

**BYLAWS
OF
RICH MOUNTAIN ELECTRIC
COOPERATIVE INCORPORATED
(Reflecting Amendments
as of August 27, 2024)**

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Rich Mountain Electric Cooperative Inc. (hereinafter called the “Cooperative”) by:

- (a) making a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreeing to comply with and be bound by the Articles of Incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors; and,
- (d) paying the membership fee hereinafter specified.

No member may hold more than one (1) membership in the Cooperative, and no membership shall be transferable.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of directors. No membership certificate shall be issued until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the board of directors may prescribe.

SECTION 3. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Sections 1 of this Article may be accepted for such membership. The term “member” as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) the presence at a meeting of either or both shall be regarded as the presence of one (1) member and shall constitute a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute one (1) joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice to either shall constitute notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, bylaws and rules and regulations adopted by the board of directors. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such member shall be held solely by the survivor. The outstanding membership certificate 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 due the Cooperative.

SECTION 5. Membership Fee. The amount of the membership fee shall be set by the board of directors from time to time.

SECTION 6. 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 therefor at rates which shall from time to time be fixed by the board of directors. 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 energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. Apart from the circumstances permitting a third party's agreement to pay an amount no greater than a member's required deposit or an overdue bill under Rules 4.04 and 6.16 of Arkansas Public Service Commission's General Service Rules, a member may neither designate nor authorize another member as being responsible for paying (i) the member's bills for electric utility service for any account in the member's name or (ii) any of the member's indebtedness to the Cooperative.

SECTION 7. Termination of Membership. (a) Upon the withdrawal, death, cessation of existence 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. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative. (b) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fees paid by him; provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative.

ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after; (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed as provided by law.

SECTION 2. Non-liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 3. Inspection Of Records. Subject to applicable laws, any member of the Cooperative in good standing shall, upon written demand stating the purpose thereof and the books and records sought to be examined, have the right to examine, in person or by agent or attorney, at any reasonable time or times, for any proper purpose, its books and records and, at his own expense, may make extracts therefrom. Any such inspection request shall be initiated by the member completing a records request form developed by the Cooperative for such purposes. Any such inspection, however, may be denied or limited upon one or more of the following grounds:

- (1) The member refuses to warrant and furnish to the secretary of the Cooperative an affidavit that such inspection is desired for a purpose reasonably related to the business of the Cooperative;
- (2) The inspection seeks information the release of which would unduly infringe upon or invade the privacy of any person;
- (3) The inspection is sought for an improper purpose or to gratify mere curiosity, or is otherwise inimical to the lawful interest of the Cooperative or is not reasonably germane to the interest of the member as such;
- (4) The books and records sought to be inspected deal with information which is privileged, confidential, or proprietary; or
- (5) The member refuses to warrant and furnish an affidavit that he, she, or it has not, within the five years preceding the date of the affidavit, sold or offered for sale and does not now intend to sell or offer to sell any list of members of the Cooperative or of any other electric membership corporation, or any list of shareholders of a corporation, and that he has not, within such five-year period, aided or abetted and does not now intend to aid or abet any other person in procuring any list of members or shareholders for such purpose.

If the Cooperative or an officer or agent of the cooperative refuses to permit the inspection, the member demanding inspection may request a hearing before the Board of Directors to show cause why permission should be granted permitting such inspection by the applicant.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held each year at such time and place as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting the designed time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board of directors, or upon a written request signed by any five (5) directors, by the President, or by thirty three and one third per centum (33 1/3%) 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 specified in the notice of the special meeting.

SECTION 3. Notice of Members Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officers or 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 any annual or special meeting of the members shall not invalidate any action, which may be taken by the members at any meeting.

SECTION 4. Quorum. Five per centum (5%) of the total membership shall constitute a quorum. In determining whether a quorum is present, absent members who have submitted ballots to express their votes shall be considered present. The Cooperative shall retain for a period of two (2) years a list of those members either present in person or submitting ballots who fulfill the requirements of a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person or voting by mail.

SECTION 5. Voting. Each member shall be entitled to only one (1) vote upon each matter submitted to a vote of the members. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation or these bylaws.

All matters which are necessary to be voted on by the membership shall be by mail as herein provided for. The Secretary shall be responsible for the enclosure with the notice of such meeting of an exact copy of all motions or resolutions to be acted upon and ballots for the election of directors and each member shall express his vote thereon by placing a cross (x) in the space provided therefor opposite each such motion or resolution, or candidate. Such member shall enclose his ballot so marked in a sealed previously-addressed envelope bearing his name, and to be used for the return thereof. When such written vote so enclosed is received by mail from any member, it shall be counted as the vote of the member at such meeting if received by the Cooperative by not

later than noon of the date before the meeting. In case a membership is owned by husband and wife or joint tenants with right of survivorship, a written vote received from the owner or owners of this particular member shall constitute one (1) vote. The failure of any member to receive a copy of any such ballot shall not invalidate any action which may be taken at the meeting at which the ballot is to be voted.

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

ARTICLE IV DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Members of the Board shall be elected by secret ballot by mail. If an election of directors shall not be held on the day designated for the annual meeting or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter.

Directors may be elected by a plurality vote of the members. Each Board member shall represent one of the nine districts described in Article IV, Section 5 and shall serve for the terms hereinafter set forth, or until their successors shall have been elected and qualified, to-wit.

- (a) The board member representing District One (1) shall be elected at the annual meeting held in 2001 for a six (6) year term ending in 2007. At the annual meeting in 2007 and at the annual meetings held each nine years thereafter, the board member representing District One (1) shall be elected to a nine year term.
- (b) The board member representing District Two (2) shall be elected at the annual meeting held in 2002 for a nine year term ending in 2011. At the annual meeting in 2011 and at the annual meetings held each nine years thereafter, the board member representing District Two (2) shall be elected to a nine year term.
- (c) The board member representing District Three (3) shall be elected at the annual meeting held in 2000 for a five (5) year term ending in 2005. At the annual

- meeting in 2005 and at the annual meetings held each nine years thereafter, the board member representing District Three (3) shall be elected to a nine year term.
- (d) The board member representing District Four (4) shall be elected at the annual meeting held in 2002 for a seven year term ending in 2009. At the annual meeting in 2009 and at the annual meetings held each nine years thereafter, the board member representing District Four (4) shall be elected to a nine year term.
 - (e) The board member representing District Five (5) shall be elected at the annual meeting held in 2000 for a four (4) year term ending in 2004. At the annual meeting in 2004 and at the annual meetings held each nine years thereafter, the board member representing District 5 shall be elected to a nine year term.
 - (f) The board member representing District Six (6) shall be elected at the annual meeting held in 2001 for a five (5) year term ending in 2006. At the annual meeting in 2006 and at the annual meetings held each nine years thereafter, the board member representing District Six (6) shall be elected to a nine year term.
 - (g) The board member representing District Seven (7) shall be elected at the annual meeting held in 2000 for a three (3) year term ending in 2003. At the annual meeting in 2003 and at the annual meetings held each nine years thereafter, the board member representing District Seven (7) shall be elected to a nine year term.
 - (h) The board member representing District Eight (8) shall be elected at the annual meeting held in 2002 for an eight year term ending in 2010. At the annual meeting in 2010 and at the annual meetings held each nine years thereafter, the board member representing District Eight (8) shall be elected to a nine year term.
 - (i) The board member representing District Nine (9) shall be elected at the annual meeting held in 2001 for a seven (7) year term ending in 2008. At the annual meeting in 2008 and at the annual meetings held each nine years thereafter, the board member representing District Nine (9) shall be elected to a nine year term.

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

- ~~(a) is not a bona fide, permanent and full time resident in the area that said member represents or would represent on the board of directors;~~
- ~~(b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or;~~
- ~~(c) is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars (\$100) per annum is paid, and salary provision cannot be waived.~~

~~Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the board of directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the directors.~~

To become and to remain a Director, a person must comply with the following qualifications:

- A. Be a member in good standing of the Cooperative;
- B. Be a bona fide domiciliary of the district which the individual is to represent, and who has been a bona fide domiciliary of that district for at least one full year immediately before his or her nomination;

- C. Is not in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative;
- D. Is not an incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars (\$100) per annum is paid, and salary provision cannot be waived;
- E. Has not been a paid employee of the Cooperative at any time within the five years immediately before his or her nomination, nor has his/her spouse for the same period of time;
- F. Has not been, nor has a spouse who has been, at any time a Cooperative employee who either was discharged from employment by management, or who resigned from employment as a result of an adverse decision or disciplinary incident noted in the employee's personnel file; and
- G. Any other reasonable qualifications set forth in a policy or policies adopted by the Board.

For purposes of these bylaws, a "bona fide domiciliary" shall be the member's fixed and principal dwelling place as reasonably determined by the nominating committee from looking at information such as the claiming of a homestead credit for purposes of ad valorem taxes for the address claimed as the member's bona fide domiciliary, from Arkansas or Oklahoma state tax returns listing the address claimed as the member's bona fide domiciliary, from the registration of the member's primary vehicle at the address claimed as the member's bona fide domiciliary; from any other indicia of the address being a bona fide domiciliary, or any combination of said factors.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the board of directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the directors.

SECTION 4. Nominations. It shall be the duty of the board of directors to appoint, not less than sixty (60) days, nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) not more than eleven (11) members who shall be selected from different sections so as to insure equitable representation. No member of the board of directors may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative a least forty-five (45) days before the meeting a list of nominations for directors, which shall include at least one (1) candidate for each position to be voted upon. Any thirty (30) or more members of a designated district may make other nominations by petition for their district only, and the Secretary shall post such nominations at the same place when the list of nominations made by the committee is posted. Nominations by petition, if any, shall be received in the headquarters office in Mena, Arkansas, not less than thirty (30) days nor more than sixty (60) days before the date of the meeting. The Secretary shall mail with the notice of the meeting, but at least ten (10) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates,

specifying separately the nominations made by the committee on nominations and also the nominating made by petition, if any.

SECTION 5. Board Representation. For the purpose of board representation, the territory served by the Cooperative shall be divided into nine (9) districts. Each district shall be represented on the board by one (1) director. The districts are described as follows.

District #1 - All of the Cooperative's service area located west of the Arkansas-Oklahoma state line in McCurtain County, Oklahoma; Sections 27 through 34 of T1N, R27E; and Sections 27 through 36 of T1N, R26E in LeFlore County, Oklahoma; also all of T4S, R32W in Polk County, Arkansas.

District #2 – All of the Cooperative's service area located in T7S and T8S in Howard and Sevier Counties, Arkansas.

District #3 – All of the Cooperative's service area west of the Arkansas-Oklahoma state line beginning at the northeast corner of Section 3 T2N, R27E, thence south to the southeast corner of Section 22 of T1N, R27E located on the state line. Also, all of T2S, R32W; Sections 13 through 36 of T1S, R32W; west one-half (1/2) of T2S, R31W; and Sections 3 and 10 of T2S, R31W in Polk County, Arkansas.

District #4 – All of the Cooperative's service area located in T3N, R27E in LeFlore County, Oklahoma. Also, all of T1N, R31W, R32W and R33W; and Sections 1 through 12 of T1S, R32W; all of T1S, R31W; T1S, R30W (with the exception of Sections 25, 26, 35 and 36); and sections 1 through 5 and 8 through 12 of T2S, R30W in Polk and Scott Counties, Arkansas.

District #5 – All of the Cooperative's service area located in T3S, R32W and T3S, R31W; Sections 34 through 36 of T2S, R31W; Sections 31 and 32 of T2S, R30W; T4S, R31W; west one-third (1/3) of T3S, R30W; and west one-third (1/3) of T4S, R30W in Polk County, Arkansas.

District #6 – All of the Cooperative's service area located in Sections 1, 2, 11 through 15, and 22 through 27 of T2S, R31W; Sections 6 and 7 and the south two-thirds (2/3) of T2S, R30W (with the exception of Sections 31 and 32 of T2S, R30W); east two-thirds (2/3) of T3S, R30W; and east two-thirds (2/3) of T4S, R30W in Polk County, Arkansas.

District #7 – All of the Cooperative's service area located in Sections 25, 26, 35 and 36 of T1S, R30W; the south one-third (1/3) of T1S, R29W; all of T2S, R29W, and the north one-half (1/2) of T3S, R29W in Polk County, Arkansas.

District #8 – All of the Cooperative's service area located in the north two-thirds (2/3) of T1S, R29W; all of T1S, R28W; T2S, R27W; T2S, R28W; T3S, R27W, T3S, R28W; the south one-half (1/2) of T3S, R29W; T4S, R28W; T4S, R29W in Polk and Montgomery Counties, Arkansas.

District #9 – All of the Cooperative's service area located in T5S, R28W; T5S, R29W; T6S, R28W; and T6S, R29W in Howard County, Arkansas.

SECTION 6. Voting for Directors. The election of directors shall be by mail ballot and only those nominees selected by the nominating committee or by petition shall be on the ballot and there shall be no nominations permitted from the floor. The order in which the names of the nominees shall appear on the ballot under their respective districts shall be as follows: Incumbent nominees shall appear first on the ballot under their respective districts. The order in which names of the remaining nominee(s) for their respective

districts shall be determined by lot. Each candidate nominated for a position of director whose position on the ballot is to be determined by lot pursuant to the preceding sentence, or his duly designated representative, may serve on a special committee whose duty it will be to determine by lot the position on the ballot of the names of such nominees. Each representative so named by a candidate must be a member of the Cooperative. Employees of the Cooperative are not eligible to serve on this committee. The board shall determine the time and place such committee shall meet. The candidate receiving the greatest number of votes cast in the balloting for each director position to be filled in the elections shall be deemed the winner of such director position. Should two or more candidates be involved in a tie vote, then such involved candidates will be given 48 hours to amicably resolve the issue and determine the winner. Upon failure to so resolve the issue, the board of directors shall treat the board position as vacant and shall determine a fair and equitable means of resolving the tie vote and declaring a winner of the board position in question. The board shall establish a procedure for voting for directors by mail so that each member will receive the ballot in sufficient time for it to be marked and returned by noon of the day preceding the time set for the annual meeting. All ballots on the motions and resolutions specified in Article III Section 5 hereof and the election of directors, must be received in the office of the Cooperative by not later than noon of the day preceding the meeting at which the ballots are to be voted. The ballots shall be counted and the results certified to such meeting by an election committee consisting of each of the candidates or his duly designated representative. If the proposition to be voted on does not include the election of directors, the board of directors shall appoint the election committee consisting of at least five (5) but not more than nine (9) members, none of whom shall be directors.

SECTION 7. Removal of Directors.

- (A) Removal for Nonattendance. Any Director who fails to attend three(3) regular meetings of the Board of Directors during any twelve (12) consecutive meetings, shall be deemed removed from office unless the remaining Directors unanimously resolve that
 - (i) there was good cause for such absences, and
 - (ii) such cause is not likely to adversely affect the Director’s continued service as a Director.
- (B) A director may be removed for cause by the affirmative vote of a majority of the members.
- (C) “Cause” for removal shall mean that the director is alleged to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to gross negligence, fraud or criminal conduct.
- (D) No director shall be removed except upon certification that the following procedures have been followed:
 - (i) A written petition must be presented to the Board, which shall:
 - (a) Describe in detail each of the charges and the basis thereof. If more than one director is sought to be removed, individual charges for removal shall be specified.
 - (b) Be signed by a minimum of thirty-three and one-third percentum (33 1/3%) of the members of the

Cooperative within sixty (60) days of the date if the petition.

- (ii) If the Board determines that the petition complies with paragraph (D)(i), and only if the Secretary certifies the authenticity of the petition, a meeting of the members shall be noticed in accordance with these Bylaws and shall be held within sixty (60) days after receipt by the Cooperative of the written petition.
 - (iii) At such meeting, evidence must be presented in support of the charges. The director shall be entitled to be represented by counsel and shall have the opportunity to refute such charges and present evidence in his or her defense before a vote of the members is taken.
- (E) Nothing contained herein, however, shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 8. Vacancies. Vacancies occurring on the board shall be filled by the affirmative vote of a majority of the remaining directors. The person so appointed shall serve until the next annual meeting at which time a director will be elected by the membership by mail, as provided in Article III, Section 5, to fill the unexpired portion of the term.

SECTION 9. Compensation. Directors shall not receive any salary for their services as such, except that the board of directors may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the board. If authorized by the board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the board or the service by the board member or his close relative shall have been certified by the board as an emergency measure. The board of directors may also authorize the payment of the premiums on coverage for the members of the board of directors in insurance programs maintained by the Cooperative.

ARTICLE V MEETING OF DIRECTORS

SECTION 1. Regular Meeting. A regular meeting of the board of directors 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 of directors shall also be held monthly at such time and place within one (1) of the counties served by the Cooperative as designated by the board of directors.

SECTION 2. Special Meeting. Special meetings of the board of directors may be called by the President or by any three (3) directors and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The

President or the directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time and place and purpose of any special meeting of the board of directors shall be delivered to each director not less than five (5) days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid. If such notice is not mailed as provided in the foregoing provision, then the attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

SECTION 4. Quorum. A majority of the board shall constitute a quorum for the transaction of business unless a greater number is required by the Articles of Incorporation or the bylaws. The act of the majority of the directors, present at a meeting at which a quorum is present, shall be the act of the board, unless the act of a greater number is required by the Articles of Incorporation or the bylaws.

ARTICLE VI OFFICERS

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

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the board of directors at the meeting of the board of directors 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 it conveniently may be. Each officer shall hold office until the first meeting of the board of directors following the next succeeding annual meeting of the members or until the election and qualification of a successor. A vacancy in any office shall be filled by the board of directors for the unexpired portion of the term.

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

SECTION 4. Chairman. The Chairman shall:

- (a) be the principal officer of the Cooperative and, unless otherwise determined by the members or the board of directors, shall preside at all meetings of the members and the board of directors;

- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of Chairman and such other duties as may be assigned to him/her by the board of directors from time to time.

SECTION 5. Vice-Chairman. If the Chairman is absent or unable or refuses 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 by the board of directors.

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

- (a) keeping the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these by-laws or as required by law;
- (c) the safekeeping of the Corporate records and of the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its Seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the Articles of Incorporation and bylaws of the Cooperative containing all amendments thereto (copies of the bylaws of the Cooperative shall be kept available at the Cooperative office, for the inspection of its members, who upon request may obtain a copy), 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 to him/her by the board of directors.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general 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 of directors.

SECTION 8. President/CEO. The board of directors may appoint a President/Chief Executive Officer (CEO) who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as vested in him/her by the Board of Directors.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of officers, agents, and employees shall be fixed by the board of directors, subject to the provisions of these by-laws with respect to compensation for directors and close relatives of directors.

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

ARTICLE VII NON-PROFIT OPERATIONS

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

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to either apply said credits to the individual bills of each patrons or to to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses as determined time to time by the Board of Directors. 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 applied to the patron's bill or so credited to the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they have 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 year 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 a 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 of directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After July 1, 1976, and thereafter, the board of directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

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 part of such patron's premises served by the Cooperative unless the board of directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these bylaws, the board of directors, at its discretion, shall have the power at any time upon the death of any patron who was a natural person, if the legal representatives of his estate shall request in writing that the capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, 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.

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

Section 3. Redemption of Patronage Dividends. The Board of Directors shall determine the method, basis, priority and order of retirement of patronage dividend capital. If, at any time, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the patronage dividend capital then credited to Patrons' accounts may be retired in full or in part.

Section 4. Set-off Against Past Due Accounts. The Cooperative shall at all times have a first lien on, and right of set-off against, such patronage dividend capital for all

indebtedness to the Cooperative, whether due or to become due, of the Patron credited with such patronage dividend capital as shown by the books or records of the Cooperative, which lien or right shall not be lost or prejudiced by reason of the fact that the certificate representing such patronage dividend capital, if any, is not in the possession of the Cooperative.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all of any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Cooperative and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the board of directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering, of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, the National Rural Utilities Cooperative Finance Corporation or other lending institutions; provided further that the board of directors, upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, may sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative doing business in this state pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX SEAL

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

ARTICLE X FINANCIAL TRANSACTIONS

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

SECTION 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or

agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the board of directors.

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 of directors may select.

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

SECTION 5. Borrowing Money;

The board of Directors shall determine by two-thirds vote the debt limit of this Cooperative and may thereafter borrow money and pledge the assets of this Cooperative for any sums they find proper so long as it does not exceed the debt limit so determined.

**ARTICLE XI
MISCELLANEOUS**

SECTION 1. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director 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 of directors shall have power to make and adopt such policies, rules and regulations, non inconsistent with law, the Articles of Incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 3. Accounting System and Reports. The board of directors shall cause to be established and maintained a complete accounting system, which among other things, and subject to applicable laws and rules and regulation of an regulatory body, shall conform to such accounting system as may be from time to time be designated by the Administrator of Rural Utilities Service of the United States of America. The board of directors shall annually cause to be made by a Certified Public Accountant, a full and complete audit of the accounts, books and financial condition of the Cooperative. A report of such audit shall be submitted to the members at the next following annual meeting.

**ARTICLE XII
AMENDMENTS**

These bylaws may be altered, amended or repealed by a vote of not less than two-thirds (2/3) of the members of the board of directors at any regular or special meeting.

STATEMENT OF NONDISCRIMINATION

Rich Mountain Electric Cooperative, Incorporated, has filed with the Federal Government a Compliance Assurance in which it assures the Rural Utilities Service that it will comply fully with all requirements of the Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder, to the

end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the ground of race, color or national origin in its policies and practices relating to applications for service or any other policies and practices relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, D. C. 20050, or the Rural Utilities Service, Washington, D. C. 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than one hundred eight (180) days after alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Utilities Service extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.