

Code of Regulations



Lorain-Medina Rural Electric Cooperative, Inc.
Revised July 11, 2023

Code of Regulations

July 11, 2023

Adopted at the Annual Meeting of Members

Lorain-Medina Rural Electric Cooperative, Inc.
Wellington, Ohio

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CODE OF REGULATIONS

ARTICLE I- MEMBERS

SECTION 1. Qualifications and Obligations.

Any person, firm, corporation or body politic may become a member in Lorain-Medina Rural Electric Cooperative, Inc. (hereinafter called the "Cooperative") by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative, 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 Directors.

No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

In the event that a person, firm, corporation or body politic receives electric service from the Cooperative without signing a written application, such person, firm, corporation or body politic shall nevertheless be considered a member for all purposes and shall be bound by and shall comply with the Articles of Incorporation and Code of Regulations of the Cooperative, and such rules, regulations and policies as may from time to time be adopted by the Cooperative.

SECTION 2. Membership Fee.

The membership fee shall be \$20.00, the payment of which shall make the member eligible for one (1) service connection. An additional fee of \$20.00 shall be paid for each additional service connection requested by the member.

SECTION 3. Purchase of Electric Energy.

The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by such member, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to the member's membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by such member to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by the member for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to the member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 4. Nonliability for Debts of the Cooperative.

The private property of the members of the Cooperative shall be exempt from execution for the 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 Directors 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 Directors. 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 Directors may prescribe.

SECTION 7. Transfer and Termination of Membership; Joint Membership.

- (a) Membership in the Cooperative and the certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and, upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and such member's certificate of membership shall be surrendered to the Cooperative. Subject to the payment of all debts and liabilities of a member to the Cooperative, upon any such termination of membership and surrender of membership certificate, the Cooperative shall pay to such member or such member's personal representative, an amount equal to the membership fee paid by such member. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.
- (b) The term "Member" as used in this Code of Regulations shall include all adult individuals occupying the same location to or for which the Cooperative provides service 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:
 - (1) The presence at a meeting of any or all shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
 - (2) The vote of any or all constitutes one vote;
 - (3) A waiver of notice signed by any or all shall constitute a valid waiver;
 - (4) Notice to any shall constitute notice to all;
 - (5) Expulsion of any joint member shall terminate the membership;
 - (6) Withdrawal of any joint member shall terminate the membership; and
 - (7) Any joint member, but not more than one, may be elected or appointed as an officer or board member, provided that the joint member seeking office meets the qualifications for such office.
- (c) Joint Members shall notify the Cooperative in writing of a failure of any Joint Member to occupy the same location to or for which the Cooperative provides service for any reason including, but not limited to, death, divorce, or change of address. Upon determining or discovering the failure of a Joint Member to occupy the same location to or for which the Cooperative provides a Cooperative service: if one Joint Member remains qualified to be a member and continues to use a Cooperative service at the same location, then the joint membership converts to a membership comprised of this individual;
 - (1) if more than one Joint Member remains qualified to be a Joint Member and continues to use a Cooperative service at the same location, then the joint membership converts to a membership comprised of these individuals; and
 - (2) if no Joint Member remains qualified to be a member and continues to use a Cooperative service at the same location, then the joint membership terminates.

The estate of a deceased Joint Member, either party to a divorce or dissolution of a marriage, or a Joint Member who no longer occupies the same location to or for which the Cooperative provides service, shall not be released from any debts due the Cooperative.

SECTION 8. Removal of Directors.

Any member may bring specific charges of malfeasance, misfeasance, or nonfeasance in office against a Director and by filing in writing with the Secretary 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 Director in question by reason thereof. If more than one Director is sought to be removed, individual charges against each such Director 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 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 Director shall have an opportunity to be heard in person or by counsel, and to present evidence in support of the charges; and the Director shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No Director shall be removed from office unless the specific charges against such Director are supported by clear and convincing evidence. The question of the removal of such Director shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled, by the affirmative vote of a majority of the remaining Directors, for the unexpired portion of the term and until a successor shall have been elected and qualified. In the event a majority or more of the Board is removed by the members in a single meeting, a special meeting of the members will be arranged by the President/CEO, or if the President/CEO is not available, then by another officer, and will initiate the election process ninety days prior to the meeting, as consistent with Article II, Sections 5-7, as the situation allows.. The

President/CEO is authorized to conduct ordinary business during this time, but is not authorized to enter into new contracts.

ARTICLE II- MEETINGS OF MEMBERS

SECTION 1. Annual Meeting.

The annual meeting of the members shall be held at such time and place within the service area of the Cooperative, or electronically in a manner: (1) permitting the Cooperative to verify that each person participating in the meeting is a member; and (2) permitting members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members, ask questions, and make comments, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members or announcing the results of a mail or electronic ballot for the election of Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time 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 as valid as if transacted or held at the annual meeting.

SECTION 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board of Directors, or upon written request signed by the Chair or at least three (3) Directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary, or designee, 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 service area of the Cooperative in the State of Ohio, or if held electronically it shall be broadcast to the service area of the Cooperative as determined by the Board of Directors and specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings.

Written or printed, including electronic, notice stating the place and hour of the meeting and, in case of a special meeting, or an annual meeting at which business other than specified in Section 8 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than forty-five (45) days before the date of the meeting, personally, by mail, or electronically, 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 such member's address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to any joint member shall be deemed notice to all joint members. The failure of any member to receive notice of 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.

One hundred (100) members either present in person or casting a vote by mail or electronic ballot shall constitute a quorum for the transaction of business. In regards to joint members, the presence at a meeting of any or all of the joint members, or the mail or electronic vote of any, shall be regarded as one (1) member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The annual meeting shall not be adjourned more than ninety (90) days.

SECTION 5. Voting.

- (a) **One Vote.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote of the members. Joint members shall jointly be entitled to one (1) vote and no more upon each matter. Voting by proxy shall not be permitted
- (b) **Manner of Voting.** Voting by the members may be conducted either in person at a meeting of the members, or by mail and/or electronic ballot either with or without a member meeting, in a manner consistent with this Article II, Section 5 of the Code of Regulations and as determined by the Board of Directors.
- (c) **Mail or Electronic Voting Without a Member Meeting.** A member may vote or act on any matter by mail or electronic ballot without a member meeting, but only as provided in this Code of Regulations. In such instances, the Cooperative will deliver or provide to each member entitled to vote on the matter a written mail ballot and/or access to an electronic ballot. The matter or action is approved if the number of completed mail and/or electronic ballots received by the Cooperative equals or exceeds the quorum requirements set forth in Article II, Section 4 of

this Code of Regulations, and the number of votes favoring the matter or action equals or exceeds the number of votes required to approve the matter or action. Whenever this Code of Regulations requires action to be taken at a member meeting, a vote by mail or electronic ballot in conjunction with a member meeting shall be deemed to be action taken at a member meeting.

- (d) **Mail or Electronic Voting With a Member Meeting.** A Member may vote or act by mail or electronic ballot on any matter to be considered in conjunction with a member meeting, but only as provided in this Code of Regulations. The Cooperative will deliver or provide to each member entitled to vote on the matter a written mail ballot and/or access to an electronic ballot. In such instances, all votes shall be cast by mail and/or electronic ballot, and voting in person at the meeting of the members shall not be permitted. The Cooperative must count as a member's vote a properly completed mail or electronic ballot received on or before the time and date stated in the ballot. The matter or action is approved if the number of completed mail and/or electronic ballots received by the Cooperative equals or exceeds the quorum requirements set forth in Article II, Section 4 of this Code of Regulations, and the number of votes favoring the matter or action equals or exceeds the number of votes required to approve the matter or action. The results of the vote shall be announced at the member meeting. Whenever this Code of Regulations requires action to be taken at a member meeting, a vote by mail or electronic ballot in conjunction with a member meeting shall be deemed to be action taken at a member meeting.
- (e) **Mail or Electronic Ballot Contents.** A mail or electronic ballot must:
 - (1) Set forth and describe a proposed action, identify a candidate(s), and/or include the language of a motion, resolution, Code of Regulations amendment, or other written statement, upon which a member is asked to vote or act;
 - (2) State the date of a member meeting at which the results of the election or voting are scheduled to be announced, or if no member meeting is scheduled, state how the results will be announced;
 - (3) Provide an opportunity to vote for or against the matter;
 - (4) Instruct the member how to complete, return, or cast the ballot; and,
 - (5) State the time and date by which the Cooperative must receive the completed mail ballot.
- (f) **Rescission of Mail or Electronic Ballots.** Except as otherwise provided in this Code of Regulations or by the Board of Directors, a member may not revoke or rescind a completed mail or electronic ballot received by the Cooperative. A member's failure to receive a mail or electronic ballot does not affect any vote or action taken in that balloting.
- (g) **Fraudulent Mail or Electronic Ballots.** A mail or electronic ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a mail or electronic ballot procured or cast through fraud or other improper means is invalid.
- (h) **Number of Votes Required.** At all meetings of the members at which a quorum is present, and for all votes conducted by mail or electronic ballot in which a quorum participates, all questions shall be decided by a vote of the majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or this Code of Regulations.
- (i) **Proof of Authority of Agents.** Whether voting in person at a meeting or by mail or electronic means, agents of corporations, firms and bodies politic may be required to submit proof of their authority to vote, but, in no case shall an agent delegated to vote the membership of a corporation, firm, or body politic be a member of the Cooperative; nor shall any one (1) agent represent more than one (1) membership.

SECTION 6. Voting Districts.

The territory served or to be served by the Cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one (1) Director.

District No. 1. Which shall consist of all members of the Cooperative residing in Wakeman, Clarksfield, and New London townships of Huron County; Ruggles Township of Ashland County; Brighton and Rochester townships and Rochester Village of Lorain County; and this district shall be entitled to one (1) Director.

District No. 2. Which shall consist of all members of the Cooperative residing in Henrietta, New Russia, Camden and Pittsfield townships of Lorain County, and Florence Township of Erie County; and this district shall be entitled to one (1) Director.

District No. 3. Which shall consist of all members of the Cooperative residing in Carlisle, Eaton and Columbia townships of Lorain County; and this district shall be entitled to one (1) Director.

District No. 4. Which shall consist of all members of the Cooperative residing in Wellington, Penfield and Huntington townships of Lorain County; and this district shall be entitled to one (1) Director.

District No. 5. Which shall consist of all members of the Cooperative residing in LaGrange Township of Lorain County; and this district shall be entitled to one (1) Director.

District No. 6. Which shall consist of all members of the Cooperative residing in Grafton Township of Lorain County, and Liverpool, Litchfield and York townships of Medina County; and this district shall be entitled to one (1) Director.

District No. 7. Which shall consist of all members of the Cooperative residing in Troy, Sullivan, Clear Creek, Orange and Jackson townships of Ashland County; and this district shall be entitled to one (1) Director.

District No. 8. Which shall consist of all members of the Cooperative residing in Spencer and Homer townships and Spencer Village of Medina County; and Congress and Canaan townships of Wayne County; and this district shall be entitled to one (1) Director.

District No. 9. Which shall consist of all members of the Cooperative residing in Chatham, Lafayette, Harrisville and Westfield townships of Medina County; and this district shall be entitled to one (1) Director.

Not less than sixty (60) days before any meeting of the members at which Directors are to be elected, the Board of Directors shall review the composition of the several districts and, if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

SECTION 7. Nomination and Election of Directors.

- (a) **Nomination by Petition.** On or after the second Monday of February in each year in which Directors are to be elected, any member residing in a district from which a Director is to be elected may obtain from the Secretary, or designee of the Cooperative a nominating petition. The nominating petition may nominate for Director any member residing in the district who possesses the qualifications for Director specified in Section 2, Article III of this Code. The petition shall be signed by not less than twenty-five (25) members who are residents of the district and filed with the Secretary, or designee of the Cooperative not later than Four Thirty (4:30) P.M. on the second Monday of March of that year. The Secretary, or designee shall verify the signatures contained in the petition. A member may sign more than one nominating petition. If two (2) or more qualified members timely file a petition with the verified signatures of not less than twenty-five (25) members who are residents of the district, each shall be declared an official candidate for the position of Director of the district and shall stand for election under Section 7(b), Article II. If only one (1) qualified member timely files a petition with the verified signatures of not less than twenty-five (25) members who are residents of the district, then that member shall be deemed elected, and no balloting of the membership shall be required.
- (b) **Election of Directors.** Not less than seven (7) days before the meeting of the members at which Directors are to be elected, the Secretary, or designee, of the Cooperative shall mail, or provide electronically, to each member a list of the official candidates, the names arranged by district and in alphabetical order. This list may be included with the notice of the meeting. At the meeting, the Secretary, or designee of the Cooperative shall place in nomination the names of the official candidates of each district. Election of Directors shall be by printed or electronic ballot. The ballots shall be arranged by districts, with names of the official candidates alternated on the ballots, so that the name of each candidate appears at the top of the list on the same number of ballots insofar as reasonably practical. The ballots shall be provided to each member before the meeting. Each member of the Cooperative shall be entitled to vote for one (1) candidate from each district. The votes shall be calculated prior to the meeting and the results shared at the meeting. The candidate from each district receiving the highest number of votes shall be declared elected as Director. In the event that two (2) candidates for election to the office of Director in any particular district receive the same number of votes, the tie vote shall be resolved by lot.
- (c) **Election Committee.** Each member who files a nominating petition to become a candidate for Director shall designate a teller. Together, all designated tellers, along with a Chairperson appointed by the Board of Directors, shall comprise the Election Committee. Except in elections conducted by mail or electronic ballot by an independent third party appointed by the Board of Directors, it shall be the responsibility of the Committee to count all ballots or other votes cast, and to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. The committee may not affirmatively act on any matter unless a majority of the committee is present. The Committee's decision, as reflected by a majority of those actually present and voting, shall be final.

In any election conducted by mail or electronic ballot, the Board of Directors may retain an independent third party to conduct the election and count all ballots or other votes cast. In any such election conducted by an independent third party, it shall be the responsibility of the election committee to review a report of the results by the independent third party prior to announcement of the results to the membership.

- (d) **Credentials Committee.** Any other questions relating to member voting and the election of Directors (including, but not limited to, the validity of nomination or the qualifications of candidates and the regularity of the

nomination and election of Directors, and passing upon any protest or objection filed with respect to any election or to conduct affecting the results of any election) shall be determined by a Credentials Committee appointed by the Board of Directors of the Cooperative. The Board shall appoint one member in good standing from each of the Cooperative's nine (9) Director Districts. A Committee member cannot be a current member of the Board of Directors, or be a family member of a Director, or be a member of the Election Committee. The Credentials Committee shall choose its own Chairperson whenever it is called upon to meet. The Committee shall have available to it the advice of Counsel provided by the Cooperative.

In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted or the announcement of the election results. The Credentials Committee shall thereupon commence a meeting not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing render its decision, the results of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Credentials Committee's decision (as reflected by a majority of those actually present and voting) shall be final.

SECTION 8. 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 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, Directors, committees, and independent auditor.
5. Election of Directors, or announcement of results of any election conducted by mail or electronic ballot.
6. Unfinished business.
7. New business.
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business of the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business.

SECTION 9. Parliamentary Procedure.

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

ARTICLE III- DIRECTORS

SECTION 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of nine (9) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by 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.

Beginning with the year 1951, Directors shall be elected by ballot, and from the members, subject to the provisions of this Code of Regulations with respect to the removal of Directors. No member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a bona fide resident of the particular district the member is to represent, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; must not be or have been an employee, or a close relative of an employee, of the Lorain-Medina Rural Electric Cooperative, Inc. or any of its subsidiaries or affiliates for

five (5) years prior to being elected or appointed to the Board of Directors; and must have received electric service from the Cooperative for at least one (1) year prior to being elected or appointed to the Board of Directors. Affiliates shall include any company in which the Cooperative shares employees or resources. When a membership is held jointly any one, but not more than one, may be elected a Director. 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 Directors.

Upon establishment of the fact that a nominee for Director lacks eligibility under this section or as may be provided elsewhere in this Code, it shall be the duty of the chair presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause such person to be removed there from as the case may be. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

Directors elected from Districts One (1), Four (4) and Seven (7) shall hold office for the remainder of the term of one (1) year to the date of the 1951 annual meeting and until the election and qualification of their successors. Directors elected from Districts Two (2), Five (5) and Eight (8) shall hold office for the remainder of the term of two (2) years to the date of the 1952 annual meeting and until the election and qualification of their successors. Directors elected from Districts Three (3), Six (6) and Nine (9) shall hold office for the remainder of the term of three (3) years to the date of the 1953 annual meeting and until the election and qualification of their successors; provided that at each annual election commencing with the year 1951, and thereafter, the successors to the Directors of each group whose terms shall expire in each year shall be elected to hold office for the term of three (3) years from the date of their election and until the election and qualification of their successors.

SECTION 3. Vacancies.

Subject to the provision of this Code of Regulations with respect to the removal of Directors and except as stated herein, vacancies occurring in the Board of Directors shall be filled by a majority vote of remaining Directors until the next regular election of Directors. At the next regular election of Directors, the members shall elect a new Director for the unexpired portion of the term of the Director in respect of whom the vacancy occurs consistent with Article II of this Code of Regulations. The member elected as Director to fill the vacancy must reside in the same district as the Director to whose office the new Director succeeds. A board member's seat will automatically be considered vacant if four (4) regular board meetings are missed in a calendar year or if any three (3) consecutive regular board meetings are missed, unless otherwise excused by a majority vote of the remaining Board members.

If for any reason other than as stated in Article I, Section 8, all or a majority of the Board seats are vacant, a special meeting of the members shall be arranged by the President/CEO, or if the President/CEO is not available, then by another officer, and will initiate the election process ninety days prior to the meeting, as consistent with Article II, Sections 5-7, as the situation allows. The President/CEO is authorized to conduct ordinary business during this time, but is not authorized to enter into new contracts.

SECTION 4. Compensation.

Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

“Close Relative” Defined. As used in this Code, “close relative” means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

SECTION 5. Rules and Regulations.

The Board of Directors 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 6. Accounting System and Reports.

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of each fiscal year. A summary of the audit reports shall be submitted to the members at the following annual meeting.

SECTION 7. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

ARTICLE IV- OFFICERS

SECTION 1. Number.

The officers of the Cooperative shall be Chair, Vice Chair, Secretary and Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. Election and Term of Office.

Each officer, except the President/CEO and any officer appointed pursuant to this code, shall be elected by ballot annually by and from the Board at the first regular meeting of the Board held 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 the officer's 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/CEO shall be chosen and employed by the Board, and the President/CEO's compensation shall be set by the Board.

Additional Officers. In addition to the officers specified in in this code, the Board in its discretion, may appoint one or more Assistant Vice- Chairs, one or more Assistant Secretaries, one or more Assistant Treasurers and 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 3. Removal.

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

SECTION 4. Vacancies.

Resignations. Any officer may resign at any time by giving written notice to the Board, or to the Chair, 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.

Vacancies. A vacancy in any office, except that of President/CEO, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of President/CEO, the Board shall choose and employ a President/CEO upon terms and conditions which the Board considers to be in the best interest of the Cooperative.

SECTION 5. Chair.

The Chair:

- (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by 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) in general shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice-Chair.

In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair and shall perform such other duties as from time to time may be assigned to the Chair by the Board of Directors.

SECTION 7. Secretary.

The Secretary shall:

- (a) keep the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) have general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keep on file at all times a complete copy of the 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 forward a copy of this Code of Regulations and of all the amendments thereto each member; and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

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

SECTION 8. Treasurer.

The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys 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) 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 the Treasurer by the Board of Directors.

The Assistant Treasurer, if one is appointed by the Board pursuant to this code, need not be a member of the Board and shall hold office until relieved by the Board. The Assistant Treasurer shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the Board.

SECTION 9. President/CEO.

The Board of Directors shall appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties as the Board of Directors may from time to time require of the President/CEO and shall have such authority as the Board of Directors may from time to time vest in the President/CEO.

SECTION 10. Bonds of Officers.

The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall

determine. The Board of Directors at 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 11. Compensation.

The compensation, if any, of any officer, agent or employee who is also a Director or close relative of a Director, shall be determined by the members, as provided elsewhere in this Code of Regulations, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

ARTICLE V- MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings.

A regular meeting of the Board of Directors shall be held without notice other than this Code of Regulations once each month on a day and at the time and place as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and date thereof.

SECTION 2. Special Meetings.

Special meetings of the Board of Directors may be called by the Chair or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. Notice.

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days prior thereto, by written notice, delivered personally, electronically, or mailed, to each Director at each Director's 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.

SECTION 4. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting.

SECTION 5. Manner of Acting.

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

ARTICLE VI- CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. Contracts.

Except as otherwise provided in this Code of Regulations, the Board of Directors 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 of Directors.

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 Directors may select.

ARTICLE VII- NONPROFIT OPERATIONS

SECTION 1. Interest or Dividends on Capital Prohibited.

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

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding, that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, 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 such patron's 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 for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and, (b) to the extent not needed for that purpose, be 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 the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being 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; provided, however, that the Board of Directors 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 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 the appropriate notification 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 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 credits retired to joint members shall be payable to the joint members in equal amounts.

Notwithstanding any other provision of this Code of Regulations, the Board of Directors shall have the power to refund to any discontinued or former patron who has moved off the line, the capital credited to that patron's account, upon such terms and conditions as the Board of Directors, acting under policies of general application, shall determine; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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 patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise, except as otherwise herein provided.

Notwithstanding any such other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at

any time upon the death of any patron who was a natural person, if the legal representatives of such patron's 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 provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of any such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

SECTION 3. Disposition of Unclaimed Capital Credits.

Notwithstanding any other provisions of these bylaws or other provision of the certificate of membership, 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 such patron or former patron by notice or check mailed to such patron or former patron at such patron's or former patron's last address furnished by such patron or former patron to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron or former 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 the patron or former patron by the Cooperative at the last address furnished by the patron or former patron 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 either two (2) consecutive insertions in a newspaper circulated in the service area of their Cooperative, which may be the Cooperative newsletter, or posting the notice on the Cooperative's website for at least thirty (30) consecutive days. 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, or if notice is posted on the Cooperative's website, sixty (60) days following the thirtieth consecutive day that notice was posted.

SECTION 4. Capital Credited as an Offset Against Debts to the Cooperative.

No capital credited to any patrons' account shall be retired, paid, transferred or assigned so long as any debts are due and owing to the Cooperative by said patron. Regardless of a statute of limitation or other time limitation, after retiring capital credits allocated to a patron or former patron, the Cooperative may recoup, offset or set off an amount owed to the Cooperative by the patron or former patron, including any late payment fees and all costs and expenses relating to the collection of the debt including but not limited to attorney fees, reducing the amount of retired capital credits paid to the patron or former patron by the amount owed to the Cooperative.

SECTION 5. Bylaws Shall Constitute a Mutual Contract.

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

ARTICLE VIII- WAIVER OF NOTICE

Any member or Director 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 any joint member shall be deemed a waiver of notice of such meeting by all joint members. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by each member or Director, except in case a member or Director 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.

ARTICLE IX- DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition,

encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this article, the Board 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; provided further, however, that 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, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another nonprofit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provisions of this article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for 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 ten per centum (10%) of the total electric plant of the Cooperative.

ARTICLE X- 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 XI- MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of any other organization without an affirmative vote of the Board of Directors.

ARTICLE XII- 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 XIII- 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. Any alteration, amendment or repeal of this Article or Article IX shall require the affirmative vote of at least two-thirds (2/3) of the members of the Cooperative, and 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 XIV- INDEMNIFICATION OF DIRECTORS AND OFFICERS

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 Director, 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 Director, director, officer, employee, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or 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.

SECTION 2. Derivative Action Indemnification.

Other than in connection with an action or suit in which the liability of a Director 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 Director, officer, employee, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a Director, 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 of the best interests 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.

SECTION 3. Determinations of Indemnification Rights.

Any indemnification under Sections 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 Director, 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 Directors who in number constitute a quorum of the Board of Directors 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 of Directors 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 Sections 1 or 2 hereof is one in which the liability of a Director under Section 1702.55 of the Ohio Revised Code is the only liability asserted, expenses (including attorneys' fees) incurred by the Director, director, 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 Director, director, 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.

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 Director, officer, employee, agent, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a Director, 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 such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify such person against liability under the provision of this Article XIV 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 board

members, directors, officers, employees or volunteers in specified situations, any person who served as a Director, officer, employee, or volunteer of the constituent corporation, or served at the request of the constituent corporation as a Director, 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.

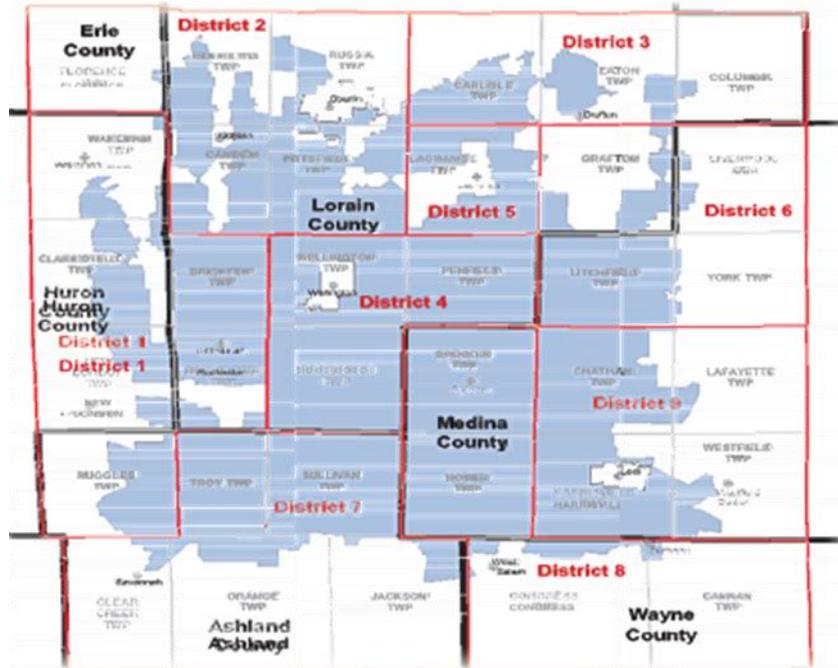
SECTION 7. Non-exclusivity; Heirs.

The indemnification provided by this Article XIV 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 Directors, any insurance purchased by the Cooperative, any action by the Board of Directors to take into account amendments to the Ohio nonprofit law that expand the authority of the Cooperative to indemnify a 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 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 Board Member or Officer.

Other than in connection with an action or suit in which the liability of a Director under Section 1702.55 of the Ohio Revised Code is the only liability asserted, a Director or officer of the Cooperative shall be liable in damages for any action the Director or officer takes or fails to take as a Director 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 Director's or officer's 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.

Lorain-Medina Rural Electric Cooperative Board of Directors' Districts



The service area of Lorain-Medina Rural Electric Cooperative, Inc. is divided into nine board districts, each with a member-elected representative on the Cooperative Board of Directors.

Lorain-Medina Rural Electric Cooperative, Inc.
22898 West Road, P.O. Box 158
Wellington, OH 44090
Email: lmre@fesco-oh.org Website: www.lmre.org
(440) 647-2133 or 1-800-222-LMRE