

# By-Laws

CMS Electric Cooperative, Inc.  
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By-Laws of  
The CMS Electric Cooperative, Inc.  
Meade, Kansas

**ARTICLE I**

**MEMBERSHIP**

**SECTION 1. REQUIREMENTS FOR MEMBERSHIP.** Any person, firm, association, corporation or body politic or subdivision thereof may become a member in The CMS Electric Cooperative, Inc., (hereinafter called the "Cooperative"), by:

- (a) Filing a written application for membership therein;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the articles of incorporation and by-laws of the Cooperative and any rules and regulations adopted by the board of trustees; and
- (d) Paying the membership fee hereinafter specified; provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he, she, or it has been accepted for membership by the board of trustees or the members. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

**SECTION 2. JOINT MEMBERSHIP.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The term "member" as used in these by-laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified action by or in respect to the holders of the joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presences of one member and of constituting a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one 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;
- (g) Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

**SECTION 3. CONVERSION OF MEMBERSHIP.** A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, by-laws, and rules and regulations adopted by the board of trustees.

Upon death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. Provided, however, that the estate of the decedent shall not be released from any debts due the Cooperative.

**SECTION 4. MEMBERSHIP.** The membership fee shall be set by the board of trustees from time to time. This fee is non-refundable.

SECTION 5. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in his or her application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the board of trustees; provided, however, that the board of trustees may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital as provided in these by-laws. Each member shall pay to the Cooperative such minimum amount each month regardless of the amount of electric energy consumed, as shall be fixed by the board of trustees from time to time. Each member shall also pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable.

SECTION 6. TERMINATION OF MEMBERSHIP. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board of trustees may prescribe. The board of trustees of the Cooperative may, by the affirmative vote of not less than two thirds of all the trustees, expel any member who shall have refused or failed to comply with any of the provisions of the articles of incorporation, by-laws, or rules or regulations adopted by the board of trustees, but only if such member shall have been given written notice by the secretary of the Cooperative, that such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the board of trustees or by voted of the members at any annual or special meeting. Upon the withdrawal, death, cessation of existences or expulsion of a member, the membership of such members shall thereupon terminate. Termination of membership in any manner shall not release the member or his estate from any debts due the Cooperative.

## **ARTICLE II**

### **RIGHTS AND LIABILITIES OF MEMBERS**

SECTION 1. PROPERTY INTEREST OF MEMBERS. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid and (b) all capital furnished through patronage shall have been retired as provided in these by-laws; the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of filing of the certificate of dissolution.

SECTION 2. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

## **ARTICLE III**

### **MEETING OF MEMBERS**

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held during the second quarter of each calendar year on the date to be decided upon by the board of trustees, at such a place in the territory served by the Cooperative as shall be decided upon by the board of trustees. The particular place, day, and hour of the annual meeting, decided upon by the board of trustees, shall be designated in the notice of the meeting, for the purpose of electing trustees, passing of the reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the board of trustees to make adequate plans and

preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture of or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by resolution of the board of trustees, or upon a written request signed by any five trustees, by the president, or by 20 percent or more of all the members, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the county of Meade, state of Kansas, specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business other than that listed in Section 7 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than 25 days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or upon a default in the duty by the secretary, by the persons calling the meeting to each other. 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. The failure of any member to receive notice of any annual or special meeting of the members shall not invalidate any action which may be taken by the member at any such meeting.

SECTION 4. QUORUM. Business may not be transacted at any meeting of the members unless there are present in person at least 50 of the Cooperative's members which shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided that the secretary shall notify any absent members of the time and place of such adjourned meeting.

SECTION 5. VOTING. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting, except as otherwise provided by law, the articles of incorporation or these by-laws. Members may not vote by proxy. In the event a member is not present, the member's vote may be cast by said member's spouse. Members may vote by mail on a specific issue if authorized by two thirds vote of the board of trustees. If voting by mail is authorized on a specific issue, that issue may be decided by mail ballot without the necessity of a meeting and quorum of the members as heretofore provided in this article.

SECTION 6. VOTING DISTRICTS. The territory served or to be served by the Cooperative shall be divided into three voting districts, with each district being represented by three trustees. The districts shall be numbered one (1) through three (3) starting from west moving to the east.

Ninety days before any meeting of the members at which trustees shall be elected, the board of trustees shall review the composition of the districts and if it should be found that any inequities in representation have developed which can be corrected by a redelineation of districts, the board of trustees shall reconstitute the districts so that each shall contain approximately the same number of members.

Members receiving service from the Cooperative at their residence shall vote in the district where they reside. Members not receiving service from the Cooperative at their residence, shall vote in the district where their oldest service is located.

SECTION 7. ORDER OF BUSINESS. The order of business of the annual meeting of the members and so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to which members are present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees, and committees.
5. Election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

#### **ARTICLE IV**

##### **TRUSTEES**

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation or these by-laws conferred upon or reserved to the members.

SECTION 2. QUALIFICATIONS AND TENURE. The persons presently elected and acting as trustees shall have been elected and qualified. For purposes of election of trustees the territory of the Cooperative shall be divided into three districts.

The elections shall be organized so as to provide for the election of a trustee in each district every year. To that end, the schedule for elections shall be as follows:

##### *District I*

- Position A-Currently held by Rock Ormiston. Election in 1994 for a three year term.
- Position B- Currently held by Robert Walker. Election in 1995 for a three year term.
- Position C-Currently held by Jack Bozarth. Election in 1996 for a three year term.

##### *District II*

- Position A-Currently held by Clifford Friesen. Election in 1994 for a three year term.
- Position B-Currently held by Michael Johnson. Election in 1995 for a three year term.
- Position C-Currently held by Linda Tomlinson. Election in 1996 for a three year term.

##### *District III*

- Position A-Currently held by Darrol Miller. Election in 1994 for a three year term.
- Position B-Currently held by Robert Harden. Election in 1995 for a three year term.
- Position C-Currently held by Tom Murphy. Election in 1996 for a three year term.

Thereafter all terms shall be for three years.

Trustees shall be elected by district by ballot at each annual meeting of the members to fill the positions of trustees whose terms of office have expired. Trustees shall serve until their respective successors have been elected and qualified.

If the election of trustees shall not be held on the day designated therein for the annual meeting, or at any adjournment thereof, the board of trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. No person shall be eligible to become or remain a trustee in the Cooperative who:

(a.) is not a member of the Cooperative and qualified voter and resident of the district to be represented.

(b.) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical appliances, fixtures or supplies to the members of the Cooperative; or

(c.) is the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of \$300.00 per annum is paid.

(d.) a partnership, limited or general, or joint venture may not serve as a trustee or hold a position of trust in the Cooperative provided, however, any individual partner of a partnership, both limited and general, stockholder of a corporation, or participant in a joint venture may be elected as trustee provided the respective partnership, corporation, or joint venture holds a membership in the Cooperative and has a registered office location within the district to be represented and its principle business activity is carried on within the district to be represented. Said individuals must meet the requirements set out in subparagraphs a, b, & c above except with respect to the membership requirement. Only one partner, stockholder, or participant in a qualifying partnership, corporation or joint venture may be elected trustee.

Upon establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the board of trustees to remove such trustee from office.

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

**SECTION 3. NOMINATIONS.** It shall be the duty of the board of trustees to announce expiring terms of trustees not less than 60 days nor more than 90 days before the date of the annual meeting of the members at which trustees are to be elected. The board of trustees shall also announce that members wishing to serve on the board of trustees shall be nominated by presenting a petition with signatures of 15 valid members within the district they are to represent. This nomination petition shall be presented to the cooperative office not less than 30 days prior to the annual membership meeting date. This shall be the only nomination procedure recognized in the election of trustees. Nominations will not be accepted from the floor.

The secretary shall mail with the notice of the meeting at least ten days before the date of the meeting, a statement of the number of trustees to be elected and the names and addresses of the candidates

**SECTION 4. REMOVAL OF TRUSTEES BY MEMBERS.** Any member may bring charges for cause against a trustee by filing such charges for cause in writing with the secretary, together with a petition signed by at least ten percentum of the members and request the removal of such trustee by reason thereof. The trustee against whom such charges for cause have been brought shall be informed in writing of the charges for cause at least five days prior to the meeting at which the charges for cause are to be considered and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges for cause; and the person or persons bringing the charges for cause against him or her shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the next regular or

special meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations; provided the member elected as trustee to fill the vacancy must reside in the same district as the trustee to whose office he or she succeeds.

SECTION 5. FAILURE TO ATTEND MEETINGS. Failure on the part of a trustee to attend either three (3) consecutive regular meetings of the board of trustees or five (5) regular meetings during the 12 preceding months shall be deemed sufficient cause for removal of any such trustee and declaration of a vacancy upon the vote of not less than two thirds of the entire number of the board of trustees; PROVIDED, that the failure of any trustee to attend any regular meeting by reason of temporary actual inability to attend may be considered at the discretion of the board as excusing nonattendance on one or more occasions. A vacancy created by removal for nonattendance shall be filled as provided in Article IV, Section 6.

SECTION 6. VACANCIES. Subject to the provisions of these by-laws with respect to the filling of vacancies caused by removal of trustees by the members, a vacancy occurring in the board of trustees shall be filled by affirmative vote of a majority of the remaining trustees for the unexpired portion of the term of the trustee in respect of whom the vacancy occurs; provided the member elected as trustee to fill the vacancy must reside in the same district as the trustee to whose office he succeeds.

SECTION 7. COMPENSATION. Board members shall not receive any salary for their service as such, except that the board of trustees of the Cooperative may be resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when approved by the board. Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, or shall any close relative of a board member receive compensation for serving the Cooperative, unless the service by the board member or his or her close relative shall have been certified by the board as an emergency measure.

## **ARTICLE V**

### **MEETINGS OF TRUSTEES**

SECTION 1. REGULAR MEETINGS. A regular meeting of the board of trustees shall be held without notice other than this by-law, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the board of trustees shall also be held monthly as such time and place in Meade County, Kansas, as the board of trustees may provide by resolution, such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the board of trustees may be called by the president or by any five trustees, and it shall thereupon be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. The president or the trustees calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. NOTICE OF TRUSTEE MEETINGS. Written notice of the time, place, and purpose of any special meeting of the board of trustees shall be delivered not less than five days previous thereto,

either personally or by mail, by or at the direction of the secretary, or upon a default in duty by the secretary, by the president or the trustees calling the meeting, to each trustee. If mailed, such notice shall be deemed delivered when deposited in the United States mail addressed to the trustee at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. QUORUM. A majority of the board of trustees shall constitute a quorum, provided that if less than such majority of the trustees is present at said meeting a majority of the trustees may adjourn the meeting from time to time; and provided further, that the secretary shall notify any absent trustee of the time and place of such adjourned meeting. The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the board of trustees.

## **ARTICLE VI**

### **OFFICERS**

SECTION 1. NUMBER. The officers of the Cooperative shall be a president, vice president, secretary, treasurer, and such other officers as may be determined by the board of trustees from time to time. The office of secretary and of treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by ballot, annually by and from the board of trustees at the meeting of the board of trustees held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been elected and shall be qualified. A vacancy in any office shall be filled by the board of trustees for the unexpired portion of the term.

SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY TRUSTEES. Any officer or agent elected or appointed by the board of trustees may be removed by the board of trustees whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 4. PRESIDENT. The president shall:

(a) Be the principal executive officer of the Cooperative, and unless otherwise determined by the members of the board of trustees, shall preside at all meetings of the members of the board of trustees;

(b) Sign, with the secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the board of trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the board of trustees or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed and executed; and

(c) In general form all duties as may be prescribed by the board of trustees from time to time.

SECTION 5. 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 restrictions upon the president. The vice-president shall also perform such other duties as from time to time may be assigned to him or her by the board of trustees.

SECTION 6. SECRETARY. The secretary shall:

(a) Keep the minutes of the meetings of the members and of the board of trustees in one or more books provide for that purpose.



(b) See that all notices are duly given in accordance with these by-laws or as required by the law;

(c) Be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;

(d) Keep a register of names and post office address of all members;

(e) Have general charge of the books of the Cooperative in which a record of the members is kept;

(f) Keep on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member and at the expense of the Cooperative forward a copy of the by-laws and all amendments thereto to each member; and

(g) In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the board of trustees.

(h) The Secretary may delegate any of the power and authorities mentioned in this section to any member of the CMS staff.

**SECTION 7. TREASURER.** The treasurer shall:

(a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) Be responsible for the receipt of and the moneys due and payable to the Cooperative from any source whatsoever, and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these by-laws; 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 or her by the board of trustees.

(d) The Treasurer may delegate any of the powers and authorities mentioned in this section to any of the CMS staff.

**SECTION 8. MANAGER.** The board of trustees may appoint a manager who shall not be required to be a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the board of trustees may from time to time vest in him or her.

**SECTION 9. BONDS OF OFFICERS.** The treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with surety as the board of trustees shall determine. The board of trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**SECTION 10. COMPENSATION.** The powers, duties and compensation of any officer, agents and employees shall be fixed by the board of trustees subject to the provision of these by-laws with respect to compensation for trustees and close relatives of trustees.

**SECTION 11. REPORTS.** The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII**

**NON-PROFIT OPERATION**

SECTION 1. INTEREST OF DIVIDENDS ON CAPITAL PROHIBITED. The cooperative shall at all times be operated on 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 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 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 the credits 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 close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current fiscal year and (b) to the extent not needed for the 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. If, at any time prior to dissolution or liquidation, the board of trustees shall determine that 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 retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

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 interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the board of trustees acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

Notwithstanding any other provision of these by-laws, the board of trustees, at its discretion, shall have the power at any time upon death of any patron, who was a natural person, if the legal representative of the estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron upon such terms and conditions as the board of

trustees, acting under policies of general application and the legal representative of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and by-laws 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 by-laws 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 may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two thirds of all the members of the Cooperative, and unless the notice of such proposed sale, lease or disposition shall have been contained in the notice of the meetings; provided, however, that notwithstanding anything herein contained, the board of trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or deed or deeds of trust upon; or the pledging or encumbering of, any or all 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 of trustees shall determine, to secure any indebtedness of the Cooperative.

## **ARTICLE IX**

### **SEAL**

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

## **ARTICLE X**

### **FINANCIAL TRANSACTIONS**

**SECTION 1. CONTRACTS.** Except as otherwise provided in these by-laws the board of trustees may authorize any officer or officers, agent or agents to enter into a 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 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 of trustees.

**SECTION 3. DEPOSITS.** All funds of the Cooperative shall be deposited from time to time to the credits of the Cooperative in such bank or banks as the board of trustees may select.

SECTION 4. CHANGE IN RATES. Written notice shall be given to the administrator of the Rural Electrification Administration of the United States of America not less than 90 days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

SECTION 5. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the 31<sup>st</sup> day of December.

## **ARTICLE XI**

### **MISCELLANEOUS**

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of any other organization without the affirmative vote of two thirds of the Board of Trustees.

SECTION 2. WAIVER OF NOTICE. Any member or trustee may waive in writing any notice of a meeting required to be given by these by-laws, either before or after such meeting. The attendance of a member or trustee at any meeting shall constitute a waiver of notice of such meeting by such member or trustee, except in case a member or trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 3. RULES AND REGULATIONS. The board of trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation or these by-laws as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4. ACCOUNTING SYSTEM AND REPORTS. The board of trustees shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the administrator of the Rural Electrification Administration of the United States of America. The board of trustees shall after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

## **ARTICLE XII**

### **AMENDMENTS**

These by-laws 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.