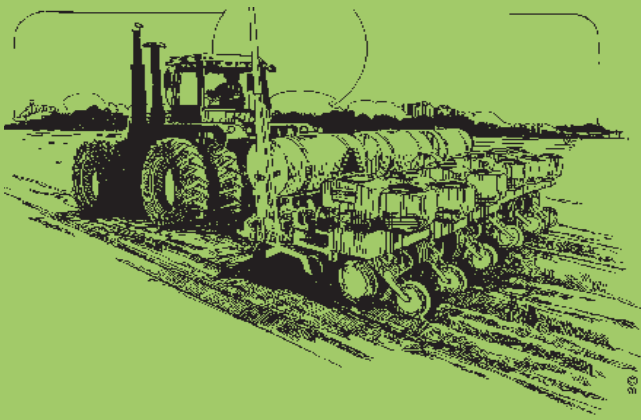


Southwest Rural Electric



COOPERATIVE BYLAWS

AMENDED AUGUST 2024

MISSION STATEMENT: DELIVERING SAFE, RELIABLE, AFFORDABLE ELECTRICITY TO COOPERATIVE MEMBERS WHILE ENHANCING THE QUALITY OF LIFE IN THE RURAL COMMUNITIES WE SERVE.

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ARTICLE I MEMBERSHIP

SECTION 1 OF ARTICLE I REQUIREMENTS FOR MEMBERSHIP

- I. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in Southwest Rural Electric Association, Inc., (hereinafter called the "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 bylaws 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.
- II. At each annual meeting of the members, all applications which have not been accepted or which have been rejected by the board of trustees shall be submitted by the secretary to such meeting and, subject to compliance by the applicant with the requirements hereinabove set forth, such application or any one or more of them may be accepted by vote of the members. The secretary shall give each such applicant at least ten days notice of the date of the members meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2 OF ARTICLE I JOINT MEMBERSHIP

- I. A husband and wife will be issued a joint membership and, subject to their compliance with the requirements set forth in Section I 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 to the holders of a joint membership shall be as follows:
 - A. The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting.
 - B. The vote of either separately or both jointly shall constitute one vote.
 - C. A proxy executed by either or both shall constitute one proxy.
 - D. A waiver of notice signed by either or both shall constitute a joint waiver.
 - E. Notice to either shall constitute notice to both.
 - F. Expulsion of either shall terminate the joint membership.
 - G. Withdrawal of either shall terminate the joint membership.
 - H. Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

SECTION 3 OF ARTICLE I CONVERSION OF MEMBERSHIP

- I. 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.
- II. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

SECTION 4 OF ARTICLE I MEMBERSHIP AND SERVICE CONNECTION FEE

- I. The membership fee shall be \$5.00, upon the payment of which a member shall be eligible for one or more service connections.

(Effective August 12, 1999)

SECTION 5 OF ARTICLE I PURCHASE OF ELECTRIC ENERGY

- I. Each member shall purchase from the cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the board of trustees. Each member shall pay to the cooperative such minimum amount per month as shall be fixed by the board of trustees from time to time, unless said energy usage exceeds the minimum amount. Each member shall also pay all amounts owed to the cooperative as and when the same become due and payable.

SECTION 6 OF ARTICLE I TERMINATION OF MEMBERSHIP

- I. 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 votes of not less than two-thirds (2/3) 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 failure makes him 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.
- II. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member from any debts due to the cooperative.
- III. The membership of any member who shall fail or refuse to use electric energy made available by the cooperative, or if electric energy shall not be made available by the cooperative to any such member within 90 days after any such person shall have become a member of the cooperative, may be canceled by resolution of the board of trustees, and any such person shall thereupon cease to be a member of the cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1 OF ARTICLE II PROPERTY INTERESTS OF MEMBERS

- I. Members shall not have any individual or separate interest or property right in the property or assets of the cooperative except as provided by Article VIII of these bylaws. In the event of dissolution of the Cooperative, all property and assets of the cooperative remaining after the payment of all debts and liabilities of the cooperative and the expenses incurred in dissolution of the cooperative and expenses incurred in complying with the provisions of Article VIII of these bylaws, shall be distributed as provided by Article VIII of these bylaws.

SECTION 2 OF ARTICLE II

NON-LIABILITY FOR DEBTS OF THE COOPERATIVE

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

ARTICLE III MEETINGS OF THE MEMBERS

SECTION 1 OF ARTICLE III ANNUAL MEETING

- I. The annual meeting of the members of the cooperative shall be held during the month of October of each year. The date, time and place of the meeting shall be set by the board of trustees. The meeting shall be within the service area of the Cooperative. Date, time and place of the meeting shall be designated in the notice of meeting. The purpose of the meeting is for receiving the reports for the previous fiscal year and transacting such other business as may legally come before the meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the cooperative.

(Effective August 12, 2024)

SECTION 2 OF ARTICLE III SPECIAL MEETINGS

- I. 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 percent 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 service area of the Cooperative, as specified in the notice of the special meeting.

SECTION 3 OF ARTICLE III NOTICE OF MEMBERS' MEETINGS

- I. Written or printed notice stating the place, day and hour of the meeting and, in case of special meeting or an annual meeting at which business other than that listed in Section 7 of this Article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered

not less than ten days nor more than 25 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 each member at his address as it appears on the records of the cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any actions which may be taken by the members at any such meeting.

SECTION 4 OF ARTICLE III QUORUM

- I. Five percent of the members 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 OF ARTICLE III VOTING

- I. Each member shall be entitled to one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the articles of incorporation or these bylaws.
- II. In case of joint membership, either husband or wife may cast a vote.

SECTION 6 OF ARTICLE III PROXY AND MAIL VOTING

- I. At all meetings of members, a member may vote by proxy executed in writing by the member and properly notarized. Such proxy shall be filed with the secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than three members at any meeting of the members and no proxy shall be valid after 60 days from the date of execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if no proxy had been executed by him. In case of a joint membership, a proxy may be executed by either the husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them, and such joint members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.
- II. 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 such meeting in connection with the sale, mortgage, lease or other disposition or encumbrance of the property to the United States of America or any agency or instrumentality thereof. The secretary shall enclose with the notice of such meeting an exact copy of such motion or resolution to be acted upon and such member shall express his vote thereon by writing "yes" or "no" on each motion or resolution in the space provided therefore and enclose each such copy so marked in a sealed envelope, bearing his name and addressed to the secretary. When such written vote, so enclosed, is received by mail from any such absent member, it shall be accepted and counted as a vote of such absent member at such meeting. If a husband and wife hold a joint membership and are absent from any annual or special meeting of the members, they shall jointly be entitled to one vote by mail as provided in this section. The failure of 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 7 OF ARTICLE III ORDER OF BUSINESS

- I. 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:
 - A. Report as to which members are present in person and which members are represented by proxy in order to determine the existence of a quorum.
 - B. 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.
 - C. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
 - D. Presentation and consideration of reports of officers, trustees and committees.
 - E. Unfinished business.
 - F. New business.
 - G. Adjournment.

ARTICLE IV TRUSTEES

SECTION 1 OF ARTICLE IV GENERAL POWERS

- I. The business and affairs of the cooperative shall be directed by a board of seven trustees who 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 OF ARTICLE IV VOTING DISTRICTS

- I. The territory served or to be served by the cooperative shall be divided into seven districts, each of which shall contain approximately the same number of members. Each district shall be represented by one trustee. The seven districts shall be as follows:
 - A. District No.1: Beginning at the southeast corner of Section 36, Township 1 North, Range 16 West of the Indian Meridian, thence West 22 miles to a point on the Northfork of the Red River; thence upstream in a generally northern direction to a point at the southern boundary of Section 36, Township 5 North, Range 19 West I.M.; thence north approximately one-half mile to the northern boundary of the SWRE service area; thence easterly and southerly along those respective SWRE boundaries to the point of beginning.
 - B. District No.2: Everything west of the North Fork of Red River, east of a line beginning at the north-west corner of Section 2, Township 4 North, Range 20 West of the I.M. and extending south 15 miles to the southwest corner of Section 14, Township 2 North, Range 20 West I.M.; thence east approximately 10.5 miles to the North Fork of the Red River.
 - C. District No.3: All of the SWRE service area west and north of a line described as follows: Beginning at the northeast corner of the Southeast Quarter of Section 15, Township 4 North, Range 20 West; thence south 13 miles to the southeast corner of Section 15, Township 2 North, Range 20 West; thence West approximately 7.25 miles to the Salt Fork of the Red River.
 - D. District No.4: Reapportioned
 - E. District No.5: All of the remaining SWRE service areas in Oklahoma not included in Districts 1 through 3, inclusive, further described as all of the SWRE service area in Oklahoma south and east of a line described as follows: Beginning at

the Northeast corner of Section 1, Township 1 South, Range 16 West I.M.; thence west 22.5 miles; thence North upstream on the Northfork of Red river to Northwest corner of Section 21, Township 2 North, Range 18 West; thence West 17.5 miles to the Saltfork of Red River; thence South along Salt Fork to Red River; thence South and East along Red River to Eastern boundary in Oklahoma.

- F. District No. 6: Everything West and South of a line beginning at a point on the intersection of the South boundary of Wilbarger County and U.S. Highway No.183; thence North along the Centerline of U.S. Highway No 183 to the Centerline of U.S. Highway No 287; thence west along the U.S. Highway No 287 to a point on the Pease River; thence Westerly along the Pease River to the Western Boundary in Texas.
- G. District No.7: Everything West and North of a line described as follows: Beginning at a point where the south bank of Red River intersects with U.S. Highway 183; thence Southerly along the U.S. Highway No.183 to the U.S. Highway No. 287 intersection; thence westerly along the U.S. Highway No. 287 to a point on the Pease River; thence Southwesterly along the Pease River to the western boundary of the cooperative in Texas.
- H. District No.8: Everything East and South of a line beginning at a point on the intersection of the South boundary of Wilbarger County and U.S. Highway No.183; thence North along the Centerline of U.S. Highway No 183 to the Centerline of U.S. Highway No 287; thence East along U.S. Highway No.287 to the intersection of U.S. Highway No. 183; thence North to the Red River; thence East along the Red River to the Eastern boundary of the cooperative in Texas.
- I. District No.9: Reapportioned

(Effective August 29, 2019)

- II. Not less than 60 days before any district meeting of members at which trustees are to be elected, the board of trustees shall, if such action is considered necessary or desirable by it, reapportion the various districts following in so far as possible county and township lines in doing so.

SECTION 3 OF ARTICLE IV ELECTION OF TRUSTEES BY DISTRICT

- I. Trustees shall be divided into three groups. Trustees representing district 1 and 7 shall be elected in a given year. Those trustees representing Districts 2, 5 and 8 shall be elected in the next succeeding year. Those trustees representing districts 3 and 6 shall be elected in the next subsequent year and thereafter in that sequence.
- II. The board of trustees shall fix a date which shall not be less than fourteen days nor more than thirty days following the annual meeting of members, for the holding of district meetings for the purpose of electing by ballot, by and from the members for each district residing therein, a trustee to serve as trustee of the cooperative.
- III. Trustees shall be elected from the respective districts as the terms of the trustees so elected expire to serve for a term of three years, and until his successor shall be elected and qualified. The board of trustees shall call the annual district meetings of members and cause notice of such district meeting to be mailed by the secretary to each member not less than seven days before the meetings, which call and notice shall specify the district to which the member belongs and set forth the time and place thereof. In like manner, thereafter, a district meeting of members shall be called by the board of trustees in each district for the year in which the term of office of its trustee expires, as set forth. Each such district meeting shall be called to order by the trustee representing such district, or in his absence, by such other person as may be designated by the president. The members shall then proceed to elect a chairman who shall be someone other than a trustee, and a secretary to act for the duration of the meeting.

- IV. Notice of Candidacy. Any member of a district desiring to be a candidate for election as Trustee from that district shall file during normal office hours with the Secretary of the Cooperative written notice, on a form provided by the Secretary, of their candidacy and intention to stand for election to the office of Trustee from their district. The filing period shall be held on the last consecutive Monday, Tuesday, and Wednesday of the Month of October. All candidates meeting the requirements of Section 4, Article IV shall be certified by the Secretary as candidates. Only persons filing written notice of their candidacy and intention to stand for election shall be eligible for election at said meeting. If no member files such written notice of candidacy and intention to stand for election with the Secretary within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting, and said office shall be filled by vote of the Board at such meeting, without regard to any provisions herein regarding nominations and election of Trustees.

(Effective August 12, 2024)

- V. The presence of at least fifteen percent of the members of the cooperative residing in such district at such duly called district meeting shall constitute a quorum. Proxy voting shall not be permitted at such district meetings. The member in each district receiving the highest number of votes at the election held at such district meeting shall be elected a trustee of the cooperative for a term of three years and until his successor shall have been elected and qualified.

SECTION 4 OF ARTICLE IV QUALIFICATION AND TENURE

- I. The members of each voting district shall elect a trustee as above provided in Section 3 of Article IV and for the term and in the form and manner therein set forth. If a voting district shall fail to hold an election for a trustee on the day designated for such election, the board of trustees shall cause such election to be held at a special meeting of the members of that district as soon thereafter as convenient. No person shall be eligible to become or remain a trustee in the cooperative who:
- A. Is not a member and who is a candidate or is elected after the effective date of these bylaws and whose primary place of residence is not served by the cooperative; or
 - B. 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 a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the cooperative; or
 - C. Has been an employee of the cooperative for the most recent three years.
 - D. Is a close relative of an employee of the Cooperative. For purposes of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers and sisters by blood, in-law or by adoption;
 - E. Has been convicted of a felony or any crime involving moral turpitude within the last fifteen (15) years;
 - F. A Trustee must attend at least seventy-five percent (75%) of the Cooperative regular board meetings and must not miss three consecutive regular board meetings, unless excused by a 2/3rds approval of the Board.
 - G. To remain a Trustee an individual must complete NRECA's trustee certified credentialed courses or equivalent courses within five (5) years.
 - H. A Trustee must, at all times that they serve as Trustee, have the legal capacity and competency to enter into binding contracts.
- II. 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.
- III. 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.

(Effective August 12, 1993)

SECTION 5 OF ARTICLE IV REMOVAL OF TRUSTEES BY MEMBERS

- I. Any member may bring charges against a trustee by filing such charge in writing with the secretary, together with a petition signed by a least fifteen percent of the members of the district represented by the trustee 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 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 shall have the same opportunity.
- II. The question of the removal of such trustee shall be voted upon at a meeting of the members of the district in which the petition for removal was filed not more than 60 days after the filing of said petition with the secretary, and after the secretary certifies the petitioners as legal members. The presence of at least fifteen percent of the members of the cooperative residing in such district at such duly called district meeting shall constitute a quorum. Any vacancy created by such meeting shall be filled by the vote of the members present at the meeting of said district. The newly elected trustee must reside in the same district in respect of whom the vacancy occurs.

SECTION 6 OF ARTICLE IV VACANCIES

- I. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by members, a vacancy occurring in the board of trustees shall be filled by the affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs. A member elected as a trustee to fill such vacancy must reside in the same district as the trustee to whose office he succeeds.

SECTION 7 OF ARTICLE IV COMPENSATION

- I. Trustees as such shall not receive any salary for their services but by policy of the board of trustees, a fixed sum and expenses shall be paid for attendance at meetings, or attending any function or performing any act for the cooperative as approved by the board of trustees.
- II. No trustee shall receive compensation for serving the cooperative in any other capacity, provided, however, that the trustee shall be entitled to programs offered by National Rural Electric Cooperative Association (NRECA) from time to time as approved by the board of trustees, nor shall any close relative of a trustee receive compensation for serving the cooperative, unless the payment of compensation shall be specifically authorized by a vote of the members or the service by such trustee or close relative shall have been certified by the board of trustees as an emergency measure.

ARTICLE V MEETINGS OF TRUSTEES

SECTION 1 OF ARTICLE V REGULAR MEETINGS

- I. A regular meeting of the board of trustees shall be held monthly at such time, date and place in Tillman County, Oklahoma, or any other designated meeting place within the service area of the Cooperative, as the board of trustees provide. Notice of such regular monthly meetings must be provided setting the time, place and date thereof.

SECTION 2 OF ARTICLE V SPECIAL MEETINGS

- I. 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 the holding of the meeting within the service area of the Cooperative.

SECTION 3 OF ARTICLE V NOTICE OF TRUSTEE'S MEETINGS

- I. Written notice of the time, place, and purpose of any special meeting of the board of trustees shall be delivered not less than five days previous thereto, either personally or by mail or electronic media, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the trustee 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 his address as it appears on the records of the cooperative with postage thereon prepaid.

SECTION 4 OF ARTICLE V QUORUM

- I. 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, the secretary shall notify any absent trustee of the time and place of such adjourned meeting. The absence of members of the board at a meeting in which a quorum is present, shall not invalidate any actions taken by the members present.

ARTICLE VI OFFICERS

SECTION 1 OF ARTICLE VI NUMBER

- I. 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.

SECTION 2 OF ARTICLE VI ELECTION AND TERM OF OFFICE

- I. The officers shall be elected by ballot annually by and from the board of trustees at the next regular meeting of the board of trustees following the district meetings. Each officer shall hold office until the first regular meeting of the board of trustees following the next succeeding annual meeting of the members and until his successor shall have been elected. A vacancy in any office shall be filled by the board of trustees for the unexpired portion of the term.

SECTION 3 OF ARTICLE VI REMOVAL OF OFFICERS AND AGENTS BY TRUSTEES

- I. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgement the best interest 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 percent 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 him shall have the same opportunity. The question of the removal of such officer shall be voted upon at the next board meeting.

SECTION 4 OF ARTICLE VI PRESIDENT

- I. The President shall:
 - A. Be the principal executive officer of the cooperative, and, unless otherwise determined by the members of the board of trustees, shall preside at all meetings of the members and the board of trustees.
 - B. Sign, with the secretary/treasurer, 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
 - C. In general perform all duties incident to the office of president and such other duties as may be prescribed by the board of trustees from time to time.

SECTION 5 OF ARTICLE VI VICE-PRESIDENT

- I. In the absence of the president, or in the event of his inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-president shall also perform such other duties as from time to time may be assigned to him by the board of trustees.

SECTION 6 OF ARTICLE VI SECRETARY/TREASURER

- I. The Secretary/Treasurer (or person(s) designated by the Board of Trustees) shall:
 - A. Keep the minutes of the meetings 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 bylaws 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 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. Keep a register of the names and post office addresses of all members.
- E. Have general charge of the books of the cooperative in which records of the members are kept.
- F. Keep 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, forward a copy of the bylaws and of all amendments thereto to each member; and
- G. In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the board of trustees.
- H. Have charge and custody of and be responsible for all funds and securities of the cooperative.
- I. Be responsible for the receipt of and the issuance of receipts for money due and payable to the cooperative from any source whatsoever, and for the deposit of all such money in the name of the cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws.
- J. In general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the board of trustees.

SECTION 7 OF ARTICLE VI: GENERAL MANAGER

- I. The board of trustees shall appoint a General Manager who may be, but shall not be required to be, a member of the cooperative. The General Manager shall perform such duties and shall exercise such authority as the board of trustees may from time to time invest in him.

SECTION 8 OF ARTICLE VI BONDS OF OFFICERS

- I. The Secretary/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 9 OF ARTICLE VI COMPENSATION

- I. The powers, duties and compensation of any officers, agents and employees shall be fixed by the board of trustees, subject to the provision of these bylaws with respect to compensation for trustees and close relatives of trustees.

SECTION 10 OF ARTICLE VI ANNUAL MEETING REPORTS

- I. The officers of the Cooperative shall submit or cause to be submitted 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 DISTRICT MEETINGS

SECTION 1 OF ARTICLE VII DISTRICT MEETINGS

- I. In addition to district meetings called for the purpose of electing trustees, meetings of the members within a particular district may be called by resolution of the board of trustees, or upon a written request signed by the trustee residing in the particular district. Ten (10) percent or more of the members located within such district, may also call for a meeting within said district, for the purpose of making recommendations to the board of trustees or the entire membership with respect to any matters pertaining to the business of the cooperative. It shall thereupon be the duty of the secretary to cause notice of such meeting to be given as herein provided. Such meeting may be held at any place within the district as specified in the notice of the meeting. The presence of at least fifteen percent of the members of the cooperative residing within the district at a duly called district meeting shall constitute a quorum. The members shall elect a chairman and a secretary to act for the duration of the meeting. Proxy voting shall not be permitted at any district meeting.
- II. Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is being called shall be delivered not less than five (5) days before such meeting.
- III. Meetings shall be open for discussion of any matters pertaining to the business of the Cooperative regardless of whether or not such matters were listed in the notice of the meetings, except no final action may be taken on any issue other than those issues referred to in the notice which sets forth the purpose or purposes of the meeting.

(Effective August 12, 1993)

SECTION 2 OF ARTICLE VII NOTICE OF DISTRICT MEETING AT WHICH A TRUSTEE WILL BE ELECTED

- I. The board of trustees shall fix a date which shall not be less than fourteen days nor more than thirty days following the annual meeting of members for the holding of district meetings for the purpose of electing, by ballot, by and from the members of each district residing therein, a trustee to serve as trustee of the Cooperative.
- II. Written or printed notice stating the place, day and hour of the meeting at which a trustee is to be elected, must be delivered not less than ten days before such district meeting.
- III. Such meetings shall also be open for discussion of any matters pertaining to the business of the Cooperative regardless of whether or not such matters were listed in the notice of the meeting, except no final action may be taken on any issue other than the election of the trustee.

(Effective August 12, 1993)

ARTICLE VIII NON-PROFIT OPERATION

SECTION 1 OF ARTICLE VIII INTEREST OR DIVIDEND ON CAPITAL PROHIBITED

- I. The cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the cooperative on any capital furnished by its members.

**SECTION 2 OF ARTICLE VIII
PATRONAGE CAPITAL IN
CONNECTION WITH FURNISHING ELECTRIC ENERGY**

- I. In the furnishing of electric energy the cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the cooperative. In order to induce patronage and to assure that the cooperative will operate on a nonprofit basis, the cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.
- II. 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 members as capital.
- III. The cooperative is obligated to pay by credits, to a capital account for each member, all such amounts in excess of operating costs and expenses. The books and records of the cooperative shall be kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited to the capital account of each member. The cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of legal obligation to do so and the member had then furnished the cooperative corresponding amounts for capital
- IV. 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.
- V. 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 credited to members' accounts may be retired in full or in part. Any such retirement of capital shall be made at the discretion of the board of trustees by giving priority to the retirement method which, in the opinion of the board of trustees, will yield optimum benefit to the cooperative and its membership. (Effective August 2005)
- VI. Capital credited to the account of each member 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 a part of such member's premises, served by the cooperative unless the board of trustees, acting under policies of general application, shall determine otherwise.
- VII. Capital credits assigned by associated organizations shall be recorded on the books of the cooperative and shall be paid to the members when actual cash is received.
- VIII. The members 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 member. Both the cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions.

**SECTION 3 OF ARTICLE VIII
PATRONAGE REFUND IN
CONNECTION WITH FURNISHING OTHER SERVICES**

- I. 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 from which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall be assigned in the same manner as operating margins.

**SECTION 4 OF ARTICLE VIII
DEFINITIONS**

- I. "Members", as used in this article VIII, shall include members and former members of this cooperative.

**ARTICLE IX
DISPOSITION OF
PROPERTY**

**SECTION 1 OF ARTICLE IX
DISPOSITION OF PROPERTY**

- I. 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, or any other provisions of 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 two-thirds (2/3) of the board of trustees to authorize the execution and delivery of a lease-leaseback 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 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 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 thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of rural electric cooperatives.

(Effective August 15, 2002)

**ARTICLE X
SEAL**

**SECTION 1 OF ARTICLE X
SEAL**

- I. 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 XI FINANCIAL TRANSACTIONS

SECTION 1 OF ARTICLE XI CONTRACTS

- I. Except as otherwise provided in these bylaws, 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 or specific instances.

SECTION 2 OF ARTICLE XI CHECKS, DRAFTS, ETC.

- I. 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 evidences of indebtedness issued in the name of the cooperative shall be signed by such officer, 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 OF ARTICLE XI DEPOSITS

- I. 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 OF ARTICLE XI CHANGES IN RATES

- I. Written notice shall be given to the administrator of the Rural Utilities Service of the United States of America not less than 90 days prior to the date upon which any proposed change in rates charged by the cooperative for electric energy becomes effective.

SECTION 5 OF ARTICLE XI FISCAL YEAR

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

ARTICLE XII MISCELLANEOUS

SECTION 1 OF ARTICLE XII MEMBERSHIP IN OTHER ORGANIZATIONS

- I. The cooperative may become a member in one or more other cooperatives, corporations or associations, and may own stock therein by the affirmative vote of two thirds (2/3) of the members elected to and constituting the board of trustees.

SECTION 2 OF ARTICLE XII WAIVER OF NOTICE

- I. 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 by such member or trustee, except in case a member or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 3 OF ARTICLE XII RULES AND REGULATIONS

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

SECTION 4 OF ARTICLE XII ACCOUNTING SYSTEM AND REPORTS

- I. The board of trustees shall maintain a complete accounting system which among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the administrator of the Rural Utilities Service of the United States of America.
- II. The board of trustees shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year.
- III. An audited financial report shall be submitted to the members at each annual meeting following the end of the preceding fiscal year.

ARTICLE XIII AMENDMENTS

SECTION 1 OF ARTICLE XIII AMENDMENTS

- I. 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.



Southwest Rural Electric Assn., Inc. • Tipton, OK • Your Touchstone Energy Cooperative

FILING FORM

(Effective January 1, 2016)

_____, ____ of 20__

I, _____ (name), of _____
_____ (service address), hereby make written declaration of
my candidacy for the office of Trustee for District ____ of Southwest Rural Electric Association, Inc., to stand
for election at the District Meeting to be held on _____, ____ of 20__.

I certify that I am a member in good standing of the Cooperative and a bona fide resident of the District of an
area served by the Cooperative. I further certify that I meet the requirements to serve as Trustee according to the
attached Section 4 Article IV of the Bylaws of Southwest Rural Electric Association, Inc.

Candidate

Witness

Secretary
Southwest Rural Electric Association, Inc.