

# Beauregard Electric Co-op

By-Laws as approved by members in the election of March 26, 1988

## ARTICLE I MEMBERSHIP

SECTION 1.01. **Eligibility.** Any natural person, firm, association, corporation, business trust, partnership, Federal Agency, State or political subdivision thereof, or any body politic (each hereinafter referred to as “person,” “applicant,” “him” or “his”) shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from, Beauregard Electric Cooperative, Inc. (hereinafter called the “Cooperative”). No person shall hold more than one membership in the Cooperative.

SECTION 1.02. **Application for Membership Renewal of Prior Application.** Application for membership – wherein the applicant shall agree to purchase electric power and energy from the cooperative and to be bound by and to comply with all of the other provisions of the Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended (the obligations embraced by such agreement being hereinafter called “membership obligations”) - shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03 (together with any service security deposit, service connection fee, facilities extension fee or contribution in aid of construction that may be required by the Cooperative), which fee, (and such service security deposit, service connection fee, facilities extension fee, or contribution in aid of construction, if any) shall be refunded in the event the application is by Board resolution denied. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Louisiana legal rate on judgments in effect when such account first became overdue, compounded annually (together with any service security deposit, service connection fee, facilities extension fee, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

SECTION 1.03. **Membership Fee; Service Security Deposit and Facilities Extension Fees; Contribution in Aid of Construction.** The membership fee shall be fixed by the Board of Directors. The membership fee (together with any service security deposit, service connection fee, facilities extension fee, contribution in aid of construction or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection fee, in such amount as shall be prescribed by the cooperative (together with a service security deposit, a facilities extension fee or a contribution in aid of construction

or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection request by him. No member shall pay more than one membership fee.

**SECTION 1.04. Joint Membership.** Spouses residing together and not legally separated shall be joint members, unless either requests in writing to the contrary. This provision shall be applicable to all natural members of the Cooperative upon the adoption of this Section. The words “member,” “person,” “his” and “him,” as used in these Bylaws, shall include a husband and wife holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing-

- (a) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting;
- (b) the vote of either or both shall constitute, respectively, one joint vote;
- (c) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) either, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet the qualifications required therefore; and
- (f) neither will be permitted to have any additional service connections except through their one joint membership.

**SECTION 1.05. Acceptance into Membership.** Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination that the applicant is not willing or is not able to satisfy and abide by the Cooperative’s terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Directors may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the members, have his application submitted to and approved or disapproved by the vote of the members at such meeting.

**SECTION 1.06. Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts.** The Cooperative shall use all reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to his membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefore at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount

that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. 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 appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by him to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by him for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to his outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual account procedures do not reflect such allocation and proration.

**SECTION 1.07. Excess Payment to be Credited as Member-Furnished Capital.** All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article IX of these Bylaws. To facilitate proper administration of capital credits each member shall furnish the Cooperative his social security number or federal identification number.

**SECTION 1.08. Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.** It shall be the responsibility of each member to cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of any applicable state code or regulations, the National Electric Code, or local government ordinances, and of the Cooperative. Each member shall be responsible for -- and shall indemnify the cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect, in or improper use or maintenance of -- such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as mutually determined by the Cooperative and the member, whereon to place the Cooperative's physical facilities for the furnished and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities

and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

**SECTION 1.09. Members to Grant Easements to Cooperative and to Participate in Required Cooperative Load Management Programs.** Each member shall, upon being requested so to do by the Cooperative, be expected to grant to the Cooperative such easements or rights-of-way over, on and under such lands owned or leased by or mortgaged to the member, in such locations and for such consideration as shall be mutually agreed upon, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities and rights-of-way. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, more efficiently to utilize or conserve energy or to conduct load research.

## **ARTICLE II**

### **MEMBERSHIP SUSPENSION AND TERMINATION**

**SECTION 2.01. Suspension; Reinstatement.** Upon his failure to pay any amounts due the Cooperative or to cease any other noncompliance with his membership obligations, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative, or to cast a vote at any meeting of the members. Payment of amounts due the Cooperative and cessation of any other noncompliance with his membership obligations shall automatically reinstate the membership.

**SECTION 2.02. Termination by Expulsion; Renewed Membership.** Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, he may without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of his expulsion. After any finally effective expulsion of a member, he may not again become a member except upon new application therefore duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

**SECTION 2.03. Termination by Withdrawal or Resignation.** A member may withdraw from the membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either (a) ceasing to (or, with the approval of the Board of Directors, resigning his membership in favor of a new applicant

who also shall) own or directly occupy or use all premises being furnished electric service pursuant to his membership, or (b) except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of central station electric service on such premises.

**SECTION 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners.** Except as provided in Section 2.06, the death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners; PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

**SECTION 2.05. Effect of Termination.** Upon the termination in any manner of a person's membership, he or his estate, as the case may be, shall be entitled to refund of his membership fee (and to his service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative; but neither he nor his estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from his membership obligations as to entitle him to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

**SECTION 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership.** Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

## **ARTICLE III**

### **MEETINGS OF MEMBERS**

**SECTION 3.01. Annual Meeting.** For the purposes of electing the directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the fourth Saturday of the month of March each year, at such place in Beauregard Parish, Louisiana, and beginning at such hour, as the Board of Directors shall from year

to year fix; PROVIDED, that for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior to subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting or any special meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

**SECTION 3.02. Special Meetings.** A special meeting of the members may be called by the Board of Directors, by the President, by any three (3) directors or by petition signed by not less than ten (10%) percent of all the members, or ten (10%) percent of the members residing in any Directorate District if the purpose of the meeting is for the holding of a special election to fill a vacancy on the board of directors occurring in that Directorate District, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place in Beauregard Parish, Louisiana, or at any place in a Directorate District where there is a vacancy on the board of directors and the purpose of the meeting is to fill that vacancy by special election, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefore, is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

**SECTION 3.03. Notice of Member Meetings.** Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or an annual meeting at which business requires special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than twenty-five (25) days prior to the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary (and in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly inset, if any, in *Louisiana Country*. No matter the carrying of which, as provided by law or by the Cooperative's Articles of Incorporation or Bylaws requires the affirmative votes of at least two-thirds (2/3) of the Cooperative's members voting thereon at a meeting at which a quorum is present, shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and nonintended failure of any member to receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person or mailed vote of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary three business days prior to or at the beginning of the meeting of his objection.

Notwithstanding the above, in the case of a member meeting called for the purpose of the holding of a special election to fill a vacancy on the board of directors, notice need only be given to those members residing in the Directorate District in which the vacancy has occurred.

**SECTION 3.04. Quorum.** Business may not be transacted at any general meeting of the membership at either a regular or special meeting unless there are present, in person at least two percent (2%) of the membership existing sixty (60) days prior to the date of the meeting. However, in any year in which mail balloting is conducted, not less than ten (10%) percent of the membership existing sixty days prior to the date of the meeting, voting by mail, shall constitute a quorum. A quorum shall also be constituted for the conduct of routine business at an annual meeting, except for the election of directors or the amendment of the articles of incorporation or the bylaws, if there is an election of a director in any Directorate District by acclamation or ballot. If less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in Beauregard Parish, Louisiana; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

In the case of a meeting for the purpose of electing a director to fill a vacancy on the Board of Directors, the provisions of Article IV, Section 4.04 shall apply, and the meeting may be held at any place within the Directorate District in which the vacancy has occurred.

**SECTION 3.05. Voting.** Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members, except in the case of the election of directors, only those members whose memberships are within the Directorate Districts in which directors are to be elected shall be entitled to vote. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Article of Incorporation or these Bylaws. Members may not cumulate their votes. Nothing in this Section shall prohibit mail balloting pursuant to Act No. 108 of the regular session of the 1978 Legislature or voting through the use of voting machines.

**SECTION 3.06. Credentials and Election Committee.** The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The Committee shall consist of an uneven number of Cooperative members not less than seven (7) nor more than fifteen (15) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the member meeting. It shall be the responsibility of the Committee, acting under the supervision of a certified public accountant in the case of mail balloting, to establish or approve the manner of conducting

member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members voting in person or through the use of voting machines or by mailed vote, to count all ballots or other votes cast in any election or in any other matter, or to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination of the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not more than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

**SECTION 3.07. Order of Business.** The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

- (1) Report on the number of members present in person or by mailed vote or voting by voting machine in order to determine the existence of a quorum;
- (2) Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
- (4) Presentation and consideration of reports of officers, directors and committees;
- (5) Election of directors;
- (6) Unfinished business;
- (7) New business; and
- (8) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business, PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

## ARTICLE IV

### DIRECTORS

SECTION 4.01. **Number and General Powers.** The business and affairs of the Cooperative shall be managed by a Board of nine (9) directors, except during the transitional period provided for in Section 4.05. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members.

SECTION 4.02. **Qualifications.** No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative, or is not domiciled in the Directorate District in which he or she is a candidate or represents, or, except in the case of a director elected at the 1990 annual meeting, is not being served by the Cooperative at his or her domicile. No person shall be eligible to become or remain a director, or to hold any other position of trust in, the Cooperative who is not at least eighteen (18) years of age or is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to, among others, the members of the Cooperative. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these Bylaws, it shall be the duty of the Credentials and Election Committee to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. In the latter case, the director lacking eligibility shall be removed by the board within a period not to exceed sixty (60) days from the establishment of the fact of his or her ineligibility. Nothing contained in this Section shall affect, or shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

SECTION 4.03. **Directorate Districts.** The territory served by the Cooperative shall be divided into nine Directorate Districts. Each District shall be represented by one director, and the Districts are described, by boundaries as they existed March 26, 1987, as follows:

#### **District No. 1**

District No. 1 is that portion of BECi's service territory in Vernon Parish northward of a line beginning at the Sabine River and running east along the Louisiana Base Line to U.S. Highway 171, thence north along the centerline of U.S. 171 to its intersection with La. Highway 10, thence northeast across country, such area to include all BECi members served from the north circuit of its Pickering Substation.

Total Members: 2,574

**District No. 2**

District No. 2 is that portion of BECi's service territory in Vernon Parish lying generally south of the southern boundary of District No. 1, north of the Beauregard-Vernon Parish line from the Sabine River to its intersection with the Santa Fe Railroad and thence northeastward along the centerline of said railroad to the Ouiska Chitto Creek, and west of the centerline of said creek as it runs north.

Total Members 2,545

**District No. 3**

District No. 3 is that portion of BECi's service territory in Beauregard Parish lying south of the Beauregard-Vernon Parish line, and generally north of a line that begins at the Sabine River and continues east along the centerline of U.S. Highway 190 to Merryville, thence southeast along the centerline of La. Highway 110 to its intersection with the Kansas City Southern Railroad (at Singer), and west of a line that runs generally northeastward along the centerline of said railroad, eastward along the centerline of Ball Road and northward along the centerline of U.S. 171 to the Beauregard-Vernon Parish line.

Total Members 2,475

**District No. 4**

District No. 4 is that portion of BECi's service territory in Beauregard and Vernon Parishes lying south of the southern boundary of District No. 2, west of a line that begins at the intersection of the Santa Fe Railroad and Ouiska Chitto Creek and runs generally south along the centerline of said creek to and along the centerline of the Beauregard-Allen Parish line south and west to where said Parish line turns south, and from that juncture generally east of a line that runs east and north following the boundary between Wards 4 and 8 to the juncture of Sections 11 and 14 in Ward 4 and Sections 12 and 13 in Ward 8, and north of a line that runs from that juncture straight west to the Kansas City Southern Railroad at its juncture with the boundary of Sections 12 and 13 in Ward 5.

Total Members: 2,374

**District No. 5**

District No. 5 is that portion of BECi's service territory in Allen, Beauregard, Evangeline, Rapides and Vernon Parishes lying east of the eastern boundaries of District Nos. 2 and 4, and generally north and west of a line along centerline of La. Highway 10 from Evangeline Parish running westward to the Calcasieu River, thence southward along the centerline of said river to La. Highway 26, westward along the centerline of La. 26 to Allen Parish Road I-37 (Vizard Road) and along the centerline of Parish Road I-37 to Allen Parish Road I-38 (South Mittie Road) and from that intersection westward across country to the Beauregard-Allen Parish line.

Total Members: 2,485

**District No. 6**

District No. 6 is that portion of BECi's service territory in Beauregard and Calcasieu Parishes lying south of the southern boundary of District Nos. 3 and 4, west of the southeastern part of the Beauregard-Allen Parish line, and north of a line along the Beauregard-Calcasieu Parish line from the Beauregard-Allen Parish line west to U. S. 171, east of the centerline of U. S. 171 north to its intersection with U. S. 190 (at Ragley), and thence southwestward along the centerline of La. Highway 12 to and along the Beauregard-Calcasieu Parish line to the Sabine River.

Total Members: 2,642

**District No. 7**

District No. 7 is that portion of BECi’s service territory in Allen, Evangeline, and Jefferson-Davis Parishes generally south of its boundary with District No. 5, east and south of the Beauregard-Allen Parish line boundaries with District Nos. 4 and 6, and east and north of the Calcasieu-Jefferson Davis Parish line boundary of District No. 9.

Total Members: 2,539

**District No. 8**

District No. 8 is that portion of BECi’s service territory in Beauregard and Calcasieu Parishes lying south of the southern boundary of District No. 6 between the Sabine River and U. S. 171, and west of a line that begins at the intersection of U. S. 171 and U. S. 190 (at Ragley), runs south along the centerline of U. S. 171 to North Perkins Ferry Road, and thence along the centerlines of North Perkins Ferry Road, Little Indian Bayou and Indian Bayou to its juncture with the West Fork of the Calcasieu River.

Total Members: 2,515

**District No. 9**

District No. 9 is that portion of BECi’s service territory in Calcasieu Parish lying south of the Beauregard and Jefferson-Davis Parish lines, east of the eastern boundary of District No. 8 between the Beauregard-Calcasieu Parish line and the juncture of Indian Bayou and the West Fork of the Calcasieu River, and west of a line that runs northward along the centerline of the river to its juncture with the Jefferson-Davis Parish line.

Total Members: 2,558

**Total Members, All Districts: 22,707**

Notwithstanding the foregoing number of Districts, District descriptions and number of District directors presently provided for in this section and in other sections of this Article IV, every year the Board of Directors, not less than six months prior to the first date on which the annual member meeting may be scheduled pursuant to these Bylaws to be earliest held, shall review the Districts and directorates. If the Board determines that the boundaries or number of the Districts should be altered so as to correct any substantially inequitable factors regarding the residences of members or the number or geographic location of Districts, the members shall be notified in writing at least ten days before the Board calls for nominations by petition.

From and after the date of the notice of amendments, these Bylaws shall have been effectively amended accordingly, except that such Districts may also be changed by amendment of these Bylaws by the members from time to time, PROVIDED, that any change so made by action of the Board shall be in full force and effect until at least the completion of the election of directors at the annual meeting of the members first thereafter held; AND PROVIDED FURTHER, that no such amendment by the Board shall become effective so as to cause the vacancy of any director’s office prior to the time his term would normally expire, unless he consents thereto in writing.

SECTION 4.04. **Election.** One third (1/3) of the directors shall be elected at each annual meeting, or within twenty-five (25) days prior thereto in the case of elections conducted by mail ballot, by secret written ballot by the members whose memberships are within the Directorate Districts of the directors to be elected, PROVIDED, that, when there is only one nominee from a particular Directorate District, secret balloting may be dispensed with and that nominee may be declared elected. A quorum, consisting of five percent of the members present in person, or ten

percent of the members voting by mail, from each district shall be required to validate the election of a candidate from the district. Directors shall be elected by a plurality of the votes cast, and drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.05. **Tenure.** Directors shall be elected for three-year terms, except during the transitional terms provided herein. At the 1989 annual member meeting, one director from or with respect to each of Directorate District Nos. 5, 6, and 8 shall be elected for three-year terms, and one director from or with respect to any Directorate District which would otherwise be unrepresented shall be elected for a term to expire at the annual meeting of the members of the year in which the next election is scheduled for that Directorate District as hereinafter set forth. At the 1990 annual member meeting, one director from or with respect to each of Directorate District Nos. 1, 3, and 9 shall be elected for three-year terms. At the 1991 annual member meeting, one director with respect to each of Directorate District Nos. 2, 4, and 7 shall be elected for three-year terms. All Directors elected at the 1988 Annual Meeting shall serve full three-year terms, and if the above transition election schedule places more than one director in one or more districts, all shall serve their full three-year terms and have full voting and other Director rights for the duration thereof. Thereafter, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members, but the term of office of the newly elected director(s) shall not extend beyond the end of the three (3) year term that would have been in effect if the election had not been delayed. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.06. **Nominations.** It shall be the duty of the Board of Directors to call for nominations by petition for the vacancies occurring within the Board not less than 90 days prior to the date of the meeting of the members at which directors are to be elected. All directors will be nominated by petition bearing a minimum of 15 valid signatures of the members of the Directorate District in which they reside. The petition shall be delivered to the principal office of the cooperative not less than 60 days before the annual meeting of the members. The Board Secretary or his designee shall prepare and post at the principal office of the cooperative not less than 50 days prior to the annual meeting of the members the list of all nominees for any director to be elected by Directorate District. If there are no nominees by petition from any Directorate District, the Credentials and Election Committee shall, not less than fifty-one days prior to the annual meeting of the members, select no less than two nominees from that Directorate District.

SECTION 4.07. **Removal of Directors by Members.** Any member may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by no less than ten (10%) percent of the then total membership of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s) and, if one or more directors are recalled, to elect their

successor(s), and which specifies the place, time, and date thereof not more than forty-five (45) days after the filing of such petition or requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty-five (45) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon, PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor, PROVIDED, that the question of the removal of the director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected director shall be from or with respect to the same Directorate District as was the director whose office he succeeds and shall serve the unexpired portion of the removed director's term.

SECTION 4.08. **Vacancies.** Whenever a vacancy occurs in the board of directors, a temporary director may be appointed to the vacant office by the remaining directors for a term which expires at the next annual meeting. Any person so appointed shall possess all the requirements for holding office as a director, including residency in the district if relevant.

The vacancy shall be permanently filled by election at the next annual meeting; the nomination of candidates and election all to be done in the same manner as provided by law for election of directors. The director elected to fill a vacancy shall serve out the remainder of the term of the director whom he replaced.

If a vacancy cannot be filled at the next annual meeting because there is not sufficient time between the occurrence of the vacancy and the meeting for the nominations and notices required by law, the board of directors shall hold a special meeting or special election, as it may determine, as soon after the annual meeting as practicable in order to elect a director to fill the vacancy. Such meeting or election shall be held in the manner provided by law and the bylaws of the Beaugard Electric Cooperative.

SECTION 4.09. **Compensation; Expenses.** Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for attending meetings of

the Board of Directors or committees thereof. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure.

SECTION 4.10. **Rules, Regulations, Rate Schedules and Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish, and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

SECTION 4.11. **Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books, and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.12. **"Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step, and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

## ARTICLE V

### MEETINGS OF DIRECTORS

SECTION 5.01. **Regular Meetings.** A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as practicable, but no later than thirty (30) days from the date of the annual meeting, at such site as designated by the Board in advance of the annual member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the parishes in Louisiana within which the Cooperative serves as the Board shall provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice, PROVIDED, that any director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefor is established by the Board, the President may change the date,

time or place of a regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all directors.

**SECTION 5.02. Special Meetings.** Special meetings of the Board of Directors may be called by the President, by the Board of Directors, or by any three (3) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 5.03. The Board, the President, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the parishes in Louisiana within which the Cooperative serves, unless all directors consent to its being held in some other place in Louisiana or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

**SECTION 5.03. Notice of Directors Meetings.** Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary or, upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting whose date, time and place have already been fixed by Board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

**SECTION 5.04. Quorum.** The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken, PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

## **ARTICLE VI**

### **OFFICERS, MISCELLANEOUS**

**SECTION 6.01. Number and Title.** The officers of the Cooperative shall be a President, Vice President, Secretary and Treasurer, and such other offices as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. **Election and Term of Office.** The four officers named in Section 6.01 shall be elected by secret written ballot, annually and without prior nomination, by and from the Board of Directors at the first meeting of the Board held after the annual meeting of the members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as practicable, but no later than thirty (30) days from such meeting. Each such officer shall hold office until the meeting of the Board first held after 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 the Bylaws with respect to the removal of directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

SECTION 6.03. **Removal.** Any officer, agent or employee elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Cooperative will thereby be served.

SECTION 6.04. **Vacancies.** A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. **President.** The President shall-

- (a) be the principal executive officer of the Board and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, at all meetings of the members;
- (b) sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6.06. **Vice President.** In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6.07. **Secretary.** The Secretary shall-

- (a) keep, or cause to be kept, the minutes of meetings of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws 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 certificates of membership prior to the issue thereof and to all documents the execution of which, on behalf of the Co-op under its seal, is duly authorized in accordance with the provisions of these Bylaws or is required by law;

- (d) keep, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- (e) sign, with the President, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member.
- (h) in general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

**SECTION 6.08. Treasurer.** The 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 monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws; 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 by the Board of Directors.

**SECTION 6.09. Delegation of Secretary's and Treasurer's Responsibilities.** Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

**SECTION 6.10. General Manager; Executive Vice President.** The Board of Directors shall appoint a General Manager and Executive Vice President, who shall have his principal place of residence served by the cooperative. Such officer shall perform such duties as the Board of Directors may from time to time require and shall have authority as the Board of Directors may from time to time vest in him.

**SECTION 6.11. Bonds.** The Board of Directors shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds be borne by the Cooperative.

SECTION 6.12. **Compensation; Indemnification.** The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director shall be determined as provided in Section 4.10 of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors. The Cooperative shall indemnify present and former directors, officers, including the General Manager and Executive Vice President, agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief that acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

SECTION 6.13. **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 VII

### CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. **Contracts.** Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent or employee 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. In order to assure that contracts are awarded fairly and to the best advantage of the Cooperative, the Board of Directors should be generally guided by the procedures and guidelines of the State bid laws.

SECTION 7.02. **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 and countersigned by such officer, agents and/or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03. **Deposits; Investments.** All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

## ARTICLE VIII

### MEMBERSHIP CERTIFICATES

SECTION 8.01. **Certificate of Membership.** Membership in the Cooperative may, if the Board so resolves be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws.

## ARTICLE IX

### NON-PROFIT OPERATION

SECTION 9.01. **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 9.02. **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 nonprofit 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. 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 a 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, PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the Cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired, PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or 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 power supply or any other service or supply to the Cooperative. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative’s books of such portions of capital credited to the Cooperative’s patrons, (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts and (d) preclude a general retirement of such portions 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 instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron’s premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under the policies of general application to situations of like kind, and such legal representatives, shall agree upon, PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credited to any patron’s account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the Louisiana legal rate on judgments in effect when such amount became overdue, compounded annually.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative’s offices.

**SECTION 9.03. Patronage Refunds in Connection with Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine.

## ARTICLE X

### WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws or any notice that may otherwise be legally required, either before or after such notice is required to be given.

## ARTICLE XI

### DISPOSITION AND PLEDGING OF PROPERTY, DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 11.01. **Disposition and Pledging of Property.** (a) Not inconsistently with La. Rev. Stat. Ann. Section 12:421 and subsection (b) hereof, the Cooperative may, at a duly held meeting of the members, authorize the sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's properties and assets only upon the affirmative votes of a majority of the then total members of the Cooperative; however, the Board of Directors, without authorization by the members, shall have full power and authority (1) to borrow monies from any source and in such amounts as the Board may from time to time determine, (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's properties or assets as security therefor, and (3) to sell, lease, lease-sell, exchange, transfer or otherwise dispose of merchandise, property no longer necessary or useful for the operation of the Cooperative's properties and assets; and, if so authorized by a majority of the votes cast by the members present at a duly held member meeting, to sell, lease, lease-sell, exchange, transfer or otherwise dispose of all or a substantial portion of the Cooperative's properties and assets to another electric cooperative authorized to transact business in Louisiana. "Substantial portion" means ten (10%) percent or more of the Cooperative's total assets as reflected on its books at the time of the transaction.

(b) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's property and assets shall be authorized except in conformity with the following:

- (1) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered. The three (3) such appraisers shall be designated by a District Court Judge for the Judicial District in Louisiana in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board of Directors.
- (2) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the members,

it shall first give every other rural electric cooperative corporately sited and operating in Louisiana (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such rural electric cooperative, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such rural electric cooperative shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less nor more than twenty five (25) days after the giving of notice thereof to the members, PROVIDED, that consideration and action by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held not less nor more than twenty-five (25) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of this subsection (b) shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more other electric cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more electric cooperatives.

**SECTION 11.02. Distribution of Surplus Assets on Dissolution.** Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority but on a patronage basis among all persons who are or have been members of the Cooperative during the seven years next preceding the date of the filing of the certificate of election to dissolve, PROVIDED, HOWEVER, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

## **ARTICLE XII**

### **FISCAL YEAR**

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December.

## **ARTICLE XIII**

### **RULES OF ORDER**

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

## **ARTICLE XIV**

### **SEAL**

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Louisiana."

## **ARTICLE XV**

### **AMENDMENTS**

Pursuant to La. Rev. Stat. Ann. Section 12:407, these Bylaws may be altered, amended or repealed by the Board of Directors with respect to voting by mail and, if such voting is authorized, with respect to the percentage of members required for a quorum; and may otherwise be altered, amended or repealed by a majority of the votes cast by the members at any regular or special member meeting; PROVIDED, that the notice of Board meeting or of the member meeting, as the case may be, shall have contained a copy of the proposed alteration, amendment or repeal or an accurate summary explanation thereof.

## **ARTICLE XVI**

### **LEGISLATIVE CONFLICTS AND AMENDMENTS**

The Bylaws are not intended to be in conflict with applicable State and Federal law, and in the event of conflict, the applicable law shall govern; additionally, these Bylaws shall be automatically amended to comply with statutory changes made by the Louisiana Legislature, effective as of the effective date of such legislation, although the Board of Directors shall cause any such amendments to be submitted to the members for their notification.