

and receivable from the furnishing of electric energy in excess of operating costs and expenses property chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board of directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. After March 19, 1976, and thereafter, the board of directors shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital.

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

Notwithstanding any other provision of these bylaws, the board of directors at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives 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 bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board of directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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

ARTICLE VIII DISPOSITION OF PROPERTY

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

Act under which this Cooperative is of the Cooperative, and such authority may be general or confined to specific instances.

ARTICLE IX SEAL

The Corporate Seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, Arkansas."

ARTICLE X

FINANCIAL TRANSACTIONS

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

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

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the board of directors may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) 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 (1st) day of January of each year and shall end on the thirty first (31st) day of December of the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 2. Policies, Rules and Regulations. The board of directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 3. Accounting System and Reports. The board of directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and 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 Electrification Administration of the United States of America. The board of directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

ARTICLE XII

AMENDMENTS

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

STATEMENT OF NONDISCRIMINATION

This institute is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form found online at http://ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866)632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202)690-7442 or email at program.intake@usda.gov.

BYLAWS OF SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE INCORPORATED

(As of October 2018)

ARTICLE I

MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of South Central Arkansas Electric Cooperative Incorporated (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- made a written application for membership therein;
- agreed to purchase from the Cooperative electric energy as hereinafter specified;
- agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the board of directors; and
- paid the membership fee hereinafter specified.

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

SECTION 2. Membership Certificates. Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the board of directors. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the board of directors may prescribe.

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

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

SECTION 4. Conversion of Membership. (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws and rules and regulations adopted by the board of directors. The outstanding membership certificate, if any, shall be surrendered, and may 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, if any, shall be surrendered, and may 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 Fees. The membership fee of the

Cooperatives shall be that amount which the board of directors, in its discretion, shall set from time to time.

SECTION 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the board of directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount, regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of directors may prescribe.

(b) Upon the withdrawal, death or cessation of existence of a member, the membership of such member shall thereupon terminate, and the membership certificate, if any, 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 by him; provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

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

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

MEETINGS OF MEMBERS

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

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board of directors, or upon a written request signed by any three (3) directors, by the president, or by ten per centum (10%) 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 within one of the counties served by the Cooperative as selected by the board of directors and designated in the notice of special meeting.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of 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 one thousand (1,000) at least fifteen per centum (15%) of the

total number of members, present in person or represented by mailed ballot, shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed one thousand (1,000), then at least one hundred fifty (150) of the members present in person or represented by mailed ballot shall constitute a quorum for the transaction of business at all meetings of the members. In determining whether a quorum is present, absent members who have submitted ballots to express their votes shall be considered present. The Cooperative shall retain for a period of two (2) years a list of those members either present in person or submitting ballots who fulfill the requirements of a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

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

SECTION 6. Mail Voting. Any member who is absent from an annual meeting or special meeting of the members may vote by mail at such meeting upon all matters to be submitted at such meeting, including the election of directors and also including any motion or resolution pertaining to the borrowing of funds or mortgaging or encumbering of the cooperative's property. The secretary shall be responsible for the enclosure with the notice of such meeting of an exact copy of all such motions or resolutions to be acted upon and ballots for the election of directors, and such absent member shall express his vote thereon by placing a cross (X) in the space provided therefor opposite each such motion, resolution or candidate. Such absent member shall enclose each such copy so marked in a sealed envelope bearing his name, and addressed to the secretary as directed by the Board of Directors. In case of a joint membership, if husband and wife are both absent from such meeting, a written vote received from either of them shall constitute one (1) joint vote. The failure of any absent member to receive a copy of any such ballot shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. call of the roll;
2. reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. presentation and consideration of reports of officers, directors and committees;
5. election of directors;
6. unfinished business;
7. new business;
8. adjournment.

ARTICLE IV DIRECTORS

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

SECTION 2. Election and Tenure of Office. At each annual meeting, three (3) directors shall be elected by the members to serve for terms of three (3) years each, or until their successors shall have been elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of directors. If an election of directors shall not be held on the day designated for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

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

- (a) is not a bona fide resident in the area served by the Cooperative;
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy to the Cooperative or to its members; or

(c) is the incumbent of or candidate for an elective public office in connection with which a salary is paid; or

(d) has been a former employee of the cooperative.

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

Upon establishment of the fact that a director is holding the office in violation of any of the foregoing provisions, the board of directors shall remove such director from the office.

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

SECTION 4. Nomination. It shall be the duty of the board of directors to appoint, not less than sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than three (3) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical area served by the Cooperative. No officer or member of the board of directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the cooperative at least forty five (45) days before the meeting a list of nominations for directors, but any one hundred fifty (150) or more members may make other nominations in writing over their signatures not less than forty five (45) days prior to the meeting and the secretary shall post the same at the same place where a list of nominations made by the committee is posted. The secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations by the committee on nominations made by petition, if any. The election of directors shall be by mail ballot only, and only those nominees selected by the nominating committee or by petition shall be on the ballot and there shall be no nomination permitted from the floor.

SECTION 5. Removal of Directors by Members.

(A) A director may be removed for cause by the affirmative vote of a majority of the members.

(B) "Cause" for removal shall mean that the director is alleged to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to gross negligence, fraud or criminal conduct.

(C) No director shall be removed except upon certification that the following procedures have been followed:

(i) A written petition must be presented to the Board, which shall:

(a) Describe in detail each of the charges and the basis therefor. If more than one director is sought to be removed, individual charges for removal shall be specified.

(b) Be signed by a minimum of 10% of the members of the Cooperative within 60 days of the date of the petition.

(ii) If the Board determines that the petition complies with paragraph (C)(i), and only if the Secretary certifies the authenticity of the petition, a meeting of the members shall be noticed in accordance with these Bylaws and shall be held within sixty (60) days after receipt by the Cooperative of the written petition.

(iii) At such meeting, evidence must be presented in support of the charges. The director shall be entitled to be represented by counsel and shall have the opportunity to refute such charges and present evidence in his or her defense before a vote of the members is taken.

(D) Nothing contained herein, however, shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 6. Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the board of directors shall be filled by the affirmative vote of a majority of the remaining directors. Directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have been qualified.

SECTION 7. Compensation. Directors shall not receive any salary for their services as such by resolution of the Board of Directors. A fixed sum

and expenses of attending, if any, may be allowed for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board of Directors and by resolution of the Board of Directors payment may be made by the Cooperative for health insurance premiums, accidental death and dismemberment insurance premiums and one-half the dental insurance premiums covering the Directors and their immediate family. No Director shall receive compensation for serving the Cooperative in any other capacity nor shall any close relative of a Director receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the Board of Directors or the service the Director or his close relative shall have been certified by the Board of Directors as an emergency measure.

ARTICLE V

MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the board of directors shall be held without notice other than this Section, immediately after, and at such time and at such place as the board of directors 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 directors may be called by the president or by any three (3) directors, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The person or persons authorized to call special meetings of the board of directors may fix the time and place for the holding of any special meetings of the board of directors called by them.

SECTION 3. Notice of Special Meetings. Written notice of the time, place and purpose of any special meeting of the board of directors shall be delivered to each director either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum. A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors; provided, however, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

ARTICLE VI

OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a president, vice president, secretary and treasurer, and such other officers as may be determined by the board of directors from time to time. The offices of secretary and of treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the board of directors at the first meeting of the board of directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the board of directors 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 these bylaws with respect to the removal of officers.

SECTION 3. Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors for the unexpired portion of the term.

SECTION 4. Vacancies. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the board of directors for the unexpired portion of the term.

SECTION 5. President. The president shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the directors, shall preside at all meetings of the members and the board of directors;
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of directors or by

these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and,

(c) in general perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

SECTION 6. Vice President. The vice president shall:

(a) in the absence of the president, or in the event of his inability or refusal to act, 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; and,

(b) perform such other duties as from time to time may be assigned to him by the board of directors.

SECTION 7. Secretary. The secretary shall be responsible for:

(a) keeping the minutes of the meetings of the members and of the board of directors in books provided for that purpose:

(b) seeing that all notices are duly given in accordance with these bylaws or as required by law:

(c) the safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its Seal is duly authorized in accordance with the provisions of these bylaws;

(d) keeping a register of the names and post office addresses of all members;

(e) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the cooperative, furnishing a copy of the bylaws and all amendments thereto to each member; and,

(f) in general performing all duties incident to the office of secretary and such other duties as from time to time may be assigned to him the board of directors.

SECTION 8. Treasurer. The treasurer shall be responsible for:

(a) custody of all funds and securities of the cooperative;

(b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and,

(c) the general performance of all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the board.

SECTION 9. Manager. The board of directors 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 may from time to time vest in him.

SECTION 10. Bonds of Officers. The board of directors 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 directors shall determine. The board of directors, in its discretion, may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the board of directors subject to the provisions of these bylaws with respect to compensation for a director and close relatives of a director.

SECTION 12. 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.

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