

**REVISED CODE OF REGULATIONS
Hancock-Wood Electric Cooperative, Inc.
North Baltimore, Ohio**

Adopted October 19, 1991
Amended October 15, 1994
Amended October 19, 1996
Amended October 3, 1998
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Amended September 13, 2008
Amended September 20, 2014
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Amended June 12, 2021
Amended June 11, 2022
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ARTICLE I MEMBERSHIP

SECTION 1. Requirements For Membership. Any person, whether a natural person or firm, association, corporation, partnership, body politic, or subdivision thereof, will become a member of Hancock-Wood Electric Cooperative, Inc. (hereinafter called the Cooperative) upon receipt of electric and/or other energy service and/or other services from the Cooperative, provided that such person has first:

- (a) Made a written application for membership therein, which application is subject to approval by the Board of Trustees of the Cooperative (hereinafter called the Board);
- (b) Agreed to purchase from the Cooperative electric and/or other energy service and/or other services as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board and
- (d) Was already receiving electric and/or other energy service and/or other services from a system which has merged or consolidation with, or otherwise been acquired by the Cooperative. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Membership Certificates shall reflect the name of the person, firm, association, corporation, partnership, body politic or subdivision thereof, or other entity in whose name the membership is recorded. If a natural person, the membership certificate shall reflect the name of that person's spouse. Such certificate shall be signed either manually or by facsimile by the President and by the Secretary of the Cooperative and the corporate seal or a facsimile thereof shall be affixed to such certificate. Failure to issue a membership certificate or the loss or destruction of such certificate shall not affect the membership status of any person listed as a member in the Cooperative's membership records. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefor upon such uniform terms and conditions as the Board may prescribe. The term "member" as used in this Code of Regulations shall include the husband or wife of the person in whose name the membership is recorded and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of such membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and

- shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one vote;
 - (c) A waiver of notice signed by either or both shall constitute a valid waiver;
 - (d) Notice to either shall constitute notice to both;
 - (e) Expulsion of either shall terminate the membership;
 - (f) Withdrawal of either shall terminate the membership; and
 - (g) Either but not both may be elected or appointed as an officer or Board member, provided that both meet the qualifications for such office.

SECTION 3. Representation of Members. Membership applications for partnerships, corporations, organizations, associations, firms, bodies politic or subdivisions thereof shall be signed by the person authorized by such partnership, corporation, organization, association, firm, body politic or subdivision thereof, and the person signing such application shall, upon approval of the application, become the agent for the member on the records of the Cooperative, and shall be authorized to vote for the member in any election or balloting held by the Cooperative. Such organization may designate a voting delegate, other than the regularly authorized agent, at any Members' Meeting of the Cooperative. Such delegate shall be furnished written credentials by the organization which he represents at the particular meeting involved. It shall be the obligation of the partnership, corporation, organization, association, firm, body politic or subdivision thereof, to notify the Cooperative in the event of any change in person authorized to represent them in dealing with the Cooperative.

SECTION 4. Conversion of Membership. Upon the death of either spouse who is a member as outlined in Section 2 above, such membership shall be held solely by the survivor. Upon the dissolution or divorce of a member's marriage, the membership, as outlined in Section 2 above, shall be held solely by the spouse who continues to qualify as a member and resides at that location where electric service was being provided at the time of the dissolution or divorce. The outstanding membership certificate may be surrendered, and be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased or either party to a divorce or dissolution of a marriage, shall not be released from any debts due the Cooperative.

SECTION 5. Purchase of Electric and/or Other Energy Service and/or Other Services. Each applicant for electric and/or energy service and/or other services shall, as soon as the service is made available, purchase from, through, or in agreement with the Cooperative all such electric and/or other energy service and/or other services purchased for use on the premises specified in his application for such service, and shall pay therefor at rates and terms which shall from time to time be fixed by the Board in accordance with all applicable requirements of the law. Production or use of electric energy on such, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to such rules, regulations and policies as shall be fixed from time to time by the Board. It is expressly understood that amounts paid for electric and/or other energy service and/or other services in excess of the cost of service are furnished by the patrons of the Cooperative, whether members or non-members, as capital and each patron shall be credited with the capital so furnished as provided in this Code of Regulations. Each patron shall pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. The Cooperative may, by resolution of the Board, require sufficient cash deposits from applicants for any service to insure payment of bills for such service.

SECTION 6. Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations, or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after

such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

(b) Upon the withdrawal, death, cessation of the Cooperative's service to, or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. The Board may adopt uniform rules governing the membership status of persons whose service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts or obligations due the Cooperative.

SECTION 7. Service to all Persons Within the Cooperative's Service Territory

(a) The Cooperative shall extend electric and/or other energy services and/or other services to all persons, whether members or non-members who are legally ineligible to become members, within the Cooperative's service area who (I) desire such service and (II) meet all requirements established by the Cooperative as a condition of such service. Conditions of service shall be set forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable and not discriminatory or preferential. No discrimination or preference shall be made between members and non-member patrons of the Cooperative with respect to the rates or the terms or conditions of service. As used in this Code of Regulations, the term "service area" shall mean the entire geographic area wherein the Cooperative supplies electric and/or other energy services and/or other services or maintains electric facilities as well as all areas adjacent thereto where service may be rendered thereto by the Cooperative in compliance with all applicable laws and regulations.

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

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after

(a) All debts and liabilities of the Cooperative have been paid, and

(b) All capital furnished through patronage has been retired as provided in this Code of Regulations, the remaining property and assets of the Cooperative shall be distributed among members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years immediately preceding the date of the filing of the certificate of dissolution.

SECTION 2. Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no members shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. The Annual meeting of the members shall be held at time, place, and manner as permitted herein and as selected by the Board. The date, place and manner of the annual meeting shall be designated in the notice of the meeting, for the purpose of reporting on the election of Board members, passing upon reports for the previous fiscal year or other annual accounting period and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative. In the event

that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be valid as if transacted or held at the annual meeting.

SECTION 2. Special Meeting. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, or by ten per centum 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 the date, place and manner as authorized herein and designated by the Board.

SECTION 3. Notice of Members Meeting. Written notice stating the place, manner, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than thirty-five days before the date of the meeting, either personally, by mail, overnight delivery service, electronic means of communication, or any other means of communication authorized by the member to whom the notice is given, by or at the direction of the Secretary, or upon a default in duty by the Secretary, 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 his address as it appears on the records of the Cooperative, with postage thereon prepaid. If sent by another means of communication authorized by the member, the notice shall be sent to the address furnished by the member for those transmissions. If electronically, such notice shall be deemed to be delivered when transmitted to the electronic address of the member as it appears on the records of the cooperative. 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. Notice of adjournment of a members meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

SECTION 4. Place and manner of meetings. Any annual or special meeting of the membership may be held at a designated place within the service territory of the cooperative, or virtually through the use of authorized communications equipment that permits the voting members to participate in the meeting and to vote on matters submitted, including an opportunity to read or hear the proceedings of the meeting, participate in the proceedings, and contemporaneously communicate with the persons who are physically present at the meeting. Any voting member who uses authorized communications equipment under this provision is deemed to be present in person at the meeting whether the meeting is held at a designated place or virtually by means of authorized communications equipment. The Board may adopt procedures and guidelines for the use of authorized communications equipment in connection with a meeting of voting members to permit the Cooperative to verify that a person is a voting member and to maintain a record of any vote or other action taken at the meeting.

SECTION 5. Quorum. The members entitled to vote, present in person at any meeting of the members, shall constitute a quorum.

SECTION 6. Voting. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or this Code of Regulations.

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, except as otherwise determined by the members at such meeting:

- (a) 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.
- (b) Reading of unapproved minutes of previous meetings of the members and the taking of necessary

action thereon.

- (c) Presentation and consideration of reports of officers, Board members and committees.
- (d) Report on election of Trustees.
- (e) Unfinished business.
- (f) New business.
- (g) Adjournment.

ARTICLE IV BOARD OF TRUSTEES

SECTION 1. General Powers. The entire business and affairs of the Cooperative shall be directed 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 this Code of Regulations conferred upon or reserved to the members.

SECTION 2. Districts & Tenure of Office. The Board shall divide the service area of the Cooperative into nine (9) Districts so that equitable representation may be given to the geographic areas served by the Cooperative. The Board shall have the power to change the boundaries of such Districts whenever in their opinion the purpose of the section requires such a change. Each District shall be represented by one Trustee. Three Trustees shall be elected each year by the members voting in the District which they are to represent to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations. No Trustee who has served four (4) successive 3-year terms shall be eligible for re-election or appointment as a Trustee until the expiration of 3 years from the end of his or her previous term.

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

- (a) has not been a member of the Cooperative for, at least, the 3 most recent prior years, and at the time of election or appointment is not a member and bona fide resident in the particular District within the service area of the Cooperative which he is to represent or who shall not continue to be a member and a bona fide resident, receiving service from the Cooperative in the District which he represents, after his election or appointment to the Board or
- (b) is an employee of the Cooperative or has been an employee of the Cooperative within the previous three (3) years or is closely related to an employee of the Cooperative or is in any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy, or supplies to the Cooperative. Closely related, in this Section shall be as specified in Article IV Section 8
- (c) Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken by the Board.

SECTION 4. Petition Process and Elections.

- (a) Any expired term resulting in an open seat on the Board of Trustees may be filled through a Petition Process by any interested and eligible member residing within the District of the open seat. An eligible member of the Cooperative who is willing to serve as a Trustee may be nominated for election by a petition signed by twenty (20) or more Voting members within the same District as the open seat. Any eligible member who obtains and timely submits their application and required signatures will be nominated for election by the Voting members of the District. The member's completed application and signature form shall be submitted to the Election Committee within (90) days of the annual meeting. The Election Committee or their assignees shall make a determination that any member who timely submits their application with the required signatures is otherwise qualified to serve as a Trustee. The slate of eligible and qualified candidates shall be submitted for vote to the members within the District. The candidate with the most votes from members within their respective Districts shall be declared the Trustee for the open seat.
- (b) An election ballot shall be prepared by the Secretary along with a self-addressed, postage-paid

envelope and mailed at least twenty-five (25) days prior to the annual meeting to each member in the District in which nominations have been held. The ballot shall list the nominees. The completed ballot shall be returned by mail to the Secretary of the Cooperative and post marked at least fifteen (15) days prior to the annual meeting. The Cooperative shall cause the election ballots to be tabulated for the determination of the successful candidate. The results of the election shall be announced by a member of the Election Committee at the annual meeting. Nothing contained in this Section shall affect in any manner whatsoever the validity of any election of Board members or any action taken by the Board.

(c) Voting by electronic media may be utilized with the implementation of procedures and policies by the Board that safeguard the integrity of the voting process.

SECTION 5. Removal of Board Member. Any member may bring specific charges of nonfeasance, misfeasance or malfeasance in office against a Board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. No Board member shall be removed unless specific charges against such member are supported by substantial evidence. The question of the removal of such Board member shall be considered and voted upon at the meeting of members and any vacancy created by such removal shall be filled as provided in Section 7.

SECTION 6. Resignations. A Board member may resign by tendering his written notice to do so to the secretary. Absence from three consecutive regularly scheduled monthly Board meetings shall constitute a resignation, unless at the meeting following a third absence a majority of the Board votes to excuse such absences.

SECTION 7. Vacancies. A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term subject to all terms and conditions of this Code of Regulations with respect to nominations, qualifications, elections and tenure.

SECTION 8. Compensation

(a) Trustees shall not receive any salary for their services as such. However, the Board may, by resolution, authorize a fixed sum for each day, or portion thereof, spent on Cooperative or its subsidiaries business such as attendance at meetings, conferences, and training programs, or performing committee assignments when authorized by the Board.

(b) If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative or its subsidiaries business or be granted a reasonable per diem allowance in lieu of detailed accounting for some of these expenses.

(c) Except in emergencies, no Trustee shall receive compensation for serving the Cooperative or its subsidiaries in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative or its subsidiaries, unless such compensation shall be specifically authorized by vote of the members. As used in this Section, "close relative" means the relationships of father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption.

ARTICLE V MEETINGS OF BOARD OF TRUSTEES

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

than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting. Special meetings of the Board may be called by the Chairman of the Board or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman of the Board or Board members calling the meeting shall fix the time, manner and place either within or without the State of Ohio, for the holding of the meeting.

SECTION 3. Notice of Special Board Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, electronically or by mail, by or at the direction of the Secretary, by the Chairman of the Board or the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least three days before the date set for the meeting.

SECTION 4. Place and Manner of Meetings. Any annual or special meeting of the Board may be held at a designated place within the service territory of the cooperative, or virtually through the use of authorized communications equipment that permits the voting members to participate in the meeting and to vote on matters submitted, including an opportunity to read or hear the proceedings of the meeting, participate in the proceedings, and contemporaneously communicate with the persons who are physically present at the meeting. Any voting member who uses authorized communications equipment under this provision is deemed to be present in person at the meeting whether the meeting is held at a designated place or virtually by means of authorized communications equipment. The Board may adopt procedures and guidelines for the use of authorized communications equipment in connection with a meeting of voting members to permit the Cooperative to verify that a person is a voting member and to maintain a record of any vote or other action taken at the meeting.

SECTION 5. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in this Code of Regulations.

SECTION 6. Action of Trustees Without a Meeting. Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the members of the Board.

ARTICLE VI OFFICERS

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

SECTION 2. Election and Term of Office. Each officer, except the President and any officer pursuant to Section 3 of this ARTICLE VI, shall be elected by ballot annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The President shall be chosen and employed, and his compensation shall be set by the Board.

A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

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

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

SECTION 5. Resignations. Any officer may resign at any time by giving written notice to the Board or to the Chairman of the Board 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, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of President, the Board shall choose and employ a President upon terms and conditions which the Board considers to be in the best interests of the Cooperative.

SECTION 7. Chairman of the Board. The Chairman of the Board shall:

- (a) Be the principal officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) On behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, certificates of membership and any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) In general perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board from time to time.

SECTION 8. Vice Chairman of the Board. In the absence of the Chairman of the Board, or in the event of his inability or refusal to act, the Vice Chairman of the Board shall perform the duties of

the Chairman of the Board, and when so acting shall have all the power of and be subject to all the restrictions upon the Chairman of the Board. The Vice Chairman of the Board shall also perform such other duties as from time to time may be assigned to him by the Board or by the Chairman of the Board.

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

- (a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) Seeing that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations.
- (d) Keeping a register of the names and post office addresses of all members;
- (e) Signing, with the Chairman of the Board, certificates of membership;
- (f) Keeping on file at all times a complete copy of the Articles of Incorporation and Code of Regulations of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnish a copy of the Code of Regulations and of all amendments thereto to any member upon request; and
- (g) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board. SECTION 10. Assistant Secretary. The Assistant Secretary, if one is appointed by the Board pursuant to Section 3 of this ARTICLE VI, need not be a member of the Board and he shall hold office until relieved by the Board. He shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board.
- (h) Custody of all funds and securities of the Cooperative;
- (i) The receipt of and issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (j) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 10. Assistant Secretary/Treasurer. In the absence of the Secretary/Treasurer, or in the event of the Secretary/Treasurers' inability or refusal to act, the Secretary/Treasurer shall perform duties of the Secretary/Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary/Treasurer. The Asst. Secretary/Treasurer shall also perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 11. President. The President shall:

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

SECTION 12. Bonds of Officers. The Secretary/Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with

such surety as it shall determine.

SECTION 13. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a Board member and close relatives of a Board member. The Board may delegate the fixing of the compensation of employees, except that of the President, to the President, within a range determined by the Board.

SECTION 14. 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 or such other annual accounting period as the Board may determine. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year or other annual accounting period used.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a Cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons. A patron as used herein shall include members and non-members alike.

SECTION 2. Patronage Capital in Connection with Furnishing Electric and/or Other Energy Services and/or Other Services

(a) In the furnishing of electric and/or other energy service and/or other services the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric and/or other energy services and/or other services in excess of operating costs and expenses properly chargeable against the furnishing of electric and/or other energy services and/or other services. 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 calendar 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 end of the calendar year notify each patron of the amount of capital so credited to his account. All such accounts 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 other than from the furnishing of electric and/or other energy service and/or other services in excess of costs and expense shall insofar as permitted by law, be: 1. Used to offset any losses incurred during the current or any prior fiscal year, and, 2. 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.

(b) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding patronage capital credited shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

(c) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial conditions 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 the first retired; or the Board may, at its discretion, retire capital credited on a

percentage basis. In the event that such percentage basis is used the Board shall determine the percent of total capital credited to be retired without impairment to the financial condition of the Cooperative, and this same percentage figure shall then be applied to the balance of accumulated capital credited to each patron or former patron and the resulting amount shall then be paid to each patron or former patron; or the Board may, at its discretion, determine the method, basis, priority and order of making any retirement. Provided further, however, that the Board shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of the Cooperative by an associated organization furnishing electric service and/or furnishing financing service to the Cooperative. Such rules shall: 1. provide for separate identification of such capital credited on the Cooperative's books, 2. establish a method for allocating such capital credited to each patron on a separate basis for each year, 3. provide for appropriate notification to patrons with respect to such separate capital credited to their accounts, and 4. preclude a general retirement of any such capital credited to patrons for any year prior to the general retirement of other capital credited to patrons for the same year or for any prior year.

(d) At the discretion of the Board, the capital credited to any discontinued or former patron who has moved off the line and which shows a remaining balance of fifty and no/100 (\$50.00) dollars or less may be retired in full regardless of the order of priority according to year in which the capital was furnished and credited or regardless of the percentage being retired in any one year to all patrons, past or present, depending upon which retirement plan is being used. Payment under this provision shall be discounted to the present day value of the amount credited to the former patrons' account compared to the date any priority or percentage of the account would have been retired and paid as determined by the last percentage or priority of capital credit retirements authorized and paid by the Board in any one year.

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

(f) Notwithstanding any other provision of this Code of Regulations, the Board at its discretion, shall have the power at any time upon the death of any patron, who is a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of this Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

(g) Notwithstanding any other provision of the Code of Regulations or other provision of the membership certificate, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within four (4) years after payment of the same has been made available to him 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.

(h) 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 and 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. Or it's website (this is where we direct members currently)

(i) Notwithstanding any other provisions of the Code of Regulations, the Board, at its discretion, may allocate capital credits for an individual patron or class of patrons based upon rates and cost-of-service for that patron or class, and the Board, at its discretion, shall determine the time, manner and method for payment of capital credits.

SECTION 3. Capital Credited As An Offset Against Debts to Cooperative. Notwithstanding any other provisions of the Code of Regulations, no capital credited to any patrons' account shall be retired, transferred, paid or assigned so long as any debts are due and owing the Cooperative by said patron, and provided further, the Board shall have the right and authority to offset the capital credited to any patrons' account against any debts due and owing from such patron in an amount equal to the indebtedness, plus interest on said indebtedness accruing at an amount up to but not exceeding the highest legal rate allowed by law until such time as the capital credits have been retired sufficiently to pay the debt. Such offset shall be made in the same proportion of capital credited as is currently being retired and offered to any other patron in any one year as determined by the Board.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative shall not sell, lease, mortgage, or in any other manner 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 of the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition, shall have been contained in the notice of the meeting, except as hereinafter provided:

It is, however, specifically provided that 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 mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any other bona fide lender, lending institution or investor. Notwithstanding any other provision of this Article, the Board may, upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, effect the sale to, or the merger or consolidation of the Cooperative with another non-profit electric cooperative having facilities in the State of Ohio.

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

Notwithstanding all other provisions of this Article, nothing contained herein shall prohibit the sale of Non-Utility Property owned by the Cooperative or of property purchased for re-sale in furthering the profitable or beneficial use of electrical energy, when, in the judgment of the Board (1) the price to be received is a fair reflection of value of the property to be sold, or (2) when the sale of such property is in the best interest of the Cooperative, or (3) when the operating or financial position of the Cooperative will be improved by such sale.

ARTICLE IX 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 "Hancock-Wood Electric Cooperative, Inc., North Baltimore, Ohio, SEAL." Failure to affix such seal shall not affect the validity of any instrument duly executed on behalf of the Cooperative by its authorized officers.

ARTICLE X FINANCIAL TRANSACTIONS

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

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

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select. SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year or such other annual accounting period as the board may determine.

ARTICLE XI MISCELLANEOUS

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

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

SECTION 3. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall substantially conform to such accounting system as may from time to time be required and be designated by the Rural Development Utilities Programs, if applicable. The Board shall also cause to be made in full a complete audit of accounts, books and financial condition of the Cooperative by a Certified Public Accountant on an annual basis. A report of such audit shall be submitted to the members at the next annual meeting.

SECTION 4. Membership In Other Organizations. The Cooperative shall not become a member of or purchase stock in any other organization, except its subsidiaries, without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may, upon the authorization of the Board, purchase stock in or become a member of any corporation or organization

organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification and/or other energy services and/or other services, or with the approval of the Administrator of RDUP, of any other corporation for the purpose of acquiring electric and/or other energy services and/or other service facilities.

SECTION 5. Periodical for Members. Publications shall be prepared and forwarded monthly by regular U.S. mail or if electronically, pursuant to the provisions of Article XI, Section 7, to all members of the Cooperative at their mailing or electronic address as appears on the records of the Cooperative.

SECTION 6. Electronic Documents. If a member owns, controls, or has reasonable access to the applicable or necessary hardware and software; has provided the Cooperative with an authorization to provide notice and/or forward publications electronically and has provided the Cooperative with his electronic address, then regardless of a contrary By-law, as determined by the board and as allowed by law: 1. the member consents to receive notice and publications electronically; ("Electronic Document"); and 2. an Electronic Document sent to the member satisfies a requirement that the underlying notice or publication be in writing; and 3. electronically sending an electronic notice or publication satisfies a requirement that the notice or publication be sent personally, by overnight delivery or by mail; and An Electronic Document electronically sent to a member or former member at the member or former member's last know electronic address is considered sent and on the date sent by the Cooperative.

ARTICLE XII AMENDMENTS

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting by written or electronic ballot, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ARTICLE XIII INDEMNIFICATION

SECTION 1. Third Party Action Indemnification. 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, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the Cooperative, and 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 create a presumption that such person did not act in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the Cooperative and with respect to any criminal action or proceeding, a presumption that such person had reasonable cause to believe that such persons' conduct was unlawful.

SECTION 2. Derivative Action Indemnification. 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 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 if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the Cooperative, except that no indemnification shall be made in respect of any of the following:

(a) any claim, issue or matter as to which such person is adjudged to be liable for negligence or misconduct in the performance of such persons duty to the Cooperative unless and only to the extent that the Court of Common Pleas or the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or other court shall deem proper;

(b) any action or suit in which liability is asserted against a trustee and that liability is asserted only pursuant to Section 1702.55 of the Ohio Revised Code.

SECTION 3. Determinations of Indemnification. Any indemnification under Section 1 or Section 2 of this Article XIII (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of a 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 who, in number constitute a quorum of the Board and 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 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.

SECTION 4. Advances of Expenses. Unless the action, suit, or proceeding referred to in Section 1 or Section 2 of this Article XIII 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 interest of the Cooperative and

(b) to cooperate with the Cooperative concerning the action, suit or proceeding.

SECTION 5. Purchase of Insurance. 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 XIII 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.

SECTION 6. Mergers. 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 trustees, 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.

SECTION 7. Non-Exclusivity; Heirs. The indemnification provided by this ARTICLE XIII 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, any insurance purchased by the Cooperative, any action by the Board to take into account amendments to the Ohio Nonprofit Corporation Law that expand the authority of the Cooperative to indemnify a trustee, director, 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, director, officer, employee or volunteer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

SECTION 8. Liability of a Trustee or Officer. 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.