



CODE OF REGULATIONS



pa ulding putnam
ELECTRIC COOPERATIVE, INC

Your Touchstone Energy® Cooperative



Mission Statement

“To safely provide our member-owners and our communities with quality electric service, sustainable energy solutions, and superior customer service at fair and reasonable prices.”

CODE OF REGULATIONS

Adopted June 19, 1936
By Board of Trustees

Adopted by Members, March 31, 1938

Revised Code Adopted by Members

March 15, 1939

Code Amended

March 11, 1942

March 10, 1943

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March 20, 1980

March 29, 1984

March 22, 1990

March 21, 1991

March 19, 1992

March 21, 1996

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September 22, 2016

March 20, 2021

CODE OF REGULATIONS
of
PAULDING PUTNAM ELECTRIC COOPERATIVE, INC.

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CODE OF REGULATIONS

ARTICLE I MEMBERS

Section 1. Qualifications and Obligations.

Any person, firm, Ohio Limited Liability Company or body politic may become a member in the cooperative at their primary residence or place of business by:

- (a) agreeing to purchase from the cooperative electric energy as hereinafter specified; and
- (b) providing right of way access to all cooperative owned property and equipment,
- (c) allowing for the regular maintenance, improvement, upgrades and retirements of all cooperative owned equipment including right of way clearing and trimming, and
- (d) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and this Code of Regulations and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of trustees,

No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

A husband and wife (or other legally recognized marriage) shall jointly be considered a joint membership. When a membership is held jointly, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, provided however, that the estate of the deceased shall not be released from any membership debts or liabilities to the cooperative.

Consumers on any line acquired by the cooperative may be admitted to membership and all membership rights to service, by complying with the board's resolution pertaining to the same.

Section 2. Purchase of Electric Energy.

Each member shall purchase from the cooperative all electric energy used on the premises specified in 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 the Code of Regulations. Each member shall pay to the cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him to the cooperative as and when the same shall become due and payable.

Section 3. Non-liability for Debts of the Cooperative.

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

Section 4. Termination of Membership.

When a membership is held jointly, as previously defined, upon the death of either,

Section 4. Quorum.

At least five per centum (5%) of the total number of members or minimum of 300 members present in person or represented by proxy shall constitute a quorum for the transaction of business of all meetings of the members. In case of a joint membership, the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice. In the event the annual meeting is held via teleconference, video conference or other electronic means, the requirements for holding an annual meeting shall be deemed met and a majority of board members present may approve prior meeting minutes and adjourn the meeting.

Section 5. Voting.

Each member who is not in a status of suspension shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members present in person or proxy, by mail, or by electronic means, including internet voting, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or this Code of Regulations. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 6. Proxies.

At all meetings of members, a member may vote by proxy executed in writing by the member, except in voting on the disposition of property as provided in Article X of the Code of Regulations. No person shall be eligible to vote a proxy who is not a member or the spouse of a member who executed the proxy. Such proxy shall be filed with the secretary or designee 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 a proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him or her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

Each member or joint member is entitled to one (1) vote, either by mail, electronic means, in-person, by proxy or other allowable method as approved, by resolution of the board of trustees.

Section 7. Order of Business.

The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, whether in person or by electronic means, shall be essentially as follows:

1. Acknowledgment of proper notice requirements for the meeting or any waivers of notice.
2. Review of minutes of previous meetings of the members and taking any action necessary.
3. Presentation of reports from the board officers, trustees, committees and management.

4. Presentation of election results, if any.
5. Discussion of any other business that may legally be presented.
6. Adjournment.

The annual meeting of the members shall be generally considered an informational meeting where election results are reported, and the general economic condition of the cooperative is presented to the membership.

ARTICLE III TRUSTEES

Section 1. General Powers.

The business and affairs of the cooperative shall be managed by a board of nine (9) trustees which shall exercise all of the powers of the cooperative except such as are by law or by the Articles of Incorporation of the cooperative or by this Code of Regulations conferred upon or reserved to the members. The territory served by the cooperative shall be divided by the board of trustees, into nine (9) districts which shall be established so as to give equitable representation of the board of trustees to the geographical areas served or to be served by the cooperative. Any reference to Board of Directors or Directors shall refer to the Board of Trustees or Trustees, respectively.

Section 2. (a) Elections and Tenure of Office.

Trustees shall be elected by the members of the district in which they reside; and serve for a term of three (3) years or until their successor has been elected and qualified. Each member (or joint member, as defined) shall be entitled to one (1) vote for a candidate in the district where an election is to be held and where their membership is situated. Elections will be held in three (3) of the co-operative's nine (9) districts each year. The qualified nominee (as defined in Section 2. Paragraph (b) (Qualifications) receiving the highest number of votes shall be declared elected; in the event of only one (1) nominating petition being submitted for a district from which a trustee is to be elected, that member (nominee) shall be considered elected by affirmation and no election shall be deemed necessary.

Section 2. (b) Qualifications.

- (a) No person shall be eligible to become or remain a member of the board who:
1. is not a member, natural person and legal resident, a minimum of twelve (12) months, in the particular district within the service area of the cooperative which he/she is to represent; or
 2. is in any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy, or supplies to the cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the cooperative.
 3. has been convicted of a felony charge within the past ten (10) years or has had a fiduciary bond revoked, for any reason, within the past ten (10) years.
 4. is unable, for any reason, to legally enter into a legally binding contract.
 5. has an unsatisfactory credit history with the cooperative as demonstrated by three (3) or more late payments in the most recent twelve (12) months.
 6. is a close relative to any full-time employee, board member or current nominee for board member of the cooperative, (1) through blood, law, or marriage, as a spouse, child, step-child, father, step-father, mother, step-mother, brother, step-brother, half-brother, sister, step-sister, half-sister, grandparent, grandchild, father-in-law, mother-in-law,

brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or (2) resides in the same residence (collectively “close relative”); or an individual qualified and elected, designated or appointed to a position does not become a close relative while serving in the position because of a marriage or legal action to which the individual was not party.

7. has been employed by the cooperative during the past three (3) years, or is currently an employee of the cooperative.
 8. is a spouse of a trustee without a break in tenure of three (3) years or more between the terms of such persons.
 9. fails to obey any board policy designed to educate and instruct board members.
 10. fails to attend at least nine (9) monthly meetings or seventy-five percent (75%) of the regular meetings of trustees within any twelve (12) month period, without approval of the full board of trustees.
- (b) When a membership is held jointly, either one but not both, may be elected a trustee, provided however, that neither one shall be eligible to become or remain a trustee nor to hold a position of trust in the cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action at any meeting of the board of trustees.

Section 3. Nominations.

- (a) Trustees shall be nominated by a procedure commencing with the mailing of a letter by the secretary to each member residing within the district or being eligible to vote within the district for which a trustee is to be elected not less than one hundred twenty (120) days prior to the annual meeting. Each letter shall contain all necessary instructions for obtaining and completing a nominating petition and the name of the trustee whose term is expiring. Any member residing within the district for which a trustee is to be elected and who is qualified shall be eligible to complete a nominating petition. A nominating petition shall include all of the following to be considered complete:
1. Name, address and account number of eligible qualified member who consents to be nominated.
 2. District for which the trustee is to be elected.
 3. Signature, name and address of no fewer than twenty (20) members residing in the district from which the trustee is to be elected.
 4. Signature of member consenting to and submitting the nominating petition.
 5. Copy of the Code of Regulations sections on the qualifications and election process for trustees.
 6. Date of the annual meeting at which the election results will be announced.
 7. All nominating petitions must be delivered to the principal office of the cooperative in Paulding, Ohio, no later than ninety (90) days prior to the annual meeting of the members. The election committee (with assistance from cooperative personnel), which consists of the secretary and two (2) other members named by the board, shall meet to review and verify all nominating petitions and all member signatures. If necessary, the corporate attorney may be called upon for legal advice regarding a

nominating petition qualification(s).

(b) An election ballot shall be prepared by the secretary along with a self-addressed, postage paid envelope and mailed at least twenty-five (25) days prior to the annual meeting to each member in the district in which nominations have been held. All those who have submitted complete and verified nominating petitions shall be listed on the election ballot. Should only one nominating petition be submitted for a district from which a trustee is to be elected, that member (nominee) shall be considered elected by affirmation and no election shall be deemed necessary. The ballot, when voted on shall be returned by mail to the secretary of the cooperative and post marked at least fifteen (15) days prior to the annual meeting. The election committee shall tabulate the ballots for the election of trustees and shall thereby determine the successful candidates. In the event of an election being held in the district represented by the secretary, the board shall appoint another trustee, in a district where no election is scheduled, to serve on the election committee and to perform the duties herein required of the secretary. The results of the election shall be announced at the annual meeting. Nothing contained in this section shall affect in any manner whatsoever the validity of any election of board members of any action taken by the board.

Section 4. Vacancies.

Vacancies occurring in the board of trustees shall be filled by a majority vote of the remaining trustees and trustees thus elected shall serve for the unexpired term of the vacancy. Upon the occurrence of any vacancy, written notice shall be provided to all members residing in the district where a vacancy exists. Letters of interest shall be requested and sent to the President/CEO. The board of trustees shall fill any vacancy from the members submitting letters of interest and all vacancies shall be filled within 90 days of the vacancy first occurring. In the event no letters of interest are received, the board of trustees shall by unanimous vote select a qualified member residing in the district where a vacancy exists.

Section 5. Compensation.

Trustees as such shall not receive any salary for their services; however, by resolution of the board, trustees shall be reimbursed actual, verifiable expenses and a per diem or stipend for each day of board-authorized or required attendance while representing the Cooperative.

Section 6. Rules and Regulations.

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

Section 7. Accounting System and Reports.

The board of trustees shall cause to be established, a complete accounting system of the cooperative's financial operations and conditions which are maintained and conform to applicable laws and rules and regulations of any regulatory body having appropriate jurisdiction. The board of trustees shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

ARTICLE IV MEETING OF TRUSTEES

Section 1. Regular Meetings.

A regular meeting of the board of trustees shall be held monthly, or at other such intervals, and at such time and place, in person or by teleconference, video conference or other electronic means, as the board of trustees may provide or authorize by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. Any trustee who fails to attend at least nine (9) regular meetings or seventy-five percent (75%) of the regular meetings held within any twelve (12) month period, without approval of the full board of trustees, shall be considered to have resigned their position as trustee and a vacancy shall be declared in that district.

Section 2. Special Meetings.

Special meetings of the board of trustees may be called by the chairman or any three (3) trustees. The person or persons authorized to call special meetings of the board of trustees may fix the time for the holding of any special meetings of the board of trustees called by them. Special meetings of the board of trustees shall be held at the cooperative's headquarters or a special meeting of the board of trustees may be held by teleconference or other means if so authorized by board resolution.

Section 3. Notice.

Notice of the time, place, and purpose of any special meeting of the board of trustees shall be given at least five (5) business days previous thereto, by written notice, delivered personally or mailed, to each trustee at his/her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except in case a 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 4. Quorum.

A majority of the board of trustees shall constitute a quorum for the transaction of business at any meeting of the board of trustees, provided that if less than a majority of the trustees are present at said meeting, a majority of the trustees present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting.

Unless otherwise stated in the Code of Regulations or provided by law, 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 V OFFICERS

Section 1. Number.

The offices of the cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, President and such other officers as may be determined by the board of trustees from time to time, who shall perform such duties as from time to time may be assigned to him, or them, by the Board of Trustees. The offices of Secretary and of Treasurer may be held by the same person (Assistant Secretary and Assistant Treasurer may be held by the same person).

Section 2. Election and Term of Office.

The officers shall be elected, by ballot, annually by and from the board of trustees;

such election shall be held at an annual reorganization. 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 his successor shall have been duly elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers.

Section 3. Removal.

Any office or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgment the best interest of the cooperative will be served thereby.

Section 4. Vacancies.

Except as otherwise provided in the Code of Regulations, a vacancy in any office may be filled by the board of trustees for the unexpired portion of the term.

Section 5. Chairman.

The Chairman:

- (a) shall be the principal executive officer of the cooperative and shall preside at all meetings of the members and of the board of trustees;
- (b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of trustees or by this Code of Regulations 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 shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the board of trustees from time to time.

Section 6. Vice-Chairman.

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

Section 7. Secretary or Assistant Secretary.

The Secretary or Assistant Secretary shall:

- (a) keep the minutes of meetings of the members and the board of trustees;
- (b) see that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) be custodian of the corporate records and of the seal of the cooperative and see that the seal of the cooperative is affixed to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) keep a register of the post office address of each member which shall be furnished by such member;
- (e) have general charge of the books of the cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the Code of Regulations 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 this Code of Regulations 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/her by the board of trustees.

Section 8. Treasurer or Assistant Treasurer.

The Treasurer or Assistant Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the cooperative;
- (b) receive and give receipts for moneys due and payable to the cooperative from any source whatsoever, and deposit all such moneys in the name of the cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the board of trustees.

Section 9. President.

The board of trustees may appoint a President who shall be the Chief Executive Officer (CEO) of the cooperative. He/She shall be required to become a member of the cooperative within 180 days of hire or other such time as may be approved by the board of trustees. The President/CEO shall perform such duties as the board of trustees may from time to time require of him/her and shall have such authority as the board of trustees may from time to time vest in him/her.

Section 10. Bonds of Officers.

The board of trustees shall require the treasurer or any other officer of the cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the board of 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. All required bonds for officers, trustees and employees to be provided at the expense of the cooperative.

Section 11. Compensation.

The powers, duties and compensation of any other officers, agents and employees shall be fixed by the board of trustees.

Section 12. Reports.

The officers of the cooperative shall submit at each annual meeting of the members, reports covering the business of the cooperative for the previous fiscal year and showing the condition of the cooperative at the close of such fiscal year.

**ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS**

Section 1. Contracts.

Except as otherwise provided in this Code of Regulations, the board of trustees may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the cooperative, and such

authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc....

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

Section 3. Deposits.

All funds of the cooperative shall be deposited from time to time to the credit of the cooperative in such bank or banks as the board of trustees may select.

**ARTICLE VII
REMOVED**

**ARTICLE VIII
CAPITAL CREDITS**

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 in Connection with Furnishing Electric Energy.

In the furnishing of electric energy the cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the cooperative, in order to induce patronage and to assure that the cooperative will operate on a non-profit basis. The cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

All such amounts in excess of operating costs and expenses at the moment of receipt by the cooperative are received with the understanding that they are furnished by the patrons as capital. The cooperative is obligated to pay 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 to the capital account of each patron, and the cooperative shall with a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the cooperative corresponding amounts for capital.

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

any member who has any outstanding debt owed to the cooperative. All cash or credits issued in the retirement of capital shall first be reduced by any delinquent amount owed to the cooperative by the patron(s).

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 patrons accounts may be retired in full or in part. Notwithstanding any other provision of these bylaws, the board shall determine the method of allocation, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital; provided however, that the board of trustees shall have the power to adopt rules providing for separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the cooperative by an organization furnishing electric service to the cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the cooperative's books of the power supply portion of capital credited to the cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

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, acting under policies of general application, shall determine otherwise, except as herein otherwise provided.

Notwithstanding any other provision of the Code of Regulations or other provision of the membership certificate, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the cooperative within four (4) years after payment of the same has been made available to him/her by notice or check mailed to him/her at the last address furnished by him/her to the cooperative, such failure shall constitute an irrevocable assignment and gift by such patron of such capital credit or other payment to the cooperative. Failure to claim any such payment with the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to him/her by the cooperative at the last address furnished by him/her to the cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such patron or former patron without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to the cooperative shall become effective. The notice by mail herein provided for shall be; (1) mailed by the cooperative to such patron or former patron at the last known address and the notice publication shall be; (2) consecutive insertions in a newspaper

circulated in the service area of the cooperative, which may be the cooperative newsletter. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

Notwithstanding any other provision of this Code of Regulations, 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 his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provision of this Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as the board of trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the cooperative will not be impaired thereby. The patrons of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations 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 Code of Regulations shall be called to the attention of each patron of the cooperative by posting in a conspicuous place in the cooperative's office.

**ARTICLE IX
WAIVER OF NOTICE**

Any member or trustee may waive, in writing, any notice of meetings required to be given by this Code of Regulations. In case of a joint membership, a waiver of notice signed by either husband or wife shall be deemed a waiver of notice of such meeting by both joint members.

**ARTICLE X
DISPOSITION OF PROPERTY**

The cooperative shall not sell, lease, mortgage, or dispose of all or substantially all of the property and assets of the cooperative except when authorized by the affirmative vote of at least two-thirds of all the members of the cooperative, provided, however, that notwithstanding anything herein contained the board of trustees, without the consent or vote of the members of the cooperative, shall have full power and authority to borrow money from the United States of America, Reconstruction Finance Corporation or any other agency of the Federal Government, or to any other bona fide lender, lending institution or investor, and to authorize the making and issuance of bonds, notes or other evidences of indebtedness, secured or unsecured, for money so borrowed and to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages or deed or deeds of trust, or the pledge of or other lien upon all or any of the property, assets, rights, privileges and permits of the cooperative wherever situated, acquired or to be acquired upon such terms and conditions as the board of trustees shall determine.

However, following a resolution of approval and recommendation by the board of trustees and a simple majority vote of the ballots received from the membership, the co-

operative shall be allowed to merge or consolidate with another non-profit rural electric cooperative, if that cooperative so approves.

**ARTICLE XI
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 XII
REMOVED**

**ARTICLE XIII
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 "SEAL, Paulding, Ohio".

**ARTICLE XIV
AMENDMENTS**

This Code of Regulations may be altered, amended or repealed by the members of the cooperative at any regular or special meeting at which a quorum is present, or by a vote of the membership by mail, or by electronic means, including internet voting. The notice of the meeting shall contain a copy of such proposed amendment, alteration or repeal to be considered at the meeting. Any changes in the Code of Regulations shall become effective 45 days or as soon as practically possible, after adoption.

**ARTICLE XV
INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS**

Section 1. Each board member and officer now or hereafter serving the cooperative, and each person who at the request of or on behalf of the cooperative is now serving or hereafter serves as a trustee, employee, agent or officer of another corporation, and the respective heirs, executors, and administrators of each of them, shall be indemnified by the cooperative against all costs, expenses, judgments, decrees, fines, penalties and liabilities, including attorney's fees, actually and necessarily incurred by or imposed upon him/her in connection with or resulting from any action, suit or proceeding, civil or criminal, in which he/she is or may be made a party by reason of this being or having been such a board member, trustee, director or officer, or by reason of any action alleged to have been taken or omitted by him/her as such board member, trustee, director or officer, whether or not he/she is a board member, trustee, director or officer at the time of incurring such costs, expenses, judgments, decrees, fines, penalties and liabilities; provided, however, that the indemnification provided for in this Section 1 shall be made only if such board member, trustee, director or officer:

- (a) is adjudicated or determined not to have been negligent or guilty of malfeasance, nonfeasance and misfeasance in the performance of his/her duties to the cooperative or the corporation of which he/she is or was a trustee, director or officer;
- (b) is determined to have acted in good faith in what he/she reasonably believed to

be the best interest of such corporation, and

(c) in any matter the subject of a criminal action, suit or proceeding, is determined to have had no reasonable cause to believe that his conduct was unlawful.

The determination as to (b) and (c), and in the absence of an adjudication as to (a) by a court of competent jurisdiction, the determination as to (a) shall be made by the board acting at a meeting at which a quorum is present consisting of the board members who are not parties to or threatened with any such action, suit or proceeding shall not be qualified to vote and, if for this reason a quorum of the board cannot be obtained to vote on such indemnification, no indemnification shall be made unless a determination is made as to (a), (b) and (c) above by the executive committee of Ohio Rural Electric Cooperative, Inc. acting at a meeting thereof at which a quorum consisting of the members of said committee who are not trustees, directors, or officers of the indemnifying corporation are present. Any member of said executive committee who is a trustee, director or officer of the indemnifying corporation shall not be qualified to vote and, if for this reason a quorum of members of the executive committee cannot be obtained to vote on such indemnification the matter shall be submitted to an arbitrator appointed pursuant to the rules of the American Arbitration Association for determination, and said arbitration shall be conducted in accordance with the rules of said association. Such indemnification shall be made with respect to adjudication other than on the merits and shall extend to settlements and compromises.

Section 2. Indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation of this Code of Regulations or any agreement, vote of members or disinterested trustees, or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee, director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

