by counsel and to present evidence in response to the charges. No Trustee shall be removed from office unless the specific charges against the Trustee are supported by clear and convincing evidence. The questions 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 affirmative vote of a majority of the remaining Trustees, for the unexpired portion of the term and until a successor shall have been elected and qualified. The removal of no more than two (2) Trustees may be considered or voted upon at any meeting of members.

SECTION 7. Vacancies. A Board member may be removed from the Board by an affirmative vote of a majority of the remaining Board members if such Board Member fails to attend four (4) regular Board meetings in one calendar year or three (3) consecutive regular Board meetings, unless otherwise excused by a majority vote of the remaining Board members; or is convicted of a felony offense, or criminal offense involving theft, dishonesty or moral turpitude.

Subject to the provisions of this Code of Regulations with respect to the filling of vacancies caused by the removal of Board members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term and until a successor shall have been elected and shall have qualified.

SECTION 8. Compensation. The Board of Trustees may by resolution provide a reasonable compensation to be paid to each Board member for 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 Section, "close relative" means the relationship of father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption.

ARTICLE V MEETINGS OF BOARD OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the Board may be held without notice immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place, either within or without the State of Ohio, as designated by the Board. Such regular monthly meetings 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 Chair 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 Chair 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 Meeting. 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 Chair 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. Actions of Trustees 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 by all of the members of the Board.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a Chair, Vice Chair, President, 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. Each officer, except the President 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 President shall be chosen and employed and his compensation shall be set by the Board. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

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 Assistant Vice Chairs, 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 officers 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 per centum (10%) 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 the 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 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 the 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 President containing terms and conditions relating to the removal of the President 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 Chair 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 President, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of President, the Board shall choose and employ a President upon terms and conditions which the Board considers to be in the best interests of the Cooperative.

SECTION 7. Chair. The Chair 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, 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; and
- c) In general, perform all duties incident to the office of Chair as may be prescribed by the Board from time to time.

SECTION 8. Vice Chair. In the absence of the Chair or in the event of his or her disability or inability to act, the Vice Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also perform such other duties as from time to time may be assigned to him or her by the Board or the Chair.

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 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 names and post office addresses of all members;
- e) 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
- f) In general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 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 the 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 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. President. The President shall:

- a) Be the chief administrative officer responsible for the general direction, coordination and control of all of operations in accordance with the policies adopted by the Board, subject to the direction and instructions 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 Trustees 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 President as chief administrative officer, perform such other duties as may from time to time be assigned by the Board and shall be responsible for the hiring, promotion, demotion and termination of employment of all other employees of the Cooperative.

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 relative 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 NONPROFIT OPERATION

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

SECTION 2. Patronage Capital. In the furnishing of electric energy the Cooperative's operation shall be so conducted that all patrons, members and nonmembers 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 nonprofit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and nonmembers alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishings 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 nonmembers alike, as capital. The Cooperative is obligated to pay 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 the member's 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; provided, however, that nothing herein shall be construed as impairing or limiting the Cooperative's right to set off capital credit against obligations due the Cooperative by a member. Provided, however, that the Board shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons and c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts.

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, successors in occupancy in all or a part of such patrons' premises served by the Cooperative or to a trustee of a trust created by a patron wherein the patron has reserved the right to revoke or amend said trust unless the Board, acting under policies of general application, shall determine otherwise, except as herein otherwise provided.

Any discontinued or former patron who has moved off the distribution system and no longer receives service from the Cooperative, and who has a capital credit account balance of one hundred and no/100 (\$100.00) dollars or less may elect to receive a refund of capital credit, discounted to present day value at a discount rate established by the Board of Trustees from the date any priority or percentage of the account would have been retired and paid as determined by the last percentage or priority of capital credit retirement authorized and paid by the Board in any one given year, regardless of the order of priority according to year in which the capital was furnished and credited or regardless of the percentage being retired in any one year to all patrons past or present, depending upon which retirement plan is being used.

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 natural patron, if the legal representatives of the member's 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 shall determine, and discounted to the present day value at a discount rate established by the Board of the amount credited to the deceased patron's account compared to the date any priority or percentage of the account would have been retired and paid as determined by the last percentage or priority of capital credit retirement authorized and paid by the Board in any one given year, regardless of the order of priority according to year in which the capital was furnished and credited or regardless of the percentage being retired in any one year to all patrons past or present, depending upon which retirement plan is being used; 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 by

notice or check mailed to the last address furnished by the member 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 with the meaning of this section shall include the failure of such patron or former patron to cash any check mailed by the Cooperative at the last address furnished 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 therefore 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 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 (2/3) 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 revenue 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 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 nonprofit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provision 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 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 per centum (10%) 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 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 maintain a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of the 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. 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. Any alteration, amendment or repeal of this Article, Article VIII shall require the affirmative vote of at least two thirds (2/3) of all of the members of the Cooperative, and 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 under that provision.

ARTICLE XIII INDEMNIFICATION

SECTION 1. General. 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 he is or was a trustee, officer, employee, agent, or volunteer as defined in Section 1702.01(N) of the Ohio Revised Code (“volunteer”), of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys’ fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person’s actions or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and that, with respect to any criminal action or proceeding, such person had reasonable cause to believe that such person’s conduct was unlawful; the termination of any such action, suit, or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, constitute such proof.

SECTION 2. Derivative Action Indemnification. Other than in connection with an action or suit in which the liability of a Trustee under Section 1705.55 of the Ohio Revised Code is the only liability asserted, 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 or suit by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that he is or was a trustee, officer, employee, agent or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against expenses, including attorneys’ fees, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person’s action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative, except that the Cooperative shall indemnify such person to the extent the court in which the action or suit was brought determines upon application that, despite the proof but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses as the court shall deem proper.

SECTION 3. Determinations of Indemnification Rights. Any indemnification under Sections 1 and 2 hereof, unless ordered by a court, shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the trustee, director, officer, employee, agent or volunteer is proper in the circumstances. Such determination shall be made:

- a) By a majority vote of a quorum consisting of trustees of the indemnifying corporation who were not and are not parties to or threatened with any such action, suit or proceeding, or
- b) If such a quorum is not obtainable (or even if obtainable) and a majority of disinterested trustees so directs, in a written opinion by independent legal counsel compensated by the Cooperative or
- c) By the members, or
- d) By the court in which such action, suit or proceeding was brought.

Any determination made by the disinterested trustees under a) above in this Section or by independent legal counsel under b) above in this Section shall be promptly communicated to the person who threatened or brought the action or suit, by or in the right of the Cooperative under Section 2 hereof, and with ten (10) days after receipt of such notification, such person shall have the right to petition the court of common

pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

SECTION 4. Advance of Expenses. Unless the action, suit or proceeding referred to in Sections 1 or 2 hereof is one in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, expenses, including attorneys' fees, incurred by the trustee, director, officer, employee or volunteer of the Cooperative in defending any action, suit or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, agent or volunteer in which such person agrees both a) to repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interest of the Cooperative and b) to cooperate with the Cooperative concerning the action, suit or proceeding.

SECTION 5. Nonexclusivity; Heirs. The indemnification provided by this Article shall not be deemed exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification as a matter of law or under the Articles of Incorporation, this Code of Regulations, any agreement, vote of the members of the Cooperative or the disinterested members of the Board of Trustees, any insurance purchased by the Cooperative, any action by the Board of Trustees to take into account amendments to the Ohio Nonprofit Corporation Law, that expand the authority of the Cooperative to indemnify a trustee, officer, employee, agent or volunteer of the Cooperative or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be a trustee, director, officer, employee, agent or volunteer and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 6. Insurance Against Liability. The Cooperative shall purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, and self-insurance, for or on behalf of any person who is or was a trustee, officer, employee, agent or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, agent or volunteer of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise against any liability asserted against and incurred by said person in any such capacity, or arising out of the person's status as such, whether or not the Cooperative would have the power to indemnify the person against such liability under this Article or of the Ohio Nonprofit Corporation Law. Insurance may be purchased from or maintained with a person in whom the Cooperative has a financial interest.

SECTION 7. Mergers. Unless otherwise provided in the agreement of merger pursuant to which there is a merger into this Cooperative of a constituent corporation that, if its separate existence had continued, would have been required to indemnify board members, directors, officers, employees or volunteers in specified situations, any person who served as a trustee, officer, employee or volunteer of the constituent corporation, or served at the request of the constituent corporation as a trustee, director, officer, employee or volunteer of another domestic or foreign nonprofit corporation, or corporation for profit, or a partnership, joint venture, trust or other enterprise, shall be entitled to indemnification by this Cooperative (as the Surviving Corporation) to the same extent such person would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

SECTION 8. Liability of a Board Member or Officer. Other than in connection with an action or suit in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, a trustee or officer of the Cooperative shall be liable in damages for any action he takes or fails to take as a trustee or as an officer, as the case may be, only if it is proved, by clear and convincing evidence, in a court with jurisdiction that the act or omission was one undertaken with deliberate intent to cause injury to the Cooperative or was one undertaken with a reckless disregard for the best interests of the Cooperative.

SECTION 9. Use of Term "Cooperative". As used in this Article, reference to "Cooperative" includes all constituent corporations in a consolidation or merger and the new or surviving corporation, so that any

person who is or was a trustee, officer, employee or agent of such a constituent corporation, or is or was serving at the request of such constituent corporation as a trustee, director, officer, employee or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise shall stand in the same position under this Article with respect to the new or surviving corporation as he would if he had served the new or surviving corporation in the same capacity.

**ARTICLE XIV
PARTIAL INVALIDITY CLAUSE**

If any article of this Code of Regulations, or any subpart thereof, is found to be unconstitutional, unlawful, invalid or unenforceable, such finding shall not affect the validity of the remainder of the Articles herein.

**ARTICLES OF INCORPORATION
OF
UNION RURAL ELECTRIC COOPERATIVE, INC.
AS AMENDED**

The undersigned, a majority of whom are citizens of the United States, desiring to form a corporation not for profit under the General Corporation Act of Ohio, do hereby certify:

FIRST: The name of the Corporation shall be Union Rural Electric Cooperative, Inc.

SECOND: The place in the State of Ohio where its principal office is located is Paris Township, Union County, Ohio.

THIRD: The purpose for which the Corporation is formed is:

- 1) To engage in operations as a public utility rendering electric service to members and nonmember patrons; to generate, manufacture, purchase, acquire and accumulate electric power and/or energy for, and to transmit, distribute, furnish, sell and dispose of such electric power and/or energy to its members and nonmember patrons, 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/or distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes; and, without limiting the generality of the foregoing, but in amplification thereof, to acquire, in whole or in part, by purchase, lease, or otherwise, other electric generation, transmission and/or distribution systems, which purpose may be effected through the acquisition of real or personal property, or the acquisition of stocks or other corporate securities evidencing the ownership of real and personal property constituting such other electric systems, or portions thereof or through merger or consolidations;
- 2) To supply electric power and/or energy to its members and nonmember patrons without any discrimination or preference as between members and nonmember patrons and to enter into and perform franchises and other contracts with political subdivisions, bodies politic, governmental agencies or instrumentalities, industrial and commercial concerns, residential customers and others with franchises or contracts provide for the supplying of electric power and/or energy or otherwise rendering electric and/or other energy service to any such concerns, customers, subdivisions, bodies, agencies, instrumentalities or the citizens thereof;
- 3) To acquire, hold, own, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate, encumber, subject to liens or security interests, 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;
- 4) 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, encumber, subject to liens or security interests 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;
- 5) To furnish under contract with any person, partnership, firm, political subdivision, body politic or governmental agency or instrumentality, corporation or association technical services, including, without limitation because of enumeration, engineering, bookkeeping, auditing, construction, line and communication equipment, repair and maintenance of distribution systems, meter reading, billing, collecting, financing, and any and all other specialized management or operation services for electrical distribution or transmission firms or companies;

- 6) 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 mortgages, deeds of trust, security agreements and financing statements, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired; and
- 7) To assist its members and nonmember patrons served by it to wire their premises and install therein electrical and pumping appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character; and, in connection therewith, and for such purposes to purchase, acquire, lease, sell, distribute, install and repair electrical and pumping appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character; and to receive, acquire, endorse, pledge, hypothecate and dispose of notes and other evidences of indebtedness;
- 8) To promote and develop the use of electric power and/or energy and to engage in area development and similar activities in order to promote and develop the use of electric power and/or energy;
- 9) To aid in any manner permitted by law and firm, individual, corporation or association, domestic or foreign, in which the corporation may own any shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities, contracts or obligations, or in which the corporation may have any other legal or equitable interest and to do any other act permitted by law to preserve, protect, improve or enhance the value of the same or the property represented thereby; and to organize or promote or facilitate the organization of subsidiary corporations;
- 10) To do and perform, for itself, its members and its nonmember patrons, any and all acts and things 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 incidental thereto, or as may be permitted by law.

The enumeration of the foregoing purposes shall not be held to limit or restrict in any manner the general powers of the Corporation, and the Corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporation or the character of the Corporation by the laws of the State of Ohio now or hereafter in force. Each purpose enumerated above shall be deemed to be independent of all other purposes and shall not be limited or restricted by reference from any other enumerated powers. The Corporation reserves the right, at any time and from time to time, substantially to change its purposes in the manner now or hereafter permitted by law.

FOURTH: The Corporation shall at all times be operated on a cooperative, nonprofit basis for the mutual benefit of its patrons as provided in the Corporations' Code of Regulations as it now exists or may hereafter be amended. Provided, however, that nothing herein shall prevent the Cooperative from forming or acquiring control of other domestic or foreign nonprofit corporations or corporations for profit.

FIFTH: The Corporation 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 (2/3) of all of the members of the corporation, 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 Corporation, without authorization by 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 Corporation, 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 Corporation 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 thereof, sell, lease or otherwise dispose of all or a substantial

portion of its property to, or merge or consolidate with another nonprofit corporation which is or has been a member of Ohio Rural Electric Cooperative, 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 Corporation's facilities so exchanged within any twelve (12) month period exceed ten per centum (10%) of the total electric plant of the Corporation.

Any alteration, amendment or repeal of this Article shall require the affirmative vote of at least two thirds (2/3) of all of the members of the Cooperative, and no other provision of these Articles of Incorporation may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required under this Article.

SIXTH: These Amended Articles of Incorporation take the place of and supersede the existing Articles of Incorporation as heretofore amended.