

**BY-LAWS
OF
THE KIAMICHI ELECTRIC COOPERATIVE, INC.**

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in the Kiamichi Electric Cooperative, Inc., (hereinafter called "Cooperative") by:

- (a) filing 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 by-laws of the Cooperative and any rules and regulations adopted by the Board of Trustees; and
- (d) paying the membership fee hereinafter specified;

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Trustees or the members. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these by-laws.

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 Trustees. Such certificate shall be signed by the President and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these by-laws, nor until such membership fee has been fully paid for in cash. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and identity to the Cooperative as the Board of Trustees 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 Section 1 of this Article, may be accepted for such membership. The term "member" as used in these by-laws 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 action 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 presence of one member;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or trustee, 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, by-laws and rules and regulations adopted by the Board of Trustees. 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 membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall 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 and Service Connection Fees. The membership fee shall be five dollars, upon the payment of which a member shall be eligible for one service connection. A service connection fee, and other fees, will be charged per the most current cost of service schedule as approved by the Board of Trustees.

SECTION 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Trustees; provided, however, that the Board of Trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. 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 by-laws. Each member 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 member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative, may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who fails to comply with any of the provisions of the articles of incorporation, by-laws or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Trustees or by vote of the members at any annual or special meeting. The membership of the member who for a period of six months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from a Cooperative, shall be cancelled by resolution of the Board of Trustees.

(b) 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.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligation owing from the member to the Cooperative; and provided further, however, that any membership fee which had been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in these by-laws, shall be repaid to the member only in accordance with the provisions of these by-laws with respect to the retirement of patronage capital.

**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 by-laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

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

**ARTICLE III
MEETING OF MEMBERS**

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of October of each year, after all District Elections have been held, the exact day to be set by the Board of Trustees in order to fit in the schedule of the Statewide Association, at such place in the State of Oklahoma, as shall be designated in the Notice of the Meeting. The purpose of the meeting shall be that of passing upon the reports of the Officers and Manager for the previous fiscal year, approving plans for the current year and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board of Trustees to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting 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 Trustees, or upon a written request signed by any three Trustees, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of Oklahoma, 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 days or more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any members 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. As long as the total number of members does not exceed five hundred, ten per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members or five per centum of the members present in person, whichever shall be the larger, shall constitute 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, provided, that the Secretary shall notify any absent members

SECTION 5. Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation or these by-laws.

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. Report as to which members are present in person 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, trustees and committees;
5. Unfinished business;
6. New business;
7. Adjournment.

ARTICLE IV TRUSTEES

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven trustees which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these by-laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The persons named as trustees pursuant to the approval of the District Court and in accordance with the minutes of the Board Meeting of March 22, 1952, shall compose the Board of Trustees until the District meetings in 1953 or until their successors shall have been elected and shall have qualified.

The territory served or to be served by the Cooperative shall be divided into seven voting districts for the purpose of electing Trustees. Each District shall be served by one Trustee. The original seven Districts are as follows:

One member of the Board of Trustees to be elected from what is designated as District Number one (1), which consists of the South Half of the Latimer County, Oklahoma, or beginning at the North Line of Township 4 North and covering all of the area south in Latimer County, Oklahoma, from the North Line of Township 4 North.

One member of the Board of Trustees from District Number Two (2), which is designated as the South Half of LeFlore County, Oklahoma, or beginning at the North Line of Township 4 North and covering all of the area in LeFlore County, Oklahoma, south of the North Line of Township 4 North.

One member of the Board of Trustees from what has been designated as District Number Three (3), which consists of the North Half of LeFlore County, Oklahoma, or that portion of LeFlore County, Oklahoma, beginning at the South Line of Township 5 North, and covering all of the area of LeFlore County, Oklahoma, north of the South Line of Township 5 North.

One member of the Board of Trustees from what has been designated as District Number Four (4), consisting of the North Half of Latimer County, Oklahoma, all that area of Latimer County, Oklahoma, lying north of the South Line of Township 5 North.

One member of the Board of Trustees from what has been designated as District Number Five (5), which consists of all of the area in Pittsburg County, Oklahoma, lying north of United States Highway Number 270.

One member of the Board of Trustees from what has been designated as District Number Six (6), covering that area of Pittsburg County, Oklahoma, lying south of United States Highway Number 270.

One member of the Board of Trustees from the area located in Pustmataha County, Oklahoma, which is being served by the Kiamichi Electric Cooperative, Incorporated.

At the District Meetings in 1953, Trustees from the even-numbered Districts 2, 4, and 6, shall be elected for a term of office of one year and Trustees from the odd-numbered Districts 1, 3, 5, and 7, shall be elected for a two-year term. Thereafter, Trustees shall be elected for a two-year term.

Trustees from Districts 2, 4, and 6, shall be elected in the even-numbered years, and Trustees from Districts 1, 3, 5, and 7 shall be elected in the odd-numbered years.

It shall be the duty of the Board of Trustees not less than thirty days nor more than sixty days before the dates of the District Meetings to establish the District boundaries for the seven Districts of the Cooperative, keeping in mind the principle of geographical and equitable representation.

District Meetings shall be held at points within each District as designated by the Board of Trustees on the first Tuesday in the month of August, for the purpose of nominating and electing candidates for the office of Trustee. The Secretary shall mail a notice to members residing in the District at least seven days before the day of the meeting, setting forth the place, date and hour of the meeting in the District.

The meeting will be called to order by the Trustee serving the District at the time of said meeting. Ten per cent of the voting members residing in the District as determined from the records on file in the Cooperative Office shall constitute a quorum at this meeting. Upon determining that a quorum is present, the members convened at the District Meeting shall select a Chairman and Secretary to be elected from the floor and the Trustee serving in the District at that time shall not be eligible to serve as either the Chairman or Secretary. Nominations will then be opened for the position of Trustee and may be made by any qualified member residing in the District. After nominations are closed by action of those present, the Chairman shall cause the nominees to be voted upon. The nominee receiving the majority vote of the members present, shall be the Trustee from the District and the Secretary of the District Meeting shall certify the election to the Board of Trustees. If an election of Trustees shall not be held on the day designated for the District Meeting or at any adjournment thereof, the incumbent Trustee shall serve until the next succeeding District Meeting or until a successor shall be selected in accordance with these by-laws.

Trustees elected pursuant to the provisions of these by-laws shall begin their term of office at the organization meeting of the Board of Trustees immediately following the Annual Meeting of Members.

SECTION 3. Qualifications. No person shall be eligible to become or remain a Trustee or to hold any position of trust in the Cooperative who:

- (a) is not a member of the Cooperative, actually receiving service and who must be a bona fide resident of the Districts served by the Cooperative;
- (b) is in any way employed by or has financial interest in a competing enterprise or a business selling electric energy or supplies to the Cooperative or a business engaged in selling electrical or plumbing appliance fixtures or supplies to the members of the Cooperative.

Upon the establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions, such member shall automatically be removed from office.

Nothing contained in this action shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

SECTION 4. Removal of Trustees by Members. Any member may bring charges against a Trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such Trustee by reason thereof. Such Trustees shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nomination.

SECTION 5. Vacancies. Subject to the provisions of these by-laws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term.

SECTION 6. Compensation. Trustees shall not receive any salary for their services as Trustees, except that by resolution of the Board of Trustees. A fixed sum and expense of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees. Trustees may also receive compensation for time spent conducting any business on behalf of the Cooperative or for attendance at meetings for educational purposes or for insurance premiums as sponsored by the National Rural Electric Cooperative Association or other insurance companies. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Trustee or close relative, shall have been certified by the Board of Trustees as an emergency measure.

ARTICLE V MEETING OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the Board of Trustees 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 Trustees shall also be held monthly at such time and place in Latimer County, Oklahoma, 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 by any three Trustees, 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 Trustees calling the meeting shall fix the time and place (which shall be in Latimer County, Oklahoma), for the holding of the meeting.

SECTION 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each Trustee not less than five days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the Trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting. The act of the majority of the Board of Trustees present at a meeting must be a quorum of the full Board for such act to become the act of the Board of Trustees.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board of Trustees 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 Trustees at the meeting of the Board of Trustees held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the terms.

SECTION 3. Removal of Officers and Agents by Trustees. 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 interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next Meeting of the Members.

SECTION 4. President. The President shall:

- (a) be principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board of Trustees, shall preside at all meetings of the members and the Board of Trustees;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other 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 these by-laws 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 President and such other duties as may be prescribed by the Board of Trustees from time to time.

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

SECTION 6. Secretary. The Secretary shall:

- (a) keep the minutes of the meeting of the members and of the Board of Trustees in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these by-laws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keep a register of the names and post office addresses of all members;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members;
- (f) have general charge of the books of the Cooperative;
- (g) keep on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, forward a copy of the by-laws and of all amendments thereto to each member; and,
- (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 by the Board of Trustees.

SECTION 7. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these by-laws; and,
- (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 by the Board of Trustees.

SECTION 8. Manager. The Board of Trustees may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in him.

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 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.

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

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 OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends, other than "patronage dividends" as defined below, shall be paid or payable by the Cooperative on any capital furnished by its patrons. The term "patron" as used herein shall mean only a person, firm or entity with whom the Cooperative does business, either as a member with provisions of these Bylaws or as a non-member by authorized contractual authority.

SECTION 2(a). Patronage Capital in Connection with Furnishing Patronage Business. In the furnishing of services of all kinds, including furnishing of electric power and 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, and to assign patronage dividends in an aggregate amount equal to the Cooperative's current Federal taxable income related to its patronage business (computed assuming no deduction for patronage dividend amount and after reduction for any losses and deductions incurred during prior years and deductible by Cooperative in computing its current taxable income). All such amounts in excess of operating costs and expenses at the moment of receipt of the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, as 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 for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses except those outlined in Section 2(b) shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial conditions of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative, being the first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Trustees, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative, the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these by-laws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, 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 by-laws 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 the by-laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 2(b). Patronage Capital Assigned by Power Supply Cooperatives. The Board of Trustees shall have the power to adopt rules providing for separate assignment and retirement of that portion of capital credits assigned to the account of the Cooperative by an organization furnishing electric service to the Cooperative, and shall have the power to adopt rules providing for the separate retirement of that portion ("Power Supply Portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall: (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts, and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year, (e) provide for retirement of the power supply portion of capital credited to patrons for any fiscal year for which the Cooperative receives a retirement payment from the power supply cooperative.

SECTION 3. Member/Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services may, by Resolution of the Board of Trustees or under policies of the Board of Trustees, be considered Capital Credits and Patronage Refunds and be made to all patrons.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the members thereof by the affirmative vote of not less than a majority of all of 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, or any other provisions of the law, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority upon an affirmative vote of not less than 2/3 (two-thirds) of the Board of Trustees 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 Trustees shall determine to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of a rural electric cooperative.

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, the Kiamichi Electric Cooperative, Inc."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these by-laws, 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 authority may be general or confined to specific instances.

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

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America or any instrumentality or agency thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of a rural electric cooperative, not less than ninety days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Trustees, purchase stock in or become a member of any corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of RUS, or any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member or Trustee may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case a member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 3. 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 or these by-laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The Board of Trustees shall cause to be established and maintained a complete accounting system which, among other things, is subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America or to any corporation or financial institution authorized to assist in the credit and financial needs of a rural electric cooperative. The books of the Cooperative shall be examined by a committee of the Board of Trustees which shall render reports to the Board of Trustees at least four times a year at regular meetings of the Board of Trustees. 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 conditions of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII AMENDMENTS

These by-laws 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.

Don Parr

Secretary/Treasurer

By-laws amended April 15, 1972; October 21, 1978, October 2, 2004

EQUAL OPPORTUNITY CLAUSE

The Cooperative will not discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Cooperative will take affirmative action to see that applicants are employed and that employees are treated during employment without regard to their race, creed, color or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, promotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation, and selection for training including apprenticeship. The Cooperative agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions for this nondiscrimination clause.

The Cooperative will, in all solicitation, or advertisements for employees placed by or on behalf of the Cooperative state that all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin.

STATEMENT OF NONDISCRIMINATION

The Kiamichi Electric Cooperative, Incorporated has filed with the Federal Government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of 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 benefits 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. 20250, or the Rural Electrification Administration, Washington, D. C. 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 180 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration 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.