

CARROLL ELECTRIC COOPERATIVE, INC.

CODE OF REGULATIONS

(as amended through September 28, 2024)

Carroll Electric Cooperative, Inc.

PO Box 67 - Carrollton, Ohio 44615

1-800-232-7697 – www.cecpower.coop

ARTICLE I MEMBERS

Section 1. Qualifications and Obligations. Any natural person, firm, partnership, association, corporation, or body politic, who is now a patron or hereafter becomes a patron, may become a member in the Cooperative by:

- (a) Making a written application for membership therein and paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and this Code of Regulations and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Trustees.

Provided, however, that no natural person, firm, corporation or body politic shall become a member unless and until he/she or it has been accepted for membership by the Board of Trustees. The Cooperative may, but shall not be required to, issue a certificate of membership to any member. No member may hold more than one membership in the Cooperative.

(d) With respect to members of the Cooperative, all husbands or wives of members shall automatically be considered as joint members without the necessity of making an additional application therefor, but subject to the limitation as to voting herein contained; and upon the death of said member the membership shall automatically pass to the surviving husband or wife.

Section 2. Membership Charges. The membership fee shall be \$10.00, the payment of which shall make the member eligible for one service connection. Members shall be responsible to pay service connection charges along with any other applicable fees as set forth by the Cooperative within its schedule of charges as such may be amended from time to time.

Section 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase electric energy only from the Cooperative and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Trustees. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time. Each patron shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

Section 4. Non-liability for Debts of the Cooperative. This private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be

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

Section 5. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Trustees may prescribe.

Section 6. Transfer and Termination of Membership. Membership in the Cooperative and the certificate, if any, representing the same shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a member or cessation of service, the membership of such member shall thereupon terminate, and the certificate of membership, if any, of such member shall be surrendered forthwith to the Cooperative. The Board of Trustees shall adopt rules governing the membership status of person whose service is temporarily discontinued. Subject to the payment of all debts and liabilities of a member to the Cooperative, upon any such termination of membership and the surrender of the member's Membership Certificate, if any, the Cooperative shall pay to such member or his personal representative, the amount of the membership fee paid by such member. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative, except as to allocations of capital credits made pursuant to Article VIII hereof; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Section 7. Removal of Trustees. Any member may bring specific charges of malfeasance, misfeasance or nonfeasance against a trustee and, by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefor together with a petition signed by ten per centum (10%) of the members, may request the removal of the trustee by reason thereof. If more than one trustee is sought to be removed, individual charges against each such trustee and the evidentiary basis for each such charge shall be specified. For purposes of this Section, "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 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 the opportunity to be heard in person or by counsel and to present evidence in response to such charges. No trustee shall be removed from office unless the specific charges against such trustee are supported by clear and convincing evidence. The question of the removal of such trustee 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 trustees may be considered or voted upon at any meeting of members. In addition, the Board shall remove any Board member who fails at any time to meet the qualifications set forth in Article III, Section 3.

Section 8. Nothing contained in this Article, or elsewhere in the Code of Regulations, shall be deemed or construed to prevent or prohibit the Cooperative from selling electric energy or rendering services to non-members, in proper cases, nor to prohibit the Cooperative from executing and performing franchise contracts with municipalities providing for the sale of electric energy and rendering of services to said municipalities.

ARTICLE II

MEETING OF MEMBERS

Section 1. Annual Meeting. The Cooperative shall hold an Annual Meeting each calendar year, at such place in Carroll County, State of Ohio, as shall be designated in the notice of the meeting for the purpose of electing trustees, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the members may be called by at least five (5) trustees or upon a written request signed by at least twenty-per centum (20%) of all the members. Petitions by members for a special meeting must state the reason for the special meeting and issues to be voted upon at said meeting. It shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinbefore provided. Special meetings of the members may be held at any place within the County of Carroll in the State of Ohio specified in the notice of the special meeting.

Section 3. Notice of Members' Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) days nor more than forty-five (45) days before the meeting shall take place, either personally, by mail (including publication within a magazine mailed to the members) or authorized communication equipment by or at the direction of the Secretary or by the persons calling the meeting, to each member. If they are mailed or delivered by overnight delivery service, such notice shall be deemed to be delivered when deposited in the United States mail or with the overnight delivery service, addressed to the member at his address as it appears on the records of the Cooperative, with postage or fees thereon prepaid. If personally delivered or transmitted by the use of authorized communications equipment, the notice shall be deemed to have been given when delivered or transmitted. If sent by means of authorized communications equipment, the notice shall be sent to the address furnished by the voting member for transmissions by authorized communications equipment. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. The members entitled to vote present in person or participating in the meeting through voting by mail or authorized communications equipment at any meeting of the members shall constitute a quorum.

Section 5. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail or authorized communications equipment, as the case may be, except at otherwise provided by law, the Articles of Incorporation of the Cooperative or the Code of Regulations. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. The Board shall determine in each case the means by which votes shall be cast at any meeting of the members, i.e. whether voting shall take place in person or by mail or authorized communications equipment, or any combination of the foregoing means.

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:

1. Call of the Roll.
2. Reading of the notice of the meeting and proof of the due publication or delivery thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Approval of minutes from prior annual meeting by unanimous consent if no objection raised.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of trustees (in the case of voting in person).
6. Announcement of the results of the election, including in the case of voting by mail or authorized communications equipment.
7. Any other items to be brought before this body at this time.
8. Adjournment.

ARTICLE III

TRUSTEES

Section 1. General Powers. The business and affairs of the cooperative shall be managed by a board of nine (9) trustees which shall exercise all of the powers of the Cooperative except such as are by law or by the article of Incorporation of the Cooperative or by this Code of Regulations conferred upon or reserved to the members. The Board shall divide the service area of the Cooperative into nine (9) districts so that each district provides Trustee representation to as equal a number of members as practicable. Whenever possible, district boundaries shall be composed of political or major geographical features. The Board shall annually review the make-up of the district and shall have the power to change the boundaries of such districts whenever in their opinion; the purpose of this section requires such a change.

Section 2. Election and Tenure of Office. At each annual meeting of the members, three (3) trustees shall be elected for a three (3) year term by ballot, by and from the members. Trustees shall serve during the term for which they have been elected or until their successors have been elected and qualified, subject to the provisions of Article I, Section 8 of this Code of Regulations. Board members shall be elected by a plurality vote of the members. In the case of a tie vote, the election to such office shall be decided by a flip of the coin. In the case of voting in person, the election shall take place by secret ballot at the meeting of members. In the case of voting by mail or authorized communications equipment, ballots shall be distributed to the members, and voted on by the members, prior to the meeting of

members, and the election results announced at the meeting of members (following the tabulation of in-person votes, if any), all in accordance with this Code of Regulations.

Section 3. Qualifications. No member shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

1. is not a bona fide resident in the designated district served by the Cooperative, or
2. is in any way employed by or financially interested in a competing enterprise or business selling electric 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
3. has not been a member of the Cooperative for all of the 12 consecutive months immediately preceding such person's election to the Board, or
4. is not a member in good standing of the Cooperative. For purposes of this Section, "good standing" means not late by more than 30 days in payment of any Cooperative bill for service more than twice in the immediately preceding twelve-month period prior to such person's election to the Board or in the immediately preceding 12-month period at any time after such person's election to the Board, or
5. while a Board member, has failed to attend more than 75% of Board meetings in any calendar year, unless the Board member's failure to attend is excused by the Board, or
6. has pled guilty or been convicted of any felony offense in the immediately preceding five-year period prior to such person's election to the Board or in the immediately preceding five-year period at any time after such person's election to the Board, or
7. has an immediate family member serving on the Board or as an employee of the Cooperative. For purposes of this Section, "immediate family member" means father, mother, son, daughter, husband, wife, brother or sister by reason of blood, marriage or adoption, or any other person residing at the same premises as the Board member, or
8. is not a natural person.

When a membership is held jointly by a husband and wife, either one, but not both, may be elected a trustee, provided, however, that neither one shall be eligible to become or remain a trustee or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth.

Nothing in this section contained, shall, or shall be construed to; affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

Section 4. Nominations. It shall be the duty of the Board of Trustees to appoint not less than 120 days before the date of a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be appointed so as to give equitable representation on the committee to the districts from which board members are to be elected and to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Trustees shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least 90 days before the meeting a list of nominations for trustee (such list to include not more than three (3) nominees for each position), but any fifteen (15) or more members may make other nominations in writing over their signatures not less than 60 days prior to the meeting and the Secretary shall post the same at the same

place where the list of nominations made by the committee is posted. The Secretary shall deliver with the notice of the meeting a statement of the number of trustees to be elected and showing separately the nominations made by the committee on nominations and nominations made by the petition, if any. In the case of voting by mail or by authorized communications equipment, the Secretary shall also deliver a ballot (and instructions for completing and returning the ballot to the Cooperative) with the notice of the meeting of members, or, separately, at approximately the same time that the notice of the meeting of members is delivered. Additional nominations from the floor at any meeting of the members shall not be permitted. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whosoever the validity of any election of trustees.

Section 5. Vacancies. Vacancies occurring on the Board of Trustees shall be filled from those eligible members within that district by a majority vote of the remaining trustees. A trustee elected to fill a vacancy shall serve the unexpired term of his predecessor and until his successor shall have been elected and qualified.

Section 6. Compensation. The Board of Trustees may by resolution provide a reasonable compensation to be paid to each trustee for his services rendered on behalf of the Cooperative as a trustee and also provide for expenses incurred therein. A trustee may also receive compensation for his services rendered as an officer of the Cooperative but shall not receive compensation for his services rendered in any other capacity, except in an emergency. No close relative of a trustee shall receive compensation for serving the Cooperative, except in an emergency, and in that event, such compensation may be fixed by the Board of Trustees, provided, however, if the emergency exists for more than ninety (90) days, then 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.

Section 7. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative 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 8. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system, which among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Trustees shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

Section 9. Contractors / Consultants. The Board may engage contractors and/or consultants from time to time to assist the Board as the Board deems appropriate. This authority shall include, but is not limited to, the engagement of an Auditor to perform an annual audit of the Cooperative.

ARTICLE IV

MEETING OF TRUSTEES

Section 1. Regular Meetings. A regular meeting of the Board of Trustees shall be held monthly at such time and place in Carrollton, Carroll County, Ohio, or such other place, as the Board of Trustees may provide by resolution. 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 of Trustees may be called by the President, or any three (3) Trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix the time and place for the holding of any special meeting of the Board of Trustees called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed to each trustee at his/her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except in case a trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, provided, that if less than a majority of the trustees present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Action. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

Section 6. Attendance at Board Meetings by Persons other than Trustees. Members of the Cooperative shall have the right to attend meetings of the Board of Trustees in accordance with such policies and procedures relating thereto as may be adopted by the Board of Trustees, including, without limitation, policies and procedures relating to the number of Cooperative members who may attend Board meetings at one time, the purpose or purposes for which Cooperative members may attend Board meetings, advance notice requirements for attendance, limitations on attendance while the Board is meeting in executive session, and limitations on the time which members may have to address the Board. The Board of Trustees may also adopt policies and procedures relating to attendance at Board meetings by persons other than Cooperative members, including, without limitation, policies and procedures relating to the exclusion of persons other than Board members and members of the Cooperative from attendance at Cooperative Board meetings.

Section 7. Access to Membership List. Any member of the Cooperative, or the agent or attorney of such member, shall have the right to examine the Cooperative's membership list at any reasonable time as determined by the Cooperative for the purpose of (a) nominating qualified candidates for election to the Cooperative's Board of Trustees by petition, or (b) campaigning and soliciting member votes for any qualified candidate properly nominated by the nominating committee or by petition for election to the Cooperative's Board of Trustees. For these purposes, the membership list shall consist solely

of, and such member or its agent or attorney shall only have the right to examine, the names and addresses of each member of the Cooperative as such names and addresses are contained in the Cooperative's records. For these purposes, and upon the request in writing of such member or its agent or attorney to the Cooperative, such member or its agent or attorney shall also have the right to obtain from the Cooperative one copy of the names and addresses of each member of the Cooperative as such names and addresses are contained in the Cooperative's records and in such form as the Cooperative maintains such records; provided, however, that such member shall reimburse the Cooperative its reasonable costs incurred in connection with such copying. Nothing in this Section is intended to prohibit the members or trustees of the Cooperative or their agents or attorneys from examining the books and records of the Cooperative, including its membership list, for any other reasonable and proper purpose and at any reasonable time, as determined by the Cooperative. The Board of Trustees of the Cooperative may adopt policies and procedures relating to access by Cooperative members and trustees to the Cooperative's books and records, including the membership list.

ARTICLE V

OFFICERS

Section 1. Number. The officers of the Cooperative shall be a Chair, Vice-Chair, Secretary, Treasurer, President / CEO and such other officers as may be determined by the Board of Trustees from time to time in accordance with Section 15 of this Article V. The offices of Secretary and of Treasurer and such other offices as may be created pursuant to Section 15 of this Article V may be held by the same person.

Section 2. Election and Term of Office. Each officer, except the President / CEO and any officer appointed pursuant to Section 15 of this Article V, shall be elected by ballot, annually by and from the Board of Trustees at the first meeting of the Board of Trustees held after each annual meeting of the members. If the election of officers shall not be held as such meeting, such elections shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members, or until his successor shall have been duly elected and shall have qualified, subject to the provisions of this code of Regulations with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interest of the Cooperative shall be served, except that the Board of Trustees may, in its discretion, agree in a written employment agreement to conditions inconsistent with this Code of Regulations concerning the removal of the President / CEO.

Section 4. Vacancies. Except as otherwise provided in this Code of Regulations, a vacancy in any office may be filled by the Board of Trustees for the unexpired portion of the term.

Section 5. Chair. The Chair shall:

- (a) Be the principal officer of the Cooperative and shall preside at all meetings of the members and of the Board of Trustees.
- (b) Sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees and may sign any deeds, mortgages, deeds of trust, notes,

bonds, contracts or instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be, expressly delegated by the Board of Trustees or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed.

(c) In general shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 6. Vice-Chair. In the absence of the Chair, or in the event of his/her inability or refusal to act, the Vice-Chair shall perform the duties of the Chair and when so acting, shall have all the power of and be subject to all the restrictions upon the Chair and shall perform such other duties as from time to time may be assigned to him/her by the Board of Trustees.

Section 7. Secretary. The Secretary shall:

- (a) Keep the minutes of meetings of the members and the Board of Trustees in one or more books provided for that purpose.
- (b) See that all notices are duly given in accordance with this Code of Regulations or as required by law.
- (c) Be the custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative, under its seal, is duly authorized in accordance with the provisions of this Code of Regulations.
- (d) Keep a register of the post office address of each member which shall be furnished to the Secretary by such member.
- (e) Sign with the Chair, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees.
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept.
- (g) Keep on file at all times a complete copy of the Code of Regulations of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member.
- (h) In general, perform 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 Trustees.

Section 8. Assistant Secretary. The Assistant Secretary, if one is appointed by the Board of Trustees pursuant to Section 15 of this Article V, need not be a member of the Board of Trustees and shall hold office until relieved by the Board of Trustees. The Assistant Secretary shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board of Trustees.

Section 9. Treasurer. The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative.
- (b) Receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys 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.
- (c) In general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board of Trustees.

Section 10. Assistant Treasurer. The Assistant Treasurer, if one is appointed by the Board of Trustees pursuant to Section 15 of this Article V, need not be a member of the Board of Trustees and shall hold office until relieved by the Board of Trustees. The Assistant

Treasurer shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board of Trustees.

Section 11. President / CEO The board of Trustees may appoint a President / CEO who shall be an employee of the Cooperative and who may be but who shall not be required to be, a member of the Cooperative. The President / CEO shall:

- (a) be responsible for the general direction, coordination and control of all operations in accordance with policies adopted by the Board of Trustees;
- (b) have supervision over and be responsible for the operations of the Cooperative and shall, in performing this duty, carry out and execute the policies adopted by the Board of Trustees;
- (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) Be responsible for the hiring and termination of employment of all other employees of the Cooperative; and
- (e) in general perform all duties incident to the office of chief executive officer and perform such other duties as the Board of Trustees may from time to time require of him/her and shall have such other authority as the Board of Trustees may from time to time vest in him/her.

Section 12. Bonds of Officers. The Board of Trustees shall require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. In lieu of bonding, the Board may obtain liability insurance to cover the risks to the Cooperative that would otherwise be covered by bonding of the treasurer and other officers, agents or employees.

Section 13. Compensation. The compensation of any officer, agent, or employee who is also a close relative of a trustee, shall be determined as provided in Article III, Section 6 of the Code of Regulations, and the powers, duties, and compensation of all other officers, agents, and employees shall be fixed by the Board of Trustees.

Section 14. 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 and showing the condition of the Cooperative at the close of such fiscal year.

Section 15. Additional Officers. In addition to the officers mentioned in Section 1 of this Article V, the Cooperative may have such other officers as the Board of Trustees may deem necessary and may appoint, each of who shall hold office for such periods, have such authority and perform such duties as are provided in this Code of Regulations or as the Board of Trustees may from time to time determine.

ARTICLE VI **CONTRACTS, CHECKS AND DEPOSITS**

Section 1. Contracts. Except as otherwise provided in this Code of Regulations, the Board of Trustees 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 delivery may be general or confined to specific instance.

Section 2. Checks, drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

Section 3. Deposits. All funds 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 Trustees may select.

ARTICLE VII

MEMBERSHIP CERTIFICATES

Section 1. Certificates of Membership. Membership in the Cooperative may be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or this Code of Regulation. Such certificates shall be signed by the Chair and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Section 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in the Code of Regulations, nor until such membership fee has been fully paid in cash, and such payment has been deposited with the Treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Trustees may prescribe.

ARTICLE VIII

NON-PROFIT OPERATION

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

Section 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expense properly chargeable, against the furnishing of electric energy. All such amounts in excess of operating cost and expense at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the

patron in cash in pursuance of legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of 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 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 Trustees 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 in such amount and in such manner, method and timing as the Board shall determine in its reasonable discretion. Any such retirement of capital shall be made in such order of priority as the Board shall determine in its reasonable discretion.

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

Notwithstanding any other provision of this Code of Regulations, the Board of Trustees shall have the authority at any time to establish, modify, amend, or revoke policies for the premature retirement and payment of capital credited to the account of any deceased patron or former patron of Carroll Electric Cooperative, Inc., who is a natural person. Such policies may, but shall not be required to, permit any patron to designate, in a form and manner to be prescribed by the Board, a beneficiary to whom any accumulated but unpaid capital credits shall be paid upon premature retirement thereof following the death of such patron. Such policies may, but shall not be required to, establish a priority schedule of those persons to whom prematurely retired capital credits shall be paid in the absence of an appropriate designation by the patron. Such policies shall be of general application for all patrons and former patrons to whom credit unretired capital accounts are maintained by Carroll Electric Cooperative, Inc., provided that the financial condition of the cooperative shall not be impaired thereby. Payment by the Cooperative in accordance with duly established Board policy shall constitute a complete bar to any further or additional liability on the part of Carroll Electric Cooperative, Inc., with respect to decedent's capital credits.

Notwithstanding any other provision of the 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 two years after payment of the same has been made available to him/her by notice or check mailed to him/her at his last address furnished by him/her to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patron to cash any check mailed to him/her by the Cooperative at the last address furnished by him/her to the Cooperative. The assignment and

gift provided for under this section shall become effective only upon the expiration of four 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 60 days following the giving of a notice by mail and publication that unless such payment is claimed within said 60-day period, such gift of the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed Cooperative to such patron or former patron at the last known address and the notice by publication shall be two consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be the statewide publication. The 60-day period following the giving of such notices shall be deemed to terminate 60 days after the mailing of such notice or 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 this 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 VIII shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE IX WAIVER OF NOTICE

Any member or trustee may waive, in writing, any notice of meetings required to be given by this Code of Regulation. In case of a joint membership a waiver of notice signed by either husband or wife shall be deemed a waiver of notice of such meeting by both joint members.

ARTICLE X DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

(a) Property which in the judgment of the Board of Trustees neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provide, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10%) of the value of all the property of the Cooperative.
(b) Services of all kinds, including electric energy.

Personal property acquired for resale; unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person, or by mail or authorized communications equipment, and 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 or Trustees, without authorization by the members, shall have full power and authority to borrow money from the United States of America, any agency or instrumentality thereof, or any recognized leading institution, and in connection with such borrowing to authorize making and issuance of bonds, notes, or other evidence of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbrance of any or all of the property, assets, rights, privileges, license, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever

situation all upon such terms and conditions as the Board of Trustees shall determine.

Notwithstanding the foregoing provisions of the Article, nothing contained herein shall be deemed or construed to prohibit an exchange of facilities with other electric companies when in the judgment of the Board of Trustees the facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities exchanged within one (1) year exceed five per cent (5%) of the assets of the Cooperative.

ARTICLE XI FISCAL YEAR

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

ARTICLE XII MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of any other organization without an affirmative vote of two-thirds (2/3) of all members of the Board of Trustees.

ARTICLE XIII SEAL

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

ARTICLE XIV 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. The Board of Trustees may recommend alterations, amendments or repeal of the Code of Regulations to be adopted by the members at any regular or special meeting. The Secretary shall cause a copy of the Board-recommended alteration, amendment or repeal to be included in the notice of any such regular or special meeting. The members may recommend alterations, amendments or repeal of the Code of Regulations to be adopted by the members at any regular meeting of the members by submitting to the Cooperative at least one hundred and eighty (180) days prior to such meeting a copy of the proposed alteration, amendment or repeal together with a petition signed by at least 1% of the members, which petition recommends adoption of the proposed alteration, amendment or repeal. Upon a determination by the Board of Trustees that the proposed alteration, amendment or repeal is legal and proper, the Secretary shall cause a copy of the member-recommended alteration, amendment or repeal to be included in the notice of any such regular meeting. The Board may make technical, non-substantive, changes to any such member-recommended alteration, amendment or repeal so that it is in proper form for inclusion in the Code of Regulations prior to its submittal to the membership for approval. The members may also recommend

alterations, amendments or repeal of the Code of Regulations to be adopted by the members at any special meeting of the members called by the members for such purpose in accordance Article II, Section 2, of this Code of Regulations. Upon a determination by the Board of Trustees that the proposed alteration, amendment or repeal is legal and proper, the Secretary shall cause a copy of the proposed alteration, amendment or repeal to be included in the notice of any such special meeting. The Board may make technical, non-substantive, changes to any such member-recommended alteration, amendment or repeal so that it is in proper form for inclusion in the Code of Regulations prior to its submittal to the membership for approval.

ARTICLE XV EFFECTIVE DATE

This Code of Regulations to be effective on and after August 29, 1953.

ARTICLE XVI 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/she is or was a trustee, officer, employee, or agent 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, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit, or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Cooperative, and with respect to any criminal action or proceeding, he/she had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interest of the Cooperative, and with respect to any criminal action or proceeding, he/she had reasonable cause to believe that his conduct was lawful.

Section 2. Action or Suits in Name of Cooperative. 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/she is or was a trustee, officer, employee, or agent 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 attorney's fees, actually and reasonably incurred by him/her in connection with the defense or settlement of such action or suit if he/she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Cooperative, except that no indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Cooperative unless and only to the extent that the court of common pleas or the court in which such action or suit

was brought shall determine upon application, that despite the adjudication of liability but in view of all the circumstance of the case, such person is fairly and reasonably entitled to indemnify for such expenses as the court of common pleas or such other court shall deem proper.

Section 3. Indemnification for Expenses of Successful Defense. To the extent that a trustee, director, officer, employee, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2 hereof or in defense of any claim, issue, or matter therein, he/she shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him/her in connection therewith.

Section 4. Procedure for Indemnification. Any indemnification under Section 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, or agent is proper in the circumstances because he/she has met the applicable standard of conduct set forth in sections 1 and 2 hereof. 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 if a majority vote of a quorum of disinterested trustees so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it any attorney, who has been retained by or who has performed services for the Cooperative or any person to be indemnified within the five years or
- (c) By the members or
- (d) By the court of common pleas or 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 within ten days after receipt of such notification, such persons 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 determination.

Section 5. Payment During Pendency of Action. Expenses, including attorneys' fees, incurred in defending any action, suit, or proceeding referred to in Sections 1 and 2 hereof, may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding as authorized by the trustees in the specific case upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he/she is entitled to be indemnified by the Cooperative as authorized in this Article.

Section 6. Indemnification Not Exclusive. Indemnification provided by this Article shall not be deemed exclusive of any other - rights to which those seeking indemnification may be entitled under the articles or the regulations or any agreement, vote of members or disinterested trustee, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 7. Insurance Against Liability. The cooperative may purchase and maintain insurance of behalf of any person who is or was a trustee, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or agent of another corporate, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of this status as such whether or not the Cooperative would have the power to indemnify him/her against such liability under this Article.

Section 8. Use of Term "Cooperative." As used in this Article, references 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 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/she would if he/she had served the new or surviving corporation in the same capacity.