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 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 thereon upon such uniform terms and identity with 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 holder of a joint membership shall be as follows:

(a) The presence at a meeting of one 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 result in the severance of 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, shall 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 and 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 cent 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 time to which the members are convened, and in case of a special meeting, the 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, to each member, 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 cent 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 cent 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 trustees consisting of all the holders of the Cooperative except such as are by law, the articles of incorporation or these by-laws confer 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 of 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 South 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 trustees 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 Pushmataha 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, 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, 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 time of the meeting in the District.

The meeting shall be called to order by the Trustee serving the District at the time of said meeting. Ten percent 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 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, the votes of those present shall be counted. The nominee receiving the majority of the votes present shall be declared elected, and 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 a 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 shall be a quorum of the full Board for such act to become the act of the Board of Trustees.

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 with or 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 Trustees may be given by personal delivery, or by deposit 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 a 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 shall 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 
basis, annually by and from the Board of Trustees at the meeting of the Board of Trus-
tees held immediately after the annual meeting of the members. If the election of offi-
cers 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 in the next Meeting of the Members.

SECTION 4. President. The President shall:
(a) be the 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 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 or otherwise to be so signed;
(c) in general perform all duties incident to the office of Presi-
dent 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 
incapacity 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 
all documents, the execution of which on behalf of the 
Cooperative under its seal is duly authorized in accor-
dance 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 
corporation 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 ex-
 pense 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 Secre-
tary 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 
trusts and securities of the Cooperative;
(b) be responsible for the receipt and accounting 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 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 man-
ger shall perform such duties in the manner and to such extent as the Board of Trus-
tees 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 security 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 security 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 rela-
tives 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 Cooper-
ative shall never 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. Patronage Capital in Connection with Furnishing Pat-
ronage Business. In the furnishing of services of all kinds, including furnishing 
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 patrons 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 
Fiscal year's income related to its patronage business (computed assuming no 
deduction for patronage dividend amount and after reduction for any losses and deduc-
tions 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 Cooper-
ative 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 correspond-
ing amounts of capital. All other amounts received by the Cooperative from its opera-
tions in excess of costs and expenses except those outlined in Section 2(a) shall, inso-
cular 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 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 out-
standing indebtedness of the Cooperative shall have been paid, outstanding capital 
credits shall be retired without any interest on a pro rata basis or by the group of 
non-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. 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 leased or otherwise assigned 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 Trus-
tees, 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 
impairment 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. Each patron had individually signed a separate instrument containing such terms and provisions. The provisions of the articles 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) provide for 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 be, by resolution of the Board of Trustees or under policies of the Board of Trustees, be considered 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, 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 Klamath 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 payment of money, 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 instrumental- ity or agency thereof, or to any other person or persons, and shall be accompanied or forwarded with such notice, 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.