



NORTHWESTERN ELECTRIC COOPERATIVE

# Bylaws

Amended and Restated

*as of*

**April 8, 2021**

# Bylaws

## Northwestern Electric Cooperative, Inc.

### Contents

ARTICLE I MEMBERSHIP .....	1
Section 1. Requirements for Membership .....	1
Section 2. Evidence of Membership .....	2
Section 3. Joint Membership .....	2
Section 4. Conversion of Membership.....	2
Section 5. Membership and Service Connection Fees .....	3
Section 6. Purchase of Electric Energy .....	3
Section 7. Termination of Membership.....	4
Section 8. Member to Grant Easement to Cooperative .....	5
ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS .....	5
Section 1. Property Interests of Members.....	5
Section 2. Non-liability for Debts of the Cooperative.....	5
ARTICLE III MEETING OF MEMBERS .....	5
Section 1. Annual Meeting .....	5
Section 2. Special Meetings .....	6
Section 3. Notice of Members' Meetings.....	6
Section 4. Quorum .....	7
Section 5. Voting .....	7
Section 6. Voting Districts.....	8
Section 7. Nomination and Election of Trustees .....	9
Section 8. Order of Business.....	11
ARTICLE IV TRUSTEES.....	12
Section 1. General Powers .....	12
Section 2. Qualifications and Tenure .....	12

Section 3. Removal of Trustees .....	13
Section 4. Vacancies.....	15
Section 5. Compensation .....	16
ARTICLE V MEETING OF TRUSTEES.....	16
Section 1. Regular Meetings .....	16
Section 2. Special Meetings .....	16
Section 3. Notice of Trustees' Meetings.....	17
Section 4. Quorum .....	17
ARTICLE VI OFFICERS.....	18
Section 1. Number .....	18
Section 2. Election and Term of Office .....	18
Section 3. Removal of Officers and Agents by Trustees .....	18
Section 4. Officers and Duties.....	19
Section 5. Treasurer .....	21
Section 6. Chief Executive Officer .....	21
Section 7. Bonds of Officers.....	21
Section 8. Compensation for Officers, Agents or Employees .....	21
Section 9. Reports .....	22
ARTICLE VII NON-PROFIT OPERATION.....	22
Section 1. Interest or Dividends on Capital Prohibited .....	22
Section 2. Patronage Capital.....	22
Section 3. Patronage Refunds in Connection with Furnishing other Services.....	25
Section 4. Capital Credited by Power Supplier.....	25
ARTICLE VIII DISPOSITION OF PROPERTY .....	26
ARTICLE IX SEAL.....	27
ARTICLE X FINANCIAL TRANSACTIONS .....	27
Section 1. Contracts .....	27
Section 2. Checks, Drafts, Etc.....	27
Section 3. Deposits.....	28

Section 4. Change of Rates .....	28
Section 5. Fiscal Year .....	28
ARTICLE XI.....	28
Section 1. Memberships in other Organization .....	28
Section 2. Wavier of Notice .....	28
Section 3. Rules and Regulations.....	29
Section 4. Accounting System and Reports.....	29
Section 5. Subsidiary.....	29
ARTICLE XII AMENDMENTS.....	30
ARTICLE XIII INDEMNIFICATION.....	30
Section 1. Trustees, Officers, Employees and Agents.....	30
Section 2. Rights, Remedies.....	30

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# Bylaws

## Northwestern Electric Cooperative, Inc.

### ARTICLE I MEMBERSHIP

#### Section 1. Requirements for Membership

Any person, firm, association, corporation, or body politic or sub-division thereof may become a member in Northwestern Electric Cooperative, Inc. (hereinafter called the "Cooperative"), provided that he or it has first:

- 1.1 Filed a written application for membership therein;
- 1.2 Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- 1.3 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 trustees;
- 1.4 Paid 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; and
- 1.5 Attained the age of eighteen years.

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 Bylaws.

## **Section 2. Evidence of Membership**

Membership in the Cooperative shall be evidenced by inclusion of the name of the applicant for membership in the minutes of the trustees.

## **Section 3. Joint Membership**

The term "member" as used in these Bylaws shall be deemed to include a married couple 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 to the holders of a joint membership shall be as follows:

- 3.1 The vote of either separately or both jointly shall constitute one joint vote;
- 3.2 A waiver of notice signed by either or both shall constitute a joint waiver;
- 3.3 Notice to either shall constitute notice to both;
- 3.4 Expulsion of either shall terminate the joint membership;
- 3.5 Withdrawal of either shall terminate the joint membership.
- 3.6 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**

- 4.1 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 Trustees.

- 4.2 Upon the death of either spouse, who is a party to the joint membership, such membership shall be held solely by the surviving spouse; however, the estate of the deceased shall not be released from any debts due the Cooperative.
- 4.3 Upon the divorce or legal separation of the parties of a joint membership the liabilities or obligations of such membership shall continue until the day of the final decree of such divorce or separation. The membership shall continue with the person receiving monthly service from the Cooperative at the same service connection, however, both persons shall bear equal responsibility for debts due the Cooperative prior to such decree.

### **Section 5. Membership and Service Connection Fees**

The membership fee shall be five dollars, upon payment of which a member shall be eligible for one service connection. A service connection fee will be charged for each additional service connection and said fee shall be fixed from time to time by the board of trustees.

### **Section 6. Purchase of Electric Energy**

Each member shall, purchase from the Cooperative electric energy used on the premises, specified in the application for membership, and shall pay therefore monthly 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 Bylaws. 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 the member to the Cooperative as and when the same shall become due and payable.

## **Section 7. Termination of Membership**

### **7.1**     *Condition of Termination.*

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 shall have refused or failed to comply with any of the provisions of, The Articles of Incorporation, Bylaws, 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 refusal or failures make the member liable to expulsion, and such refusal or 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.

### **7.2**     *Member Debt*

Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon be terminated. Termination of membership in any manner shall not release a member or their estate from any debts due the Cooperative.

### **7.3**     *Evidence of Termination*

Such termination shall be evidenced by the inclusion of name in the terminated service connections, in the minutes of the Board of Trustees.

### **Section 8. Member to Grant Easement to Cooperative**

Each member shall, at the request of the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned by the member, and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance, or relocation of the Cooperative's electric facilities.

## **ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS**

### **Section 1. Property Interests 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 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.

### **Section 2. Non-liability for Debts of the Cooperative**

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

## **ARTICLE III MEETING OF MEMBERS**

### **Section 1. Annual Meeting**

For the purposes of electing trustees, hearing and passing upon reports covering the previous fiscal year, and transacting

such business as may properly come before the meeting, the annual meeting of the members shall be scheduled by the Board of Trustees to be held at such place within the service territory in which the Cooperative serves in the State of Oklahoma, and beginning at such date and at such hour, as the Board of Trustees shall from year-to-year fix. It shall be the responsibility of the Board of Trustees to make adequate plans and preparation for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place 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 County of Woodward, 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, a district meeting or an annual meeting at which business other than that listed in Section 8 of this article is to be transacted, the purpose or purposes for which the Special, District or Annual meeting is called, shall be delivered not less than ten days nor 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 members at the 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**

Five percent of all members (or such other minimum percentage as shall be fixed by statute) 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 of the time and place of such adjourned meeting.

#### **Section 5. Voting**

Each member shall be entitled to only one vote regardless of the number of service connections. All questions shall be decided by a vote of the majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Voting by proxy shall not be permitted. Any member who is absent from any annual or special meeting of the members may vote by mail upon any motion or resolution to be acted upon at any such meeting in connection with the borrowing of funds from the United States of America or any agency or instrumentality thereof or in connection with the sale, mortgage, lease or other disposition or encumbrance of property to the United States of America or any agency or instrumentality thereof, or the sale, lease, or other disposition of all or a substantial portion of its property to another Cooperative or to a foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated. The Secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such absent member shall

express a vote thereon by writing "yes" or "no" on each such motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope bearing the members name and addressed to the Secretary. When such written vote so enclosed is received by mail from any absent member, it shall be accepted and counted as a vote of such absent member at such meeting. If a married couple hold a joint membership and are absent from any annual or special meeting of the members, said joint membership shall be entitled to only one vote by mail as provided in this section. The failure of any such absent member to receive a copy of any such motion or resolution or ballot shall not invalidate any action which may be taken by the members at any such meeting.

### **Section 6. Voting Districts**

The territory served, or to be served by the Cooperative, shall be divided into Nine districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one (1) trustee. The trustee's position shall correspond to the district number. The district shall be numbered to correspond to the designated trustee.

The boundaries of the districts shall be set by vote of a majority of the trustees. A map of the boundaries of the districts shall be kept and maintained at the headquarters office of Northwestern Electric Cooperative, 2925 Williams Ave., Woodward OK 73801 and shall be provided to any member requesting a copy.

Once every five years or as often as the circumstances dictate, before any meeting of the members at which trustees are to be elected, the Board of Trustees shall review the composition of the several districts, and, if it should be found that inequalities in the representation have developed which can be corrected

by a re-delineation of districts, the Board of Trustees shall reconstitute the district so that each shall contain as nearly as possible the same number of members. Any change in the composition of the directional districts shall be furnished to the membership in the newsletter, NW Network, at least thirty (30) days before the next annual meeting.

## **Section 7. Nomination and Election of Trustees**

### *7.1 Notice of District Meetings*

The notice of such meeting shall be delivered to each member located in such district as provided in Article III Section 3 and shall indicate the District to which such member belongs. The notice shall state that a trustee is to be elected at the District meeting.

#### *7.1.1 Nominations*

During the month of January before the district meeting, candidates desiring to be nominated must pick up an official nomination form which may be secured at the headquarters office of the cooperative. Candidates must obtain the signature of three other qualified members from the same district on said form and be delivered back to the Secretary of the Cooperative or his representative not less than the first business day in the month of February prior to the date of the district meeting.

### *7.2 District Meetings*

Not less than thirty days nor more than sixty days before the annual meeting, the Board of Trustees shall call a separate meeting of the members of each district in accordance with Article IV Section 2 of these Bylaws, at a suitable place in or near such district for the purpose of electing a Trustee to represent the members located

within such district. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether such matters were listed in the notice of the meeting. Recommendations with respect thereto may be submitted to the Board of Trustees or the entire membership.

### 7.3 *Order of Business of District Meetings*

The district meeting shall be called to order by the Trustee representing the district, or by another designated representative of the Board of Trustees, or in their absence, by any member residing within said district. The members shall then proceed to elect a chairman, who shall be someone other than the Trustee, and who shall appoint a secretary to act for the duration of the meeting. Five percent of the members residing in the district present at such a duly called district meeting shall constitute a quorum. Members of other districts present at the meeting may be heard but shall have no vote. Candidates must be members residing in the district and must possess the qualifications for Trustee as specified in Section 2 of Article IV of these Bylaws.

### 7.4 *Voting and Minutes*

Voting shall be by ballot. Each member may vote for one candidate. The candidate from such district receiving the majority of votes present shall be considered elected as Trustee. The minutes of such district meeting shall set forth, among other matters, the name of each person nominated, and the number of votes received by each, and shall specify the person elected as Trustee from such district. A certified copy of the minutes, signed by the Secretary and the Chairman

of the district meeting, shall be delivered to the Secretary of the Cooperative within five days after such district meeting.

- 7.5 *Quorums Cannot Be Obtained at District Meetings*  
In the event a quorum cannot be obtained at a district meeting provided for herein, said Trustee's position shall be declared vacant for the forthcoming three-year term by the Board of Trustees at their next regular board meeting, and said vacancy shall be filled in accordance with the terms and qualifications listed in ARTICLE IV, Sections 2 and 4 of these Bylaws.

### **Section 8. 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 the number of members present in-order-to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, of 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. Election of Trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

## **ARTICLE IV TRUSTEES**

### **Section 1. General Powers**

The business and affairs of the Cooperative shall be managed by the board of nine Trustees which shall exercise all of the powers of the Cooperative, except such as are by law, Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

### **Section 2. Qualifications and Tenure**

The Board of Trustees shall be divided into three classes, and each Trustee shall be elected for a term of three years. The Trustees for voting districts two, four and six shall constitute Class Number One; the Trustees for voting districts seven, eight and nine shall constitute Class Number Two; and the Trustees for voting districts one, three and five shall constitute Class Number Three. The Trustees of Class Number One shall be elected at the district meeting to be held in voting districts two, four and six, prior to the annual meeting of the members in the year 1965; the Trustees of Class Number Two shall be elected at the district meetings to be held in voting districts seven, eight and nine, prior to the annual meeting of the members in the year 1966; and the Trustees of Class Number Three shall be elected at the district meetings to be held in voting districts one, three and five, prior to the annual meeting of the members in the year 1967. Thereafter, the Trustees constitute one class shall be elected each year, as above provided, starting with Class Number One. If the election of a Trustee has not been held at a district meeting in any such voting district or districts, the Board of Trustees shall appoint a trustee at the next regular board meeting. The Trustee will be appointed according to the terms and qualifications in ARTICLE III, Section 7.5 and ARTICLE IV, Sections 2 and 4 of these BYLAWS.

## 2.1 *Eligibility for Trustees*

No person shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who:

- 2.11 is not a member of the Cooperative.
- 2.12 is not a bona fide resident of the particular District of which that person is a member.
- 2.13 does not purchase from the Cooperative electric energy at that person's principal place of residence.
- 2.14 is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative; or
- 2.15 is the incumbent for candidate for an elective public office in connection with which a salary or compensation in excess of one thousand dollars per annum is paid.
- 2.16 has been employed by the cooperative within five years of his/ her employment termination date and the scheduled district meeting for which member desires to run.
- 2.17 upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions it shall immediately become incumbent upon the Board of Trustees to remove such trustee from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of trustees.

## **Section 3. Removal of Trustees**

### 3.1 *Removal of Trustees by Members*

Any member may bring charges against a Trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent of the members and request the removal of such

Trustee by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the 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 the Trustee shall have the same opportunity. The question of removal of such Trustee shall be considered and voted upon at the next regular or special 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 foregoing provisions with respect to nominations, except that the new Trustee must reside in the same district as the Trustee in respect of whom the vacancy occurs.

### 3.2 *Removal of Trustees by Board of Trustees.*

If a member of the Board of Trustees unjustifiably fails to attend nine of twelve regularly scheduled meetings, or, if a member of the Board should be convicted of a felony, or, if a member of the Board moves their principle residence from the district that is represented, or, if an order for relief is entered pursuant to the bankruptcy statutes of the United States of America, or, if a member shall become mentally or physically unable to perform the duties of being a Trustee, the Secretary shall notify that member in writing at least ten days before the next regular scheduled Board meeting that the board shall review the members absences, or reasons for removal of member from the board. The member may appear before the Board to be heard in person, or by counsel, but will not be allowed to vote on such action. The Board, following hearing of such

absences or reasons, may declare the office vacant. The Board shall fill the office subject to these Bylaws in Article IV Section 4.

#### **Section 4. Vacancies**

Subject to the provisions of these Bylaws. A vacancy occurring in the Board of Trustees shall be filled by affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustees in respect of whom the vacancy occurs. The member elected as Trustee to fill the vacancy must meet the qualifications in Article IV, Section 2 of these Bylaws, and reside in the same district as the Trustee to whose office he succeeds.

##### **4.1 *Vacancy Occurring Mid-term***

Subject to the provisions of these Bylaws, a vacancy occurring midterm among the Board or Trustees shall be filled by affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustees in respect of whom the vacancy occurs. The member elected as Trustee to fill the vacancy must meet the qualifications in ARTICLE IV, Section 2 of these Bylaws, and reside in the same district as the Trustee to whose office he succeeds.

##### **4.2 *Vacancy Occurring Due to Failure of Quorum***

In the event a vacancy was caused by the failure of a quorum at a district meeting called for the purpose of electing Trustee, the vacancy shall be filled by a majority vote of the Board of Trustees at the next regular board meeting. The member elected as Trustee to serve the upcoming full term must meet the qualifications in ARTICLE IV, Section 2 of these Bylaws, and reside in the same district as the Trustee to whose office he succeeds.

## **Section 5. Compensation**

Trustees shall not receive any salary for their services as such, except the Trustees of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Trustees. If authorized by the Trustees, Trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Trustees in lieu of detailed accounting of actual expenses. Further, the Trustees of the Cooperative shall be additionally compensated as said Trustees shall deem to be necessary to incur for the benefit of a more effective operation of said Cooperative.

## **ARTICLE V MEETING OF TRUSTEES**

### **Section 1. Regular Meetings**

A regular meeting of the Board of Trustees shall be held without notice other than by this Bylaw, immediately after the annual meeting of the members, at which elected board members may be seated on the Board, and for election of officers of the Cooperative. A regular meeting of the Board of Trustees shall also be held monthly at such time and place as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

### **Section 2. Special Meetings**

Special meetings of the Board of Trustees may be called by the President or 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 for holding of the meeting.

2.1 *Emergency Meetings*

Emergency meetings of the Trustees may be called by the President or any three Trustees for the purpose of conducting business that is of emergency in nature and cannot wait for a regular meeting of the Board of Trustees. A majority of the board shall constitute a quorum. A waiver of notice shall be signed by each Trustee in accordance with ARTICLE XI Section 2. The President or the Trustees calling the meeting shall fix the time and place for holding of the meeting.

2.2 *Committees*

The Trustees may meet in committees as outlined in board policy, or in special committees by resolution of the Board of Trustees. However, actions of such committees shall be for recommendations to the full Board of Trustees.

**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 not less than three days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at the address as it appears on the records of the Cooperative, with postage thereupon 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 Trustees present at a meeting at which a quorum is present shall be 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 and Treasurer. 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 annually, by and from the Board of Trustees at the meeting of the Board of Trustees held directly 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 until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until a 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 term.

### **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 by filing such charges in writing with the Secretary, together with a petition signed by ten per cent of the members and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing

of the charges at least five days prior to the 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 the Trustee shall have the same opportunity. The question of removal of such officer shall be considered and voted upon at the next regular or special meeting of the members.

## **Section 4. Officers and Duties**

### 4.1 *President*

The President shall:

- 4.12 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 the Board of Trustees;
- 4.13 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 Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- 4.14 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.

## 4.2 *Vice President*

4.21 in the absence of the President, or in the event of the 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 restrictions upon the President. The Vice President shall also perform such other duties as from time to time as may be assigned by the Board of Trustees.

## 4.3 *Secretary*

The Secretary shall be responsible for:

- 4.31 keeping the minutes of the meetings of the members, and of the board, in books provided for that purpose;
- 4.32 seeing that all notices are duly given in accordance with these Bylaws, or as required by law;
- 4.33 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;
- 4.34 keeping a register of the names and post office addresses of all members;
- 4.35 keeping on file at all times a complete copy of the Articles of Incorporation, and Bylaws of the Cooperative containing all amendments thereto (which a 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 of all amendments thereto to any member upon request; and

- 4.36 in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the board.

### **Section 5. Treasurer**

The Treasurer shall be responsible for:

- 5.1 custody of all funds and securities of the Cooperative;  
5.2 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 by the board.

### **Section 6. Chief Executive Officer**

The Board of Trustees may appoint a Chief Executive Officer who may be, but who shall not be required to be a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise such authority as the Board of Trustees may from time-to-time vest in the Chief Executive Officer.

### **Section 7. 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 8. Compensation for Officers, Agents or Employees**

The powers, duties, and compensation of any officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these Bylaws with respect to compensation for Trustees and close relatives of Trustees.

## **Section 9. 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 shall be paid or payable by the Cooperative on any capital furnished by its patrons.

### **Section 2. Patronage Capital**

2.1 *Patronage Capital in Connection with Patronage Business*  
In the furnishing of services of all kinds, including the 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 Federal taxable income related to its patronage business (computed assuming no deduction from patronage divided amount and after reduction for any losses and deductions incurred during prior years and deductible by the Cooperative in computing its current Federal taxable income). All such amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

## 2.2 *Capital Credits*

The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record. The Cooperative shall within reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited the patron's account. All such accounts 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 a legal obligation to do so and patron had then furnished the Cooperative corresponding amounts of capital.

## 2.3 *Capital Credits Payable*

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patron's accounts may be retired in full or in part. Any such retirement 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 first retired, however, The Board of Trustees may by resolution designate up to fifty per centum of any general

retirement of capital to be distributed to the patrons for any other year in which outstanding capital credits exist.

2.4 *Capital Credits Assignable*

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.

2.5 *Capital Credits Retirement*

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of the 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 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.

## 2.6 *Binding Contract*

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.

### **Section 3. 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 there from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike from whom such amounts were obtained.

### **Section 4. Capital Credited by Power Supplier**

The Board of Trustees 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:

- 4.1 establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year.
- 4.2 provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's patrons.
- 4.3 provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts, and
- 4.4 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.

## **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 two-thirds (2/3) 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, 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 two-thirds (2/3) of the Board of Trustees to authorize the execution and delivery of a lease-lease-back transaction only where the Board of Trustees determines that such transaction will not impair the ability of the cooperative to use the assets as needed to serve the members; provided, however, that such transactions shall

apply only to the physical assets of a cooperative and shall not be used to effect a sale or other disposition of the cooperative business entity itself; and further shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or 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 whatever situated, as well as the revenues and income there from, 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 of, or to any corporation or financial institution authorized to assist in the credit and financial needs of Rural Electric Cooperatives.

## **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, Oklahoma."

## **ARTICLE X FINANCIAL TRANSACTIONS**

### **Section 1. Contracts**

Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer or officers, agent, or agents to enter 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.**

Except as otherwise provided by law or in these Bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officers,

agent, or agents 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 banks as the Board of Trustees may select.

### **Section 4. Change of Rates**

Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America, or other appropriate Governmental Agencies and Financial Institutions 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 end on the thirty-first day of December of the same year.

## **ARTICLE XI**

### **Section 1. Memberships in other Organization**

The Cooperative shall not become a member of any other organization without an affirmative vote of two-thirds of the Board of Trustees at a regular meeting or a special meeting called as provided in these Bylaws, and the notice of such special meeting shall specify that action is to be taken upon such proposed membership as an item of business.

### **Section 2. Waiver of Notice**

Any member or Trustee may waive in writing, any notice of a meeting required to be given by these Bylaws. The attendance

of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting unless a member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

### **Section 3. Rules and Regulations**

The board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, Articles of Incorporation, or these Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

### **Section 4. Accounting System and Reports**

The Board 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 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.

### **Section 5. Subsidiary**

The Board of Trustees shall be empowered at their discretion to enter into agreements and joint ventures and to further create and establish any and all subsidiary corporations, limited liability companies and/or related entities as said Board of Trustees shall deem necessary and appropriate to promote growth of the cooperative and to maintain a level of competition within the scope of the expansion of the industry.

## **ARTICLE XII AMENDMENTS**

These Bylaws 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.

## **ARTICLE XIII INDEMNIFICATION**

### **Section 1. Trustees, Officers, Employees and Agents**

The Cooperative shall, to the fullest extent allowable by law, indemnify each present and former Trustee and officer, including the General Manager, however titled, for expenses and costs, including judgments, reasonable settlements, and attorneys' fees, incurred by them in connection with, or arising out of, any claim, action or proceeding in which they may be, or become, involved because of such relationship to the Cooperative. The Cooperative may, but shall not be obligated to, so indemnify one or more of its other agents and employees. In addition, the Cooperative may ensure such indemnification in such manner and with such coverage as is determined by the board of Trustees. In instances approved by the board, expenses of defending against a claim, action or proceeding may be advanced.

### **Section 2. Rights, Remedies**

The foregoing right of indemnification shall be in addition to all other rights and remedies to which the indemnities may be entitled as a matter of law.

NORTHWESTERN ELECTRIC COOPERATIVE, INC.  
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