

ARTICLE III

Directors

Section 1. General Powers. The business and affairs of this Association shall be managed by the Board of Directors which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation, or the By-Laws conferred upon or reserved to the members.

Section 2. Number. The number of Directors of this Association shall be seven (7). Each Director shall be a natural person and a member of this Association and shall be elected by the members at the annual meeting of the members. No member shall be eligible to become or remain a Director or hold any position of trust in this Association who is not a bona fide resident in the area served by this Association.

Section 3. Director Districts Established. The territory served by the Association shall be divided into seven (7) directors districts, numbered 1 through 7, and each district shall be represented by one Director who must be a bona fide resident of the district represented by the Director in order to be nominated and elected to serve as a Director of that district.

The seven director districts shall be established by the Board of Directors within three (3) months of the passage of this amendment. Each Director district shall be bounded by specifically described geographic boundary lines intended to provide generally equivalent representation to all members of the Association. The district boundaries shall be reviewed by the Board at least every ten (10) years and adjusted, if necessary, in order to continue to provide generally equivalent representation to the members.

All Directors shall be elected for a three (3) year term, excepting only a Director elected for a shorter term as a result of a vacancy provided in Section 6 of these Bylaws.

The schedule of the election of Directors for each district shall be as follows:

- a. Districts 5 and 6 at the 2018 Annual Meeting and every three (3) years thereafter;
- b. Districts 1 and 3 at the 2019 Annual Meeting and every three (3) years thereafter;
- c. Districts 2, 4 and 7 at the 2020 Annual Meeting and every three (3) years thereafter;
and
- d. All present Directors shall hold office for the balance of their present terms.

Nominations for the election of Directors shall be received from the floor at the Annual Meeting of the members. The election of Directors shall be by ballot and each member shall be entitled to cast one (1) vote and only one (1) vote for each Director to be elected. If there are more than two (2) candidates standing for election for a directorship and no candidate receives a majority of the votes cast, then the two (2) candidates receiving the highest number of votes cast shall stand for election and another vote of the members shall be held. In the case of a tie vote which materially affects the election of a Director, the winner shall be determined by the flip of a coin.

Section 4. Qualifications. No person shall be eligible to become a Director of the Cooperative who:

(a) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Cooperative;

Upon the establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office.

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

Section 5. Removal of Directors by Members. Any member may bring charges against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least twenty percent (20%) of the members, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) 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 to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

Section 6. Vacancies. Subject to the provisions of these By-Laws with respect to filling of vacancies caused by removal of Directors by the members, and subject to the residency requirement for each district, if the office of any Director or Directors becomes vacant the remaining Directors shall have the power to appoint a successor or successors. A Director appointed to fill a vacancy shall serve until the next annual meeting of the members or a special meeting of the members called for the purpose of filling the vacancy.

Section 7. Compensation. Directors as such shall not receive any stated salary for their service. However, as determined by resolution of the members, or in the absence of a resolution of the members by resolution of the Board, the Directors shall receive on a per diem basis a fixed sum for (a) for attending meetings of the Board of Directors, and (b) when such has

had prior approval of the Board of Directors, for attending meetings, programs and educational seminars that are sponsored by all organizations of which this cooperative is a member or with which it is otherwise associated, and (c) for the performance of other business of the cooperative. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily, and reasonably incurred in attending such meetings, programs and seminars in performing such business of the cooperative. Pursuant to resolution of the Board of Directors the cooperative may at its expense maintain insurance coverage for the benefit of Directors.

Section 8. A Director shall not be personally liable to the cooperative or its members for monetary damages for breach of fiduciary duty as a Director; provided, that for this provision shall not eliminate or limit the liability of a Director for:

1. For breach of the Director's duty of loyalty to the cooperative association or its members;
2. For acts or omissions not in good faith that involve intentional misconduct or in knowing violation of law;
3. For a transaction from which the Director derived an improper personal benefit; or
4. For an act or omission occurring prior to the date when the provisions in the Articles eliminating or limiting liability become effective.