

**CODE OF REGULATIONS
OF
TRICOUNTY RURAL ELECTRIC COOPERATIVE, INC.**

ARTICLE I

MEMBERSHIP

SECTION 1. Requirements For Membership. Any person, whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, will become a member of Tricounty Rural Electric Cooperative, Inc., (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that such person has first.

- (A) Made a written application for membership therein, which application may be delivered to the Cooperative personally, or sent by the use of authorized communications equipment, or by United States mail or overnight delivery service, with postage or fees prepaid;
- (B) Agreed to purchase from the Cooperative electric power and energy as hereinafter specified;
- (C) Agreed to comply with and be bound by Articles of Incorporation; Code of Regulations and rules and regulations of the Cooperative and any policies adopted by the Board of Trustees of the Cooperative (hereinafter sometimes called the "Board").

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in the Code of Regulations.

SECTION 2. Membership Certificates. Membership in the Cooperative may be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed either manually or by facsimile signature by the President and by the Secretary of the Cooperative and the corporate seal or a facsimile thereof shall be affixed to such certificate. Failure to issue a membership certificate or the loss or destruction thereof shall not affect the membership status of any person listed as a member in the Cooperative's membership records. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms and conditions as the Board may prescribe.

SECTION 3. Joint Membership. A husband and wife may jointly become a member of the Cooperative. The term "member" as used in this Code of Regulations shall include a husband and wife holding a joint membership and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (A) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;

- (B) The vote of either separately or both jointly shall constitute a joint vote;
- (C) A waiver of notice signed by either or both shall constitute a joint waiver;
- (D) Notice to either shall constitute notice to both;
- (E) Expulsion of either shall terminate the joint membership;
- (F) Withdrawal of either shall terminate the joint membership; and
- (G) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership. Upon the death of either spouse who is party to a joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate may be surrendered, and may be reissued in such a manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fees. The membership fee shall be set by the Board.

SECTION 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in such member's application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. The production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to such policies, rules and regulations as shall be fixed from time to time by the cooperative. It is expressly understood that amounts paid for electric power and energy in excess of the cost of service are furnished by the patrons of the Cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed by such patron to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (A) Any member may withdraw from membership by providing written notice of withdrawal to the Cooperative delivered personally or sent by the use of authorized communications equipment, or by United States mail or overnight delivery service, with postage or fees prepaid, and upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, or policies adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes such member liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

(B) Upon the withdrawal, death, cessation of existence, cessation of the Cooperative's electric service to, or expulsion of a member, the membership of such member shall thereupon terminate

and the membership certificate, if any, of such member shall be surrendered forthwith to the Cooperative. The Board may adopt uniform rules governing the membership status of persons whose electric service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts or obligations due the Cooperative.

(C) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by such member, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 8. Service to All Persons Within the Cooperative's Service Area. (A) The Cooperative shall extend retail electric service to all persons, whether members or non-members, within the Cooperative's service area who (1) desire such service and (2) meet all requirements established by the Cooperative as a condition of such service. Conditions of service shall be set forth in the rate schedules, policies and rules and regulations of the Cooperative. No discrimination or preference shall be made between member and non-member patrons of the Cooperative with respect to rates or terms or conditions of service. As used in the Code of Regulations, the term "service area" shall mean the Cooperative's "certified territory" as defined in the Certified Territories for Electric Suppliers Act, Ohio Revised Code Sections 4933.81 to 4933.90.

(B) Nothing contained in this Code of Regulations, in the Cooperative's rules and regulations, policies, or otherwise, shall be construed to prevent the Cooperative from selling electric power and energy or otherwise rendering electric service to non-members or to prohibit the Cooperative from entering into and performing franchises or other contracts with political subdivisions, bodies politic, or governmental agencies or instrumentalities, which franchises or contracts provide for the selling of electric power and energy or otherwise rendering electric service to any such subdivisions, bodies, agencies, instrumentalities or the citizens thereof.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after: (A) All debts and liabilities of the Cooperative have been paid, and (B) All capital furnished through patronage has been retired as provided in this Code of Regulations, 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 ten 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 by execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of members shall be held at such time and place as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous audit year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be valid as if transacted or held at the annual meeting.

SECTION 2. Special Meeting. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the President, or by ten per centum or more of all the members, and shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. A special meeting of the members may be held only at the place, day and hour designated by the Board.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business, requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, in the case that the Board determines that voting for the meeting shall take place in person or by proxy, nor less than thirty days, in the case that the Board determines that voting for the meeting shall take place by mail or authorized communications equipment, before the date of the meeting, personally or sent by the use of authorized communications equipment, or by United States mail or overnight delivery service, with postage or fees prepaid (including publication within a magazine mailed to the members), by or at the direction of the Secretary or upon a default in duty by the Secretary, by the President or Vice President of the Cooperative, to each member. If mailed or delivered by overnight delivery service, such notice shall be deemed to be delivered when deposited in the United States mail or with the overnight delivery service, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage or fees prepaid. If personally delivered or transmitted by the use of authorized communications equipment, the notice shall be deemed to have been given when delivered or transmitted. If sent by means of authorized communications equipment, the notice shall be sent to the address furnished by the voting member for transmissions by authorized communications equipment. Notice of adjournment of a members' meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

SECTION 4. Quorum. The members entitled to vote present in person or represented by proxy or participating in the meeting through voting by mail or authorized communications equipment at any meeting of the members shall constitute a quorum. In case of a joint membership, the presence of either husband or wife or both, shall be regarded as the presence of one (1) member.

SECTION 5. Voting. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, mail or authorized communications equipment except as otherwise provided by law, the Articles of Incorporation 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. The Board shall determine in each case the means by which votes shall be cast at any meeting of the members, i.e. whether voting shall take place in person or by proxy, mail or authorized communications equipment.

SECTION 6. Proxies. If the Board determines that voting by proxy may be used at a meeting of members, a member may vote by proxy executed in writing by the member. 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 member shall vote as proxy for more than three (3) members at any meeting of the members. 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 such member and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the member had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy therefore executed by either of them and such joint member or 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. No person other than a member shall vote a proxy.

SECTION 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall include the following matters with the order to be determined by the Board or the Chairperson of such meeting.

- (1) Presentation of the notice of the meeting and proof of the due delivery thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (2) Presentation of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (3) Presentation and consideration of reports of officers, Board members and committees.
- (4) Election of Board members, or announcement of the results of the election in the case of voting by mail or authorized communications equipment
- (5) Unfinished business.
- (6) New business.
- (7) Adjournment.

ARTICLE IV

BOARD OF TRUSTEES

SECTION 1. General Powers. The entire business and affairs of the Cooperative shall be managed by a Board of not less than seven (7) or more than nine (9) trustees (which number shall be determined by the Board) which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or this Code of Regulations conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The Board shall divide the area wherein the members of the Cooperative reside into seven (7) districts so that equitable representation may be given to the geographic areas served by the Cooperative. The Board shall have the power to change the boundaries of such districts whenever in their opinion the purpose of this Section requires such a change. Each district shall be represented by not less than one (1) Board member. Not less than one (1) Board member shall be elected each year, by and from the members, to serve a term of four (4) years, or until a successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of Board members. Board members shall be elected by a plurality vote of the members. In case of a tie vote, the election to such office shall be decided by a flip of a coin. The tenure of a Board member shall be limited to three (3) consecutive terms to which such member shall have been elected. A break in tenure of one (1) year or more shall qualify the person for reelection to the Board. In the case of voting in person or by proxy, the election shall take place by secret ballot at the meeting of members. In the case of voting by mail or authorized communications equipment, ballots shall be distributed to the members, and voted on by the members, prior to the meeting of members, and the election results announced at the meeting of members, all in accordance with this Code of Regulations.

SECTION 3. Qualifications. No person shall be eligible to become or remain a member of the Board who:

- (1) Is not a member and bona fide resident in the particular district within the service area of the Cooperative which such member 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 energy; or
- (3) Has not been a member of the Cooperative for all of the 12 consecutive months immediately preceding such person's election to the Board; or
- (4) Is not a member in good standing of the Cooperative. For purposes of this Section, "good standing" means not late by more than 30 days in payment of any Cooperative bill for service more than twice in the immediately preceding twelve month period prior to such person's election to the Board or in the immediately preceding twelve month period at any time after such person's election to the Board; or
- (5) While a Board member, has failed to attend more than 75% of Board meetings in any calendar year, unless the Board member's failure to attend is excused by the Board; or

(6) Has pled guilty or been convicted of any felony offense in the immediately preceding five year period prior to such person's election to the Board or in the immediately preceding five year period at any time after such person's election to the Board; or

(7) Has an immediate family member serving on the Board or as an employee of the Cooperative. For purposes of this Section, "immediate family member" means father, mother, son, daughter, husband, wife, brother or sister by reason of blood, marriage or adoption, or any other person residing at the same premises as the Board member; or

(8) Is not a natural person.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken by the Board.

SECTION 4. Nominations. Not less than 120 days before the date of a meeting of the members at which members of the Board are to be elected, it shall be the duty of the Board to appoint a Nominating Committee consisting of not less than three (3) members. At least two members who are residents from each district for which a trustee is to be elected shall be members of the Nominating Committee. No member of the Board or officer may serve on such committee. The Committee shall prepare and post at the principal office of the Cooperative, at least eighty (80) days before the meeting of the members, a list of nominations for Board membership which shall include at least two candidates from each district, for each position for a Board member from such district, which is to be filled at the next annual meeting of members, or at any meeting held in lieu thereof as hereinbefore provided. Members in a district meeting the qualifications set forth in Article IV, Section 3, may also be nominated as a candidate for election to any open Board position in their district by a written petition signed by at least twenty (20) members. The signed petition must be delivered to the Cooperative at least eighty (80) days prior to the meeting of members at which the election shall take place. The Secretary shall be responsible for delivering with the notice of the meeting of members, in accordance with Article III, Section 3, a statement of the number of Board members to be elected and the names of the candidates nominated by the Nominating Committee or by petition. In the case of voting by mail or by authorized communications equipment, the Secretary shall also deliver a ballot (and instructions for completing and returning the ballot to the Cooperative) with the notice of the meeting of members. In the case of voting by mail or authorized communications equipment, all ballots must be voted on and returned to the Cooperative at least seven (7) days prior to the meeting of members. In the event that the Board determines that the election shall take place by voting in person or by proxy, the chairperson of the meeting at which Board members are to be elected shall call for additional nominations from the floor. No floor nominations shall be permitted in the event that the Board determines that elections shall take place by voting by mail or by authorized communications equipment. No person shall be voted upon for membership on the Board who has not signified the person's willingness to serve if elected. Nothing contained in this Section shall affect in any manner whatsoever any action taken by the Board.

SECTION 5. Removal of Board Members. Any member may bring specific charges of malfeasance, misfeasance or nonfeasance in office against a Board member and, by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefor together with a petition signed by at least ten per centum of the members, may request the

removal of such Board member by reason thereof, If more than one Board member is sought to be removed, individual charges against each such Board member and the evidentiary basis for each such charge shall be specified. For purposes of this Article "malfeasance, misfeasance or nonfeasance" means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five days after the filing of such charges, the member bringing the charges against the Board member shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the Board member shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No Board member shall be removed from office unless the specific charges against such Board member are supported by clear and convincing evidence. The question of the removal of such Board member shall be considered and voted upon at the meeting of members, The removal of no more than two Board members may be considered or voted upon at any meeting of members. In addition, the Board shall remove any Board member who fails at any time to meet the qualifications set forth in Article IV, Section 3.

SECTION 6. Vacancies. A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term and until a successor shall have been elected and shall have qualified. The vacancy shall be filled by the appointment of a member residing in the district in which the vacancy occurs and meeting the qualifications set forth in Article IV, Section 3.

SECTION 7. Compensation. Members of the Board shall not receive any salary for their services as such; however, the Board may by resolution provide a reasonable compensation to be paid to each Board member for the Board member's services rendered on behalf of the Cooperative as a Board member, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement of Board members for expenses actually and necessarily incurred in carrying out such Cooperative business or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses. A Board member may also receive compensation for services rendered as an officer of the Cooperative, but no Board member shall receive compensation for serving the Cooperative in any other capacity, except in emergency. No close relative of a Board member shall receive compensation for serving the Cooperative, except in emergency, unless such compensation shall be specifically authorized by a vote of the members. As used in this section, "close relative" means the relationships of father, mother, brother, sister, son, and daughter existing by reason of blood, marriage or adoption.

ARTICLE V

MEETINGS OF BOARD OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the Board may be held without notice immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place, either within or without the State of Ohio, as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting. Special meetings of the Board may be called by the President or by any three Board members, 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 Board members calling the meeting shall fix the time and place, either within or without the State of Ohio, for the holding of the meeting.

SECTION 3. Notice of Special Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, overnight delivery service, or by means of authorized communications equipment, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board member calling the meeting. If mailed or delivered by overnight delivery service, such notice shall be deemed to be delivered when deposited in the United States mail or with the delivery service addressed to the Board member at the Board member's address as it appears on the records of the Cooperative, with postage thereon prepaid, at least two days before the date set for the meeting. If the notice is given by personal delivery or transmitted by the use of authorized communications equipment, the notice shall be deemed to have been given when delivered or transmitted.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time, and provided further that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this Code of Regulations.

SECTION 5. Action of Trustees Without a Meeting. Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings by all of the members of the Board. Any transmission by authorized communications equipment that contains the affirmative vote or approval of the Board member is a signed writing for purposes of this Section. The date on which that transmission by authorized communications equipment is sent is the date on which the writing is signed.

ARTICLE VI

OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, General Manager and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. Each officer, except the General Manager and any officer appointed pursuant to Section 3 of this ARTICLE VI, shall be elected by ballot annually by and from the Board at the first meeting of the Board held 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 following the next succeeding annual meeting of the

members or until such officer's successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The General Manager shall be chosen and employed and the General Manager's compensation shall be set by the Board. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Additional Officers. In addition to the officers specified in Section 1 of this ARTICLE VI, the Board, in its discretion, may appoint one or more Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be deemed necessary or desirable who shall have such duties and authority as generally pertains to their respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be prescribed by the Board.

SECTION 4. Removal of Officers and Agents by the Board. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percentum of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against such officer shall have the same opportunity. In the event the Board does not remove such officer, the questions of such officer's removal shall be considered and voted upon at the next meeting of the members. Notwithstanding any other provisions of this Code of Regulations the Board may, in its discretion, authorize a written employment agreement between the Cooperative and the General Manager containing terms and conditions relating to the removal of the General Manager which are inconsistent with this Code of Regulations.

SECTION 5. Resignations. Any officer may resign at any time by giving written notice to the Board, or to the President or to the Secretary of the Cooperative, delivered personally or sent by the use of authorized communications equipment, or by United States mail or overnight delivery service, with postage or fees prepaid. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. Vacancies. A vacancy in any office, except that of General Manager, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of General Manager, the Board shall choose and employ a General Manager upon terms and conditions which the Board considers to be in the best interests of the Cooperative.

SECTION 7. President. The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;

(b) on behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, certificates of membership and may sign any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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 perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 8. Vice President. In the absence of the President, or in the event of the President's 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 the Vice President by the Board or by the President.

SECTION 9. Secretary. The Secretary shall be responsible for:

(a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;

(b) seeing that all notices are duly given in accordance with this Code of Regulations or as required by law;

(c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof to all certificates of membership prior to the issue thereof, and 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) keeping a register of the names and post office addresses of all members;

(e) signing, with the President certificates of membership;

(f) keeping on file at all times a complete copy of the Articles of Incorporation and 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, furnishing a copy of the Code of Regulations and of all amendments thereto to any member upon request; and

(g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board.

SECTION 10. Assistant Secretary. The Assistant Secretary, if one is appointed by the Board pursuant to Section 3 of this ARTICLE VI, need not be a member of the Board and the Assistant Secretary shall hold office until relieved by the Board. The Assistant Secretary shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board.

SECTION 11. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board.

SECTION 12. Assistant Treasurer. If an Assistant Treasurer is appointed by the Board pursuant to Section 3 of this ARTICLE VI, the Assistant Treasurer need not be a member of the Board and the Assistant Treasurer shall hold office until relieved by the Board. The Assistant Treasurer shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board.

SECTION 13. General Manager. The General Manager shall:

- (a) be the chief administrative officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board, subject to the direction and instruction of the Board;
- (b) have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board;
- (c) prepare for the Board of Trustees such reports and budgets as are necessary to inform the Board concerning the operation of the Cooperative; and
- (d) in general perform all duties incident to the office of General Manager as chief administrative officer and perform such other duties as may from time to time be assigned to the General Manager by the Board.

SECTION 14. 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 be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 15. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a Board member and close relatives of a Board member.

SECTION 16. 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 audit year. Such reports shall set forth the condition of the Cooperative at the close of such audit 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 In Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, 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, members and non-members alike, 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, members and non-members alike, 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 within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to such patron's 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 operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a 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 shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part in such amount and in such manner, method and timing as the Board shall determine in its reasonable discretion. Any such retirements of capital shall be made in such order of priority as the Board shall determine in its reasonable discretion; provided, however, that the Board shall have the power to adopt rules providing for the separate retirement or 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 patrons' 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 this Code of Regulations, the Board at its discretion shall have the power at any time upon the death of any patron who is a natural person, if the legal representatives of such patron's 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 this Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, 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.

Notwithstanding any other provision of this 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 years after payment of the same has been made available to such patron by notice or check mailed to such patron at such patron's last address furnished such patron to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. Failure to claim such payment with the meaning of this section shall include the failure of such patron or former patron to cash any check mailed to such patron by the Cooperative at the last address furnished by such patron 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 therefor 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 shall be one mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (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 mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

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 VIII

DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledge, encumber, subject to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any other bona fide lender, lending institution or investor; provided, further, however, that notwithstanding any other provision of this Article, the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another non-profit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities so exchanged within any 12 month period exceed 10% of the total electric plant of the Cooperative.

ARTICLE IX

SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon "Tricounty Rural Electric Cooperative, Inc.," and the word "Seal". Failure to affix such seal shall not affect the validity of any instrument duly executed on behalf of the Cooperative by its authorized officers.

ARTICLE X

FINANCIAL TRANSACTIONS

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

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

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

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI

MISCELLANEOUS

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

SECTION 2. Policies, Rules and Regulations. The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 3. 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 substantially 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. The Board shall also cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative on an annual basis. A report of such audit shall be submitted to the members at the next following annual meeting.

ARTICLE XII

AMENDMENTS

This Code of Regulations 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; provided, however, that any alteration, amendment or repeal of this Article or Article VIII (regarding mergers, consolidations or the disposition of property) shall require the affirmative vote of at least two-thirds (66 2/3 percent) of all the members of the Cooperative, and no other provisions of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

ARTICLE XIII

INDEMNIFICATION

SECTION 1. General. The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Cooperative, by reason of the fact that such person is a or was a trustee, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, such person had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Cooperative, and with respect to any criminal action or proceeding, such person had reasonable cause to believe that person's conduct was unlawful.

SECTION 2. Actions or Suits In Name of Cooperative. The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is or was a trustee, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Cooperative, except that no indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Cooperative unless and only to the extent that the court of common pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly

and reasonably entitled to indemnity for such expenses as the court of common pleas or such other court shall deem proper.

SECTION 3. Indemnification For Expenses of Successful Defense. To the extent that a trustee, director, officer, employee, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2 hereof or in defense of any claim, issue, or matter herein, such person shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by such person in connection therewith.

SECTION 4. Procedure For Indemnification. Any indemnification under Sections 1 and 2 hereof, unless ordered by a court, shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the trustee, director, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 1 and 2 hereof. Such determination shall be made

- (a) by a majority vote of a quorum consisting of trustees of the indemnifying corporation who were not and are not parties to or threatened with any such action, suit, or proceeding, or
- (b) if such a quorum is not obtainable or if a majority vote of a quorum of disinterested trustees so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Cooperative or any person to be indemnified within the past five years, or
- (c) by the members, or
- (d) by the court of common pleas or the court in which such action, suit, or proceeding was brought.

Any determination made by the disinterested trustees under (a) above in this Section or by independent legal counsel under (b) above in this Section shall be promptly communicated to the person who threatened or brought the action or suit, by or in the right of the Cooperative under Section 2 hereof, and within ten days after receipt of such notification, such person shall have the right to petition the court of common pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

SECTION 5. Payments During Pendency of Action. Expenses, including attorneys' fees, incurred in defending any action, suit, or proceeding referred to in Sections 1 and 2 hereof, may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding as authorized by the trustees in the specific case upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that such person is entitled to be indemnified by the Cooperative as authorized in this Article.

SECTION 6. Indemnification Not Exclusive. Indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification

may be entitled under the articles or the regulations or any agreement, vote of members or disinterested trustees, or otherwise, both as to action in such person's 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 a person.

SECTION 7. Insurance Against Liability. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under this Article.

SECTION 8. Use of Term "Cooperative". As used in this Article, references to "Cooperative" includes all constituent corporations in a consolidation or merger and the new or surviving corporation, so that any person who is or was a trustee, officer, employee, or agent of such a constituent corporation, or is or was serving at the request of such constituent corporation as a trustee, director, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise shall stand in the same position under this Article with respect to the new or surviving corporation as such person would if such person had served the new or surviving corporation in the same capacity.

RESOLVED, that the appropriate officers of the Cooperative be, and each of them hereby is, authorized and directed to do, or cause to be done, all such acts and things and to make, execute and deliver, or cause to be made, executed and delivered, in the name of and on behalf of the Cooperative, all such agreements, instruments, certificates and documents, as such officers may deem necessary or appropriate to carry out the purpose and intent of the foregoing resolutions and to perform the obligations of the Cooperative thereunder, the taking of such actions to be conclusive evidence of the exercise by such officers of the discretionary authority herein granted.