

ARTICLE III DIRECTORS

Section 1. Election of Directors

(a) **General Qualifications of Directors.** All the business affairs of this mutual corporation, except those reserved by law to the members, shall be managed by a board of nine directors, all of whom shall be members in good standing holding fully paid membership certificates in this mutual corporation.

(b) **Additional Qualifications of Directors.** Directors shall have the following additional qualifications, unless excused by the Board for good cause:

- (1) Be an individual.
- (2) Have the capacity to enter into legally binding contracts.
- (3) While a director, and during the five (5) years immediately prior to becoming a director, not:
 - (i) be, or have been convicted of a felony, or
 - (ii) plead, nor have pleaded guilty to a felony.
- (4) Each director shall:
 - (i) Within two (2) years of first becoming a director, have obtained a Credentialed Cooperative Director (CCD) designation, Director's Certificate from NRECA or other similar certification from another recognized utility industry continuing education organization.
 - (ii) Attend nine (9) out of twelve (12) scheduled board meetings (scheduled board meetings include the board meeting/retreat and the board meeting/annual meeting) and shall not be absent for more than three (3) consecutive meetings, or more than three (3) non-consecutive meetings in a twelve (12) month period.
 - (iii) Attend at least one (1) industry conference or continuing education course during every twelve (12) month period.
 - (iv) For purposes of subparagraph 4 (ii); the term industry conference or continuing education course is intended to be defined broadly to include, without limitation, any NRECA Board training, legal or other educational programs, any bar association approved continuing legal education program that deals with cooperative law, utility law, utility regulation, power supply, corporate governance, employment law, or any other legal issues that are relevant to the utility industry generally, or to PLC, and any meetings of any regional or national utility industry organization or association at which issues

confronting the utility industry are discussed and any other meetings, conferences, or seminars that contribute to the director's ability to perform his or her responsibilities as a director.

- (5) Maintain their primary residence in the PLC service territory.
- (6) Use, receive, or purchase cooperative services from PLC at the director's primary residence.

(c) **Prohibited Conflicts of Interest.** It shall be a continuing qualification of any individual who is a director or a director candidate, that while a director or director candidate and during the one (1) year immediately prior to becoming a director, or director candidate, the individual must not be or have been:

- (1) A Close Relative of any existing director.
- (2) An employee of PLC or a subsidiary entity in which PLC owns a majority interest or a Close Relative of an existing employee, agent or representative of PLC or a subsidiary entity.
- (3) Employed by, materially affiliated with, or share in a material financial interest with any other director.
- (4) Engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity:
 - (i) directly and substantially competing with the PLC, or
 - (ii) possessing a substantial conflict of interest with the PLC.

(d) **Other Conflicts of Interest.** Directors are required to disclose all non-prohibited conflicts and recuse themselves from any vote related to any matter or transaction that comes before the Board involving a transaction or matter in which the director has a non-prohibited conflict of interest.

(e) **Definitions.**

- (1) The term "Close Relative" shall mean children or their spouse, husband, wife, sister, brother, parents, foster, or step-parents, grandparents, aunts, uncles, mother or father-in-law, sister or brother-in-law, whether by marriage or adoption, or any individual who resides in the same residence as a PLC director or employee.
- (2) Conflicts of interest shall include, without limitation, being Materially Affiliated with or having a Material Financial Interest in any business providing electric, water or radio service, labor unions, and any labor union that presently represents or may in the future represent employees in any business engaged in by PLC or any subsidiary of PLC. The terms "Material Affiliation" and "Material Financial Interest" do not include isolated

transactions or passive investment activity that is not related to any business providing electric, water or radio service or to their suppliers.

(f) Continuing Qualifications. Only individuals who comply with the above qualifications and requirements may be nominated, re-nominated, serve, or continue to serve as a director. After being elected or appointed a director, if any director fails to comply with any qualification or requirement, the board is authorized to remove the director, unless compliance with the qualification or requirement is determined by the board to be excused for good cause.

(g) Savings Clause. The failure of any director to meet the qualifications and requirements for a director without excuse for good cause, shall not invalidate any board action if a majority of directors who do meet the qualifications and requirements vote in favor of the measure.

(h) Election of Directors. The election of directors and decisions on other matters to be decided by vote of the membership each year at the annual meeting. Such election shall be by completed ballot. Each year, three directors shall be elected for a three-year term. The elected directors shall hold offices until their successors are elected or appointed. Ballots containing the names of all candidates for director and any other matter to be voted upon by the membership shall be mailed or otherwise delivered to all members of the mutual corporation at least fifteen (15) days before the Annual Meeting at which directors are to be elected or other matter is to be decided, and members may vote only by mailing such ballot to the office of the mutual corporation or by depositing the ballot at a place designated by the board, provided that ballots that are not delivered to the offices of the mutual corporation by 4:30 PM on the Monday before the Annual Meeting will be deemed late filed and will not be counted. If the voting results in a tie between two candidates, the election shall be decided by a coin flip.

Section 2. Nominating Committee Procedures.

The following procedure shall be used for nominating the persons whose names shall be submitted to the membership as candidates for the office of director of the mutual corporation.

At least ninety (90) days before each annual meeting of the membership, the Board shall appoint a Nominating Committee composed of one Board member who is not running for reelection and three members of the mutual corporation who are not currently members of the Board. The Board member shall serve as the Chairman of the Nominating Committee and shall vote on nominations only in case of a tie vote by the non-Board members serving on the Committee. Prior to the appointment of non-Board member appointees to the Nominating Committee, the Board shall determine that such appointees have similar qualifications to those required under Article III, Section 1 for an individual to be nominated or to serve as a Director, except as follows: non-Board member appointees to the Nominating Committee shall not be required to comply with the continuing education and attendance requirements in Article III, Section 1, (b)(3) and (4), or the provisions in Article III, Section 1, (f), and (h).

Contemporaneously with the appointment of the Nominating Committee, the corporation shall publicize on its website and in its member newsletter that members may request to be considered by the Nominating Committee as a candidate for director.

The Nominating Committee shall identify, recruit, consider and nominate candidates for the office

of director in accordance with this Section so that there are at least two candidates for each director position to be elected at the forthcoming annual meeting. The Nominating Committee shall nominate candidates for the office of director who meet the applicable qualifications for a director set forth in Section 1 of this Article III.

Any incumbent director of the mutual corporation who meets the applicable director qualifications set forth in Section 1 of this Article III as determined by the Board, and who desires to run for re-election to the Board, including Directors appointed to fill vacancies pursuant to Article III, Section 3, shall so advise the Board and his or her name shall be placed on the ballot as an incumbent candidate, whether or not the Nominating Committee has nominated him or her. The Board may, for good cause, excuse an incumbent from meeting the requirements of this Article III, Section 1 (b)(4).

Any individual member in good standing who meets the qualifications and requirements set forth in Article III, Section 1, may submit his or her name to the Nominating Committee to be considered for nomination as a candidate for director and such member shall be considered by the Nominating Committee. The Nominating Committee shall also identify and recruit three or more individual members who did not submit their name for consideration to be a candidate for the offices of director.

In addition to Directors who have exercised the right to run for reelection as provided above, the Nominating Committee shall nominate additional candidates for the office of director, as follows:

- (a) For each director position for which an incumbent director has chosen to be a candidate for re-election, the Nominating Committee shall nominate one member from among the list of members who submitted their name for consideration to be a candidate for director, or who were recruited by the Committee to be considered as a candidate for director.
- (b) For each director position for which there is no incumbent director who is a candidate for re-election, the Nominating Committee shall nominate two members from among the list of members who submitted their names for consideration to be a candidate for director, or who were recruited by the Committee to be considered to be a candidate.

The nominations of candidates selected by the Nominating Committee shall be forwarded to the Board by the Committee. The Board shall review each nominee's qualifications and if an incumbent director or a candidate selected by the Nominating Committee does not meet the applicable qualifications for a director, as determined by the Board, his or her name shall not be placed on the ballot, unless the candidate is excused by the board from meeting such requirements for good cause; provided that prohibited conflicts as defined in Section 1(b) (1-4) may not be excused. Unless disqualified for not meeting the qualifications to be a director; all of the candidates shall appear on the ballot for election of directors at the Annual Meeting. If any nominee is disqualified on the ground that he or she does not meet the qualifications, the Nominating Committee shall nominate another candidate to replace the disqualified candidate and forward the replacement candidate's name to the Board.

The names of candidates shall otherwise appear on the ballot in the order and according to such other rules or policies as may be established by the Board.

In addition to the candidates placed on the ballot from among: (i) incumbent directors who elect to run for re-election, and (ii) members nominated by the Nominating Committee from among members who asked to be considered to be a candidate for director or (iii) who were recruited by the Nominating Committee to be a candidate for director, any member in good standing, shall be entitled to have his or her name printed on the ballot as a candidate by submitting to the Board on or before the second Friday in February a written Nominating Petition signed by at least 3% of the membership in good standing at the end of the prior year. Signatures on a Nominating Petition must be executed after the date of the last annual meeting of the corporation prior to the election for which the member seeks to have his or her name placed on the ballot by Nominating Petition. The form of such Nomination Petition shall be as prescribed by the Board.

For purposes of this Section and the Nominating Petition, a member in good standing means an individual named on a membership certificate who is not over 30 days delinquent on the payment of any amount due and owing PLC and is not in violation of the articles of the corporation, any bylaws, rules and regulations, tariffs, customer service policies, or other Governing Documents of PLC on the date the Petition was signed, which include the Articles of Incorporation, these Bylaws, PLC's service rules and regulations; its rate or price schedules; all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, approved or permitted by the Board; all applicable law and all legally binding agreements. Petition candidates must meet the applicable qualifications for a director set forth in Section 1 of this Article III, or be excused by the Board from meeting any qualifications that may be excused for good cause. The Board shall determine whether the signature of any Petition signatory shall be disqualified on the ground that the member is not in good standing and/or whether a petition candidate is a member in good standing and meets the qualifications to be a director. The signature of one member of a joint membership shall constitute the signature on behalf of the joint membership. If more than one individual signs the Petition on behalf of a joint membership, the signatures shall constitute only one signature for the purpose of the Nomination Petition.

Subject to the requirement that only persons who meet the applicable qualifications may be elected and serve as a Director, or who are validly excused from meeting any applicable qualification, in addition to the candidates for director nominated as above, the members may write in the name of any member in good standing who meets the applicable qualifications for a director as set forth in Section 1 of this Article III as a candidate on the ballot submitted by the member.

Section 3. Vacancies

Vacancies on the Board caused by death, resignation or otherwise may be filled by the Board at any meeting thereof at which a quorum is present; provided, however, that any member appointed to fill such vacancy shall only be appointed to complete the unexpired term of the vacated position.

Section 4. Director Quorums

Five directors shall constitute a quorum for the transaction of business of the Board; provided that if due to the death or resignation of one or more directors, the number of directors actually serving in office shall be less than nine, then until a new director(s) is (are) appointed or elected to fill the unexpired term of the vacated position(s) pursuant to Article III, Section 4, a quorum shall be a majority of the directors then serving in office.

Section 5. Responsibilities of Directors

(a) **Supervision of the Affairs of PLC Light Company.** The Board shall take any and all actions necessary to ensure responsible management and operation of the mutual corporation. The directors shall define the powers and duties of all committees, officers, agents, and Chief Executive Officer of the mutual corporation.

(b) **Rates and Terms of Service.** The directors shall fix the price at which electric power and related services, water services, and any other goods or services shall be sold to the membership of the mutual corporation. The Board shall have authority to raise or lower the price of such services at their discretion, when such change in price shall be necessary to operate the corporation in a sound, businesslike, and fiscally and financially responsible manner. The Directors shall have authority to establish different classes of service to the membership based upon the cost of providing electric, water, and other services to each class. The authority to establish classes of service shall include establishment of a rate class for Members who are not in good standing. The Directors may adopt rates that charge each class a different rate or price for providing the electric service based on the cost of service. Pursuant to terms and conditions of the Articles, these Bylaws, any tariffs, policies, rules, and regulations adopted by the Board and at the time and in the manner specified by the Board, rates and charges for electric and other services provided by PLC may include:

- (1) An “electric services” charge for energy, capacity as further defined in PLC’s tariffs, furnished to the member, or provided to or for a premises occupied by the member;
- (2) A power cost adjustment charge;
- (3) A “facility charge,” which shall be an amount fixed by the Board from time to time, regardless of the amount of electric services consumed;

- (4) A charge for the extension of lines and the construction of other facilities necessary to provide service, or for the relocation of lines or other facilities;
- (5) Charges for other services incidental to providing electric services;
- (6) Dues, assessments, fees, deposits, contributions, or other amounts required to be paid;
- (7) Charges for other goods or services, including water service, provided to the Member or provided to or for a location owned or occupied by the Member.
- (8) PLC may require a Member to pay charges for electric services in advance of receiving or using the electric services.
- (9) Interest, compounded periodically, and late payment fees for amounts owed to PLC, but not timely paid; provided, regardless of PLC's accounting procedures, PLC may elect to apply amounts paid by a Member to any of the Member's accounts as determined by PLC..
- (10) Any other charges required to be paid pursuant to the Governing Documents.
- (11) The Board may establish such Customer Service Policies, tariffs and other terms of providing service not inconsistent with the Articles and these Bylaws regarding the provision of service to any Member, or any other person or entity receiving service from PLC. These Customer Service Policies and other terms of service shall be deemed part of all oral or written contracts for delivery of electric energy or other services.

(c) Record of Proceedings. The Board shall keep a permanent record of its proceedings.

Section 6. Committees. The Board of Directors may by resolution establish one or more temporary or standing committees each consisting of two (2) or more Directors. The scope of each committee's functions and responsibilities shall be established in these Bylaws, or by Board resolution, provided no committee shall have authority to take any action on behalf of the Board or exercise any authority reserved by law to the Board. The Board President shall appoint Committee members, including a chairperson. The Board President, at his or her discretion, shall serve as an ex-officio member of all committees. The designation and appointment of any such committee and the delegation of functions and responsibilities to a committee shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon them by law.

There shall be the following permanent (standing) Committees of the Board whose functions shall be as hereinafter described and, except as otherwise provided, which shall at all times be subject to the ultimate direction of the Board of Directors.

(a) Finance and Audit Committee. The Finance and Audit Committee shall recommend to the entire Board an annual budget, monitor the financial condition of the mutual corporation, and oversee other financial matters as may be assigned or authorized by the Board. The Finance and Audit Committee shall recommend to the Board a firm to perform an annual audit; review with the auditing firm the results of the annual audit, management letter, and other requested audit reports; and oversee other audit functions as may be assigned or authorized by the Board.

(b) Policy and Bylaws Committee. The Policy and Bylaws Committee shall conduct a review at least every three years of existing Board policies, recommend appropriate revisions or additions to the policies and Bylaws, and review and recommend committee structure or organization as may be assigned by the Board.

(c) The Goals and Objectives Committee shall work with the CEO to develop and update long term corporate Objectives to recommend to the full Board for adoption. A draft of Proposed Management Goals for each year shall be developed by the CEO. The CEO shall submit a written draft of the proposed Management Goals for the upcoming year to the Board prior to the annual Board retreat with adequate time for Board members to review the proposed Goals before to the retreat. The CEO's proposed Management Goals shall be reviewed and discussed by the Board and the CEO at the annual retreat. The Board shall review and revise the Management Goals, as necessary, and approve the CEO's Management Goals prior to the start of each year.

(d) Nominating Committee. The Nominating Committee whose authorities, responsibilities and procedures are described in Section 2 of this Article 3.

(e) Other Committees. The Board shall have the authority to create such other committees as it determines to be appropriate.

Section 7. Meetings. Meetings of the Board of the mutual corporation shall be held at such time and place as determined by the Board, or may be called at any time by the President of the mutual corporation or by any three members of the Board. The Board may adopt rules governing the transaction of its business, and the holding of meetings, in which event the rules shall be binding on the Board, and all meetings shall be called and held in conformance with such rules. If such rules are silent as to the time and manner of calling meetings of the Board, such meetings may be called and held as provided in this section. The President of the mutual corporation shall preside at all meetings of the Board, and the Secretary of the mutual corporation shall be responsible for insuring that a record of all meetings of the Directors are kept in such form as prescribed by the Board. If a quorum of the Board shall not be present at any regular or called meeting, the same may be adjourned to a definite date, and the Secretary shall thereupon give not less than three days' written notice of such adjournments and the date of the reconvened meeting to the absent Directors. The Board shall provide for the holding of regular meetings of the Board at least once a month. If any member of the Board shall be absent from three consecutive regular monthly meetings of the Board, unless excused by the Board, such Director may be removed from office of Director at the option of the Board, and the vacancy may be filled by the Board as provided in Section 3 of Article III herein. In such event, the successor of such removed Director shall be selected from the membership of this mutual corporation. If any member of the Board shall be excused from attendance of the Board meeting, such excuse shall be entered into the minutes of the Board meeting at which the Director was excused.

Section 8. Election Rules and Procedures.

(a) The Board shall be responsible for assuring the fairness and integrity of all elections, including for the adoption and enforcement of appropriate rules and procedures for the conduct of elections, including the tabulation of ballots. Prior to any Annual Member Meeting, the Board shall make such arrangements as it deems necessary and appropriate for validating the member list and distributing ballots to each member prior to each election.

(b) The Board shall make arrangements for tabulating member votes, which may include, without limitation, the appointment of an independent person(s) or an entity or organization to tabulate member votes. The person(s) entity or organization appointed to tabulate the votes may not utilize any of the following individuals to tabulate votes:

- (1) Any member of the Nominating Committee.
- (2) Any existing director, close relative of an existing director, or candidate for director.
- (3) Any officer or employee of the mutual corporation.

(c) Notwithstanding the appointment of a person, entity or organization to tabulate the votes, it shall be the responsibility of the Board to adopt rules and regulations for the conduct of elections and to resolve all questions, issues, or disputes regarding the conduct of elections, including, without limitation, compliance with election rules, the qualification of members to vote, voting and the tabulation of member votes.

Section 9. Removal of Board Member by Membership for Cause

Any member may submit a petition for removal for cause of a Board member by filing with the Secretary in writing a petition signed by at least five percent of the membership. Such petition shall specify the reason(s) for which removal is sought. A special meeting of members shall be called to consider the petition and such Board member shall be informed in writing of the petition at least ten (10) days prior to the meeting of the members at which the petition is to be considered. Such Board member shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in response to the petition, and the member or members submitting the petition shall have the same opportunity. The Board shall have authority to determine the procedures for such special meetings. Thereafter, the Board shall cause a notice of the special proceedings to be sent to all members, pursuant to Article II, Sections 2 and 3, together with a ballot for the member to vote, by mail or in person, on the removal issue. A sixty percent majority vote shall be necessary for removal of a Director and a quorum of fifteen percent is required pursuant to Article II, Section 5. Any vacancy created by such removal shall be filled by the Board, pursuant to Article III, Section 3.

Section 10. Procedural Rules

Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert's Rules of Order governs all: (1) Member Meetings, (2) Board Meetings, (3) Member Committee meetings, and (4) Board Committee meetings.

Section 11. Director Compensation

As determined or approved by the Board of Directors from time to time, PLC may fairly reimburse, compensate, pay a salary to, or provide insurance or other benefits to Directors, and pay or reimburse Directors a fixed fee and expenses for attending a: (1) Board Meeting; (2) function, meeting, or event involving or relating to PLC; or (3) function, meeting, or event involving, relating to, or reasonably enhancing the Director's ability to serve in the role of Director.