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SOUTH CENTRAL POWER COMPANY

The aim of South Central Power Company, (hereinafter called the Cooperative) is to make electric energy, and, at the discretion of the Board of Trustees of the Cooperative, other products and services the income from which may be exempt from federal income taxation available to its members on a non-profit cooperative basis at the lowest cost consistent with sound economy and good management.

CODE OF REGULATIONS

ARTICLE I

Members

Section 1

Qualifications and Obligations

Any person, firm, partnership, political subdivision, governmental agency or instrumentality, limited liability company, association, corporation or body politic may become a member in the Cooperative by:

- (a) agreeing to purchase from the Cooperative on a monthly or other periodic basis electric energy or other products or services offered by the Cooperative as hereinafter specified; and
- (b) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and this Code of Regulations and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Trustees;

provided, however, that no person, firm, partnership political subdivision, governmental agency or instrumentality, limited liability company, association, corporation or body politic shall become a member unless and until the Cooperative accepts the membership application of the member and the name of the member is entered in the books and records of the Cooperative. The Cooperative may issue a certificate of membership to any member. No applications for joint membership shall be accepted by the Cooperative after August 31, 2005. All joint memberships validly in existence on August 31, 2005 shall retain all of the rights, and be subject to all of

the obligations, of a joint membership in accordance with this Code of Regulations and the rules and policies of the Cooperative respecting joint membership.

*Section 2
Membership Effective*

Membership is effective on the date service commences if the membership application is accepted by the Cooperative and the name of the member is entered in the books and records of the Cooperative on that date or within thirty (30) days thereafter; otherwise, membership is effective upon the date the membership application is accepted by the Cooperative and the name of the member is entered in the books and records of the Cooperative.

*Section 3
Purchase of Electric Energy and Other Products and Services*

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefor monthly at rates and charges which shall from time to time be fixed by resolution of the Board of Trustees; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Cooperative shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Cooperative from time to time, regardless of the amount of electric energy consumed. Each member shall, as soon as one or more non-electric products and services shall be available, purchase from the Cooperative the specific non-electric products and services used on the premises referred to in the application of such member for membership and which the member elects to purchase from the Cooperative by application to the Cooperative, and shall pay therefor at such rates and charges and on such terms and conditions, which shall from time to time be fixed by the Cooperative. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

*Section 4
Non-liability for Debts of the Cooperative*

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

*Section 5
Expulsion of Members*

The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or this Code of Regulations or any rules or regulations adopted from time to time by the Board of Trustees. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

*Section 6
Withdrawal of Membership*

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Trustees may prescribe; provided, however, that no member may withdraw from membership for the purpose of having a person other than the Cooperative provide electric energy for use on the premises specified in the member's application for membership, any such withdrawal being automatically null and void.

*Section 7
Termination of Membership*

Membership in the Cooperative and any certificate representing the same shall not be transferable. Upon the death, cessation of existence, expulsion or withdrawal of a member or the voluntary cessation by the Cooperative of service the membership of such member shall terminate, and any certificate of membership of such member shall be surrendered forthwith to the Cooperative. The Board of Trustees shall adopt rules governing the membership status of persons whose service is temporarily discontinued. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative, except as to allocations of capital credits made pursuant to Article VIII hereof; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

*Section 8
Removal of Trustees*

Any member may bring specific charges of malfeasance, misfeasance or nonfeasance in office against a trustee and, by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefor together with a petition signed by at least ten per centum (10%) of the members, may request the removal of such trustee by reason thereof. If more than one (1) trustee is sought to be removed, individual charges against each such trustee and the evidentiary basis for each such charge shall be specified. For purposes of this Article, "malfeasance, misfeasance or nonfeasance" means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business and affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five (45) days after the filing of such charges, the member bringing the charges against the trustee shall have an opportunity to be heard in person or by counsel and to present evidence in support of the charges; and the trustee shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No trustee shall be removed from office unless the specific charges against such trustee are supported by clear and convincing evidence. The question of the removal of such trustee shall be considered and voted upon at the meeting of members. The removal of no more than two (2) trustees may be considered or voted upon at any meeting of members.

Section 9

Nothing contained in this Article, or elsewhere in this Code of Regulations shall be deemed or construed to prevent or prohibit the Cooperative from selling electric energy or non-electric products or rendering electric or non-electric services to non-members, in proper cases, nor to prohibit the Cooperative from executing and performing franchise contracts with municipalities providing for the sale of electric energy and rendering of services to said municipalities.

Section 10
Signing of Certificate of Membership

A certificate of membership is signed for purposes of this Code of Regulations by either manual signing or by facsimile signature.

ARTICLE II
Meetings of Members

Section 1
Annual Meeting

The Annual meeting of the members shall be held on such day in July, August or September and at such place within the counties in the service area of the Cooperative as designated by the Board of Trustees and specified in the notice of the meeting for the purpose of reporting on the election of trustees, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting or an election of trustees at a designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2
Special Meetings

Special meetings of the members may be called by at least three (3) trustees or upon written request signed by at least ten per centum (10%) 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 counties in the service area of the Cooperative, specified in the notice of the special meeting.

Section 3
Notice of Members' Meeting

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Cooperative, with postage thereon paid. In case of a joint membership, notice given to either husband or wife shall be deemed notice to both joint members. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

Section 4
Quorum

The members entitled to vote present in person or represented by proxy at any meeting of the members shall constitute a quorum. In case of a joint membership the presence at a meeting of either husband or wife, or both, shall be regarded as the presence of one member.

Section 5
Voting

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or this Code of Regulations.

Section 6
Proxies

At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by the member and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the member had not executed a proxy. In case of a joint membership a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. No person other than a member shall vote a proxy.

Section 7
Order of Business

The order of business at the annual meeting of the members and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.

2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, trustees and committees.
5. Report on the election of trustees.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III **Trustees**

Section 1 *General Powers*

The business and affairs of the Cooperative shall be managed by a board of eleven (11) trustees which shall exercise all of the powers of the Cooperative except such as are by law or the Articles of Incorporation of the Cooperative or by this Code of Regulations conferred upon or reserved to the members.

Section 2 *Qualifications and Tenure*

The trustees shall divide the territory wherein the members of the Cooperative reside into eleven (11) districts so that equitable representation may be given to the geographic areas served by the Cooperative. The trustees shall have the power to change the boundaries of such districts whenever in their opinion the purpose of this Section requires such a change. Each district shall be represented by one (1) trustee. Not less than three (3) or more than five (5) trustees shall be elected each year by and from the members as provided in Section 10 of this Article III to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, subject to provisions of this Code of Regulations with respect to the removal of trustees. The trustees shall have the power to determine that in certain years more than three (3) but not more than five (5) trustees shall be elected. Only members shall be eligible for election to a position on the Board of Trustees. No member shall be eligible for election to a position on the Board of Trustees after the member has reached the age of seventy-two (72) years. No member shall be eligible to become or remain a trustee or to hold any position of trust in the Cooperative who is not a bona fide resident or owner of property served by the Cooperative, and has a financial obligation to the Cooperative because of the service in the area served by the Cooperative, or who is in any way employed by or financially interested in (1) a competing enterprise or (2) a business selling electric energy or other products or services to the Cooperative, or (3) a business primarily engaged in selling to members of the Cooperative any of the products or services offered by the Cooperative. Nothing in this Section contained shall, or shall be construed to, 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 appoint, not less than fifty (50) days nor more than one hundred twenty (120) days before the date of each annual meeting of the members a committee on nominations consisting of members who shall be selected so as to give equitable representation on the committee to the geographical area served or to be served by the Cooperative. No officer or member of the Board of Trustees shall be appointed a member of such committee. The committee shall prepare and provide to the Secretary at least forty-five (45) days before the meeting a list of nominations for trustee of at least two (2) candidates for trustee from each district represented by a trustee whose term of office will expire at the time of the next annual meeting, but any two hundred fifty (250) or more members may make other nominations in writing over their signatures not less than forty-five (45) days prior to the meeting. No person shall be voted upon by the members for trustee who has not signified in writing or otherwise his/her willingness to serve if elected. The members may, at any meeting at which a trustee or trustees shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of trustees.

Section 4 *Vacancies*

Vacancies occurring in the Board of Trustees shall be filled by a majority vote of the remaining trustees.

Section 5 *Compensation*

The Board of Trustees may by resolution provide a reasonable compensation to be paid to each trustee for his services rendered on behalf of the Cooperative as a trustee and also provide for expenses incurred therein. A trustee may also receive compensation for his services rendered as an officer of the Cooperative, but shall not receive compensation for his services rendered in any other capacity, except in emergency.

No close relative of a trustee shall receive compensation for serving the Cooperative, except in emergency, and in that event, such compensation may be fixed by the Board of Trustees, provided however, if the emergency exists for more than ninety (90) days, then such compensation shall be specifically authorized by vote of the members. As used in this Section, "close relative" means the relationships of spouse, father, mother, brother, sister, son, and daughter existing by reason of blood, marriage, or adoption.

Section 6 *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 of the Cooperative or this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 7
Accounting System and Reports

The Board of Trustees shall cause to be established and maintained a complete accounting system. The Board of Trustees shall cause to be made by a certified public accountant a full and complete annual audit of the accounts, books and financial condition of the Cooperative. Such audit reports shall be available to the members at all reasonable times.

Section 8
Change in Rates

The Board of Trustees shall fix the rates charged by the Cooperative for electric energy and non-electric products and services offered by the Cooperative and shall give any required written notice to the Administrator of the Rural Utilities Service.

Section 9
Agents and Employees

The Board of Trustees may employ and discharge agents and employees and fix their powers, duties and compensation, subject, however, to the provisions of Article III, Section 5 of this Code of Regulations in regard to trustees and close relatives of trustees. The Board of Trustees may from time to time vest any of the above authority in the President and Chief Executive Officer of the Cooperative.

Section 10
Election of Trustees

A ballot for electing trustees shall be prepared by the Secretary and mailed, along with a return envelope, or transmitted by electronic means, at least thirty (30) days prior to the annual meeting of members to all members of the Cooperative whose names appear upon the membership records of the Cooperative at the time of such mailing or electronic transmission, as the case may be; provided, however, that electronic voting shall be provided for and used only if the Board of Trustees determines in its sole discretion that electronic voting may be used, and if such determination is made, the ballot shall also contain instructions for voting by electronic means. If the ballot is transmitted by electronic means, it shall be sent to the address provided to the Cooperative by the member for receipt of electronic transmission. The ballot shall list the qualified nominees selected in accordance with the provisions of Section 3 of this Article III who have signified their willingness to serve if elected and shall show separately the nominations made by the committee on nominations and, if any, nominations made by petition. With respect to each position to be filled on the Board of Trustees, each member shall be entitled to vote for one (1) of the nominees listed on the ballot by checking a box located next to such nominee's name or, in the case of voting by electronic means, indicating the member's vote in accordance with the instructions for electronic voting. No member may vote by both written ballot and electronic means. The ballot, after being voted by the member, shall be signed by the member and either (i) returned by mail to the Secretary in the envelope provided to such member at the address shown on such envelope and postmarked not less than ten (10) days prior to the annual meeting of members, or (ii) hand-delivered to the address shown on such envelope not less than seven (7) days prior to the annual meeting of members. In the case of electronic voting, the ballot need not be signed or returned by the member but shall be voted by electronic means not less than seven (7) days prior to the annual meeting of members in accordance with the instructions for electronic voting and in such a manner that the Cooperative can determine that the electronic vote was authorized by the member and accurately reflects the intentions of the member. The Secretary, with the assistance of a committee consisting of not less than two (2) members appointed by the Board of Trustees, shall be responsible for the tabulation of the ballots and electronic votes, if any, for the election of trustees and shall determine the successful candidates. No ballot shall be counted unless signed by the member and returned to the Secretary by mail or hand-delivered as provided above. No electronic vote shall be counted unless the electronic vote was voted in the time frame and manner provided above.

Furthermore, with respect to each position to be filled on the Board of Trustees, no ballots shall be counted if the member has voted for more than one (1) nominee. With respect to each position to be filled on the Board of Trustees, the nominee receiving the greatest number of votes shall be elected a trustee effective as of the date of the annual meeting of members. In case of a tie vote, the election shall be decided by flipping a coin. The results of the election shall be announced by the Secretary, or if the Secretary is a nominee, by another board member, at the annual meeting of members. If the Secretary is a nominee, the Secretary shall not prepare the ballots, receive the voted ballots from members, or be responsible for the tabulation of the ballots for the election of trustees; rather, the Board of Trustees shall appoint a trustee who is not a nominee to perform the Secretary's duties in connection with the election of trustees. If the election of trustees is not within the time set forth in this Section 10, the Board of trustees shall cause the election of trustees to be held as soon thereafter as may be convenient.

ARTICLE IV
Meetings of Trustees

Section 1
Regular Meetings

A regular meeting of the Board of Trustees shall be held without notice other than this Code of Regulations, 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 at such time and place in Fairfield County, Ohio, or such other place, 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 Chairman or any three (3) trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix the time and place, within or without the State of Ohio, for the holding of any special meeting of the Board of Trustees called by them.

*Section 3
Notice*

Notice of the time, place and purpose of any special meeting of the Board of Trustees shall be given at least three (3) days previous thereto, by written notice, delivered personally or mailed, to each trustee at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. The attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except in case a trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

*Section 4
Quorum*

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

*Section 5
Manner of Acting*

The act of the majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

**ARTICLE V
Officers**

*Section 1
Number*

The officers of the Cooperative shall be a Chairman, President and Chief Executive Officer, Vice Chairman, Secretary and Treasurer. The offices of Secretary and of Treasurer may be held by the same person. The office of President and Chief Executive Officer and such other offices as may be created pursuant to Section 3 of this Article V may be held by the same person.

*Section 2
Election, Term of Office and Qualifications*

Each officer, except the President and Chief Executive Officer and any officer appointed pursuant to Section 3 of this Article V shall be elected annually by and from the Board of Trustees at the meeting of the Board of Trustees held immediately after each annual meeting of the members, or as soon thereafter as practicable. Each such officer shall hold office until his successor shall have been duly elected and qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The President and Chief Executive Officer shall be chosen and employed and his compensation shall be set by the Board of Trustees upon terms not inconsistent with this Code of Regulations.

*Section 3
Additional Officers*

In addition to the officers mentioned in Section 1 of this Article V, the Cooperative may have such other officers as the Board of Trustees may deem necessary and may appoint, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Code of Regulations or as the Board of Trustees may from time to time determine.

*Section 4
Removal*

Any officer elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever, in its judgment, the best interests of the Cooperative will be served thereby; except that the Board of Trustees may, in its discretion, agree in a written employment agreement to conditions inconsistent with this Code of Regulations concerning the removal of the President and Chief Executive Officer.

*Section 5
Resignations*

Any officer may resign at any time by giving written notice to the Board of Trustees, or to the Chairman or to the Secretary of the Cooperative. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

*Section 6
Vacancies*

A vacancy in any office, except that of President and Chief Executive Officer, may be filled by the Board of Trustees for the unexpired portion of the term. In the event of a vacancy in the office of President and Chief Executive Officer, the Board of Trustees shall choose and employ a President and Chief Executive Officer upon terms not inconsistent with this Code of Regulations.

*Section 7
The Chairman*

The Chairman shall have the following duties and responsibilities:

- (a) he shall be the principal officer of the Cooperative and shall preside at all meetings of the members and of the Board of Trustees;

- (b) he shall sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) he shall, in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 8

The President and Chief Executive Officer

The President and Chief Executive Officer shall have the following duties and responsibilities:

- (a) he shall be the chief executive officer and shall be responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board of Trustees;
- (b) he shall have supervision over and be responsible for the operations of the Cooperative and shall, in performing this duty, carry out and execute the policies adopted by the Board of Trustees;
- (c) he shall prepare for the Board of Trustees such reports and budgets as are necessary to inform the board concerning the operation of the Cooperative; and
- (d) he shall, in general, perform all duties incident to the office of President and Chief Executive Officer as chief executive officer and he shall perform such other duties as may from time to time be assigned to him by the Board of Trustees.

Section 9

The Vice Chairman

The Vice Chairman, at the request of the Chairman or the Board of Trustees, or in the absence or disability of the Chairman, may perform all the duties of the Chairman and while so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman may also sign with the Secretary or any other proper officer of the Cooperative thereunto authorized by the Board of Trustees any or all certificates of membership, the issuance of which shall have been authorized by resolution of the Board of Trustees; may sign and execute in the name of the Cooperative deeds, mortgages, indentures, bonds, contracts or other instruments authorized by the Board of Trustees, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by this Code of Regulations to some other officer or agent of the Cooperative; and shall perform such other duties as from time to time may be assigned to him by the Board of Trustees or by the Chairman.

Section 10

The Treasurer

The Treasurer shall have the following duties and responsibilities:

- (a) he shall have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) he shall have charge of receiving and giving receipts for monies due and payable to the Cooperative from any source whatsoever, and depositing all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) he shall, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 11

The Assistant Treasurer

If an Assistant Treasurer is appointed by the Board of Trustees pursuant to Section 3 of this Article V, he need not be a member of the Board of Trustees and he shall hold office until relieved by the Board of Trustees. He shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board of Trustees.

Section 12

The Secretary

The Secretary shall have the following duties and responsibilities:

- (a) he shall keep the minutes of meetings of the members and the Board of Trustees in one or more books provided for that purpose;
- (b) he shall see that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) he shall 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 Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) he shall keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) he shall sign with the Chairman certificates of membership, the issue of which shall have been authorized by resolution of the Board of Trustees;
- (f) he shall have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) he shall keep on file at all times a complete copy of the Code of Regulations of the Cooperative containing all amendments thereto, and cause copies thereof to be available for delivery to members when requested; and
- (h) he shall, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees.

Section 13

The Assistant Secretary

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

Section 14
Bond of Officers

The Board of Trustees shall require the Treasurer or any other officer of the Cooperative charged with the responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees, in its discretion, may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 15
Compensation

The compensation of officers shall be fixed by the Board of Trustees.

Section 16
Reports

The officers of the Cooperative shall submit at each annual meeting of the members annual reports covering the business of the Cooperative and showing the condition of the Cooperative.

Section 17
Assistant Vice Chairman

If an Assistant Vice Chairman is appointed by the Board of Trustees pursuant to Section 3 of this Article V, he need not be a member of the Board of Trustees and he shall hold office until relieved by the Board of Trustees. He shall assist the Vice Chairman in the performance of the Vice Chairman's duties as requested by the Vice Chairman or by the Board of Trustees.

ARTICLE VI
Contracts, Checks and Deposits

Section 1
Contracts

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

Section 2
Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers of the Cooperative or in such manner as shall from time to time be determined by resolution of the Board of Trustees.

When any note, bond or other evidence of indebtedness of the Cooperative is authenticated or countersigned by incorporated trustee, the signature of any officer of the Cooperative authorized to sign any such instrument may be facsimile, engraved, stamped or printed. Although any officer of the Cooperative whose manual or facsimile signature is affixed to any such instrument ceases to be such officer before the instrument is delivered, such instrument nevertheless shall be effective in all respects when delivered.

Section 3
Deposits

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

ARTICLE VII
Membership Certificates

Section 1
Certificates of Membership

Membership in the Cooperative may be evidenced by a certificate of membership which shall be in such form and contain such provisions as shall be determined by the Board of Trustees not contrary to, or inconsistent with, the Articles of Incorporation of the Cooperative or this Code of Regulations.

Such certificate shall be signed by the Chairman or the Vice Chairman and by the Secretary or a member of the Board of Trustees of the Cooperative and the corporate seal shall be affixed thereto.

Section 2
Lost Certificate

In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Cooperative as the Board of Trustees may prescribe.

ARTICLE VIII
Non-Profit Operation

Section 1
Interest or Dividends on Capital Prohibited

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

Section 2

Patronage Capital in Connection with Furnishing Electric Energy and Other Products and Services

In the furnishing of electric energy and non-electric products and services offered by the Cooperative, the Cooperative's operation shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy and non-electric products and services offered by the Cooperative in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and non-electric products and services offered by the Cooperative. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of 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. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. 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 Trustees shall have the power to adopt rules providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the power supply portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the cooperative's books of the power supply portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and (d) preclude a general retirement of the power supply portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise, except as herein otherwise provided.

Notwithstanding any other provision of this Code of Regulations, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any individual patron or former individual patron, but not upon the dissolution, liquidation, or other cessation of existence of any entity patron or former entity patron, if the legal representatives of his estate shall request in writing that capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of the Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Trustees, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

Notwithstanding any other provision of this Code of Regulations or other provision of the membership certificate, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within four (4) years after payment of the same has been made available to him by notice or check mailed to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this Section shall include the failure by such patron or former patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. The assignment and gift provided for under this Section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such patron or former patron without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be the Cooperative newsletter. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

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

ARTICLE IX

Waiver of Notice

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

ARTICLE X Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) property which in the judgment of the Board of Trustees neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten percent (10%) of the value of all of the property of the Cooperative;
- (b) services of all kinds, including electric energy; and
- (c) personal property acquired for resale;

nor shall the Cooperative merge or consolidate with any other corporation, unless such sale, mortgage, lease, other disposition or encumbrance, merger or consolidation is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of all the members of the Cooperative and unless the notice of such proposed sale, mortgage, lease, other disposition or encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Trustees, without authorization by the members, shall have full power and authority to borrow money from the United States of America, any agency or instrumentality thereof, or any recognized lender or lending institution, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine; and provided further, that notwithstanding anything herein contained, the Board of Trustees may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or substantially all of its property to, or merge or consolidate with, another nonprofit corporation that was previously at any time a borrower from the Rural Utilities Service or Rural Electrification Administration or a generation or transmission cooperative whose members are electric distribution cooperatives.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of facilities with other electric companies when in the judgment of the Board of Trustees the facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities exchanged within one (1) year exceed five percent (5%) of the total assets of the Cooperative.

ARTICLE XI Fiscal Year

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

ARTICLE XII Membership in Other Organizations

The Cooperative shall not become a member of any organization without an affirmative vote of two-thirds (2/3) of all members of the Board of Trustees.

ARTICLE XIII Seal

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

ARTICLE XIV Amendments

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; provided, however, that any alteration, amendment or repeal of this Article or Article X shall require the affirmative vote of at least two-thirds (2/3) of the members of the Cooperative; and provided further, that no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

ARTICLE XV Indemnification

(1) The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed civil, criminal, administrative, or investigative action, suit, or proceeding, including all appeals (other than an action, suit, or proceeding by or in the right of the Cooperative), by reason of the fact that such person is or was a trustee, officer, employee, or volunteer as defined in Section 1702.01(N) of the Ohio Revised Code ("volunteer"), of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit, or proceeding, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to

the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and that, with respect to any criminal action or proceeding, such person had reasonable cause to believe that such person's conduct was unlawful; the termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, constitute such proof.

(2) Other than in connection with an action or suit in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or, completed action or suit, including all appeals, by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is or was a trustee, officer, employee, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of the action or suit unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interest of the Cooperative, except that the Cooperative shall indemnify such person to the extent the court in which the action or suit was brought determines upon application that, despite the proof but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(3) Any indemnification under subsections (1) or (2) hereof (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the trustee, director, officer, employee, or volunteer is proper in the circumstances. The determination shall be made (a) by a majority vote of those members of the Board of Trustees who, in number constitute a quorum of the Board of Trustees who also were not and are not parties to or threatened with any such action, suit, or proceeding or (b) if such a quorum is not obtainable (or even if obtainable) and a majority of disinterested members of the Board of Trustees so directs, in a written opinion by independent legal counsel compensated by the Cooperative or (c) by the court in which the action, suit, or proceeding was brought.

(4) Unless the action, suit, or proceeding referred to in subsections (1) or (2) hereof is one in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, expenses (including attorneys' fees) incurred by the trustee, officer, employee, or volunteer of the Cooperative in defending the action, suit, or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the trustee, officer, employee, or volunteer in which such person agrees both (a) to repay the amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and (b) to cooperate with the Cooperative concerning the action, suit, or proceeding.

(5) The Cooperative may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, and self-insurance, for or on behalf of any person who is or was a trustee, officer, employee, agent, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, agent, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, trust, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Cooperative would have the power to indemnify him against liability under the provisions of this Article or of the Ohio Nonprofit Corporation Law. Insurance may be purchased from or maintained with a person in which the Cooperative has a financial interest.

(6) Unless otherwise provided in the agreement of merger pursuant to which there is a merger into this Cooperative of a constituent corporation that, if its separate existence had continued, would have been required to indemnify board members, directors, officers, employees, or volunteers in specified situations, any person who served as a trustee, officer, employee, or volunteer of the constituent corporation, or served at the request of the constituent corporation as a trustee, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation, or corporation for profit, or a partnership, joint venture, trust, or other enterprise, shall be entitled to indemnification by this Cooperative (as the Surviving Corporation) to the same extent such person would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

(7) The indemnification provided by this Article shall not be deemed exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification as a matter of law or under the Articles of Incorporation, this Code of Regulations, any agreement, vote of the members of the Cooperative or the disinterested members of the Board of Trustees, any insurance purchased by the Cooperative, any action by the Board of Trustees to take into account amendments to the Ohio Nonprofit Corporation Law that expand the authority of the Cooperative to indemnify a trustee, officer, employee, or volunteer of the Cooperative, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding an office or position, and shall continue as to a person who has ceased to be a trustee, officer, employee, or volunteer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(8) Other than in connection with an action or suit in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, a trustee or officer of the Cooperative shall be liable in damages for any action he takes or fails to take as a trustee or as an officer, as the case may be, only if it is proved, by clear and convincing evidence, in a court with jurisdiction that his act or omission was one undertaken with deliberate intent to cause injury to the Cooperative or was one undertaken with a reckless disregard for the best interests of the Cooperative.

As revised on August 18, 2005