

BYLAWS
of
CHOPTANK ELECTRIC COOPERATIVE, INC.
As amended through April 16, 2013

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BYLAWS
of
CHOPTANK ELECTRIC COOPERATIVE, INC.

ARTICLE I
General Provisions

Section 1.01. **INTERPRETATION.** Within these bylaws of Choptank Electric Cooperative, Inc. ("Cooperative"), as currently existing or as later amended, ("Bylaws") except as otherwise provided and subject to the context requiring otherwise:

- a. Words and phrases have their customary and ordinary meaning;
- b. The singular use of a word includes the plural use and the plural use of a word includes the singular use;
- c. The masculine use of a word includes the feminine and neutral uses, the feminine use of a word includes the masculine and neutral uses, and the neutral use of a word includes the masculine and feminine uses;
- d. The present tense of a word includes the past and future tenses, and the future tense of a word includes the present tense;
- e. The words "shall" and "must" are words of obligation, with "shall" meaning "has a duty to" and "must" meaning "is required to;"
- f. The word "may" is a word of discretion meaning "has discretion to," "is permitted to," "is authorized to," or "is entitled to;"
- g. The words "may ... only" are words of limited discretion and prohibition;
- h. The words "shall not," "must not," and "may not" are words of prohibition, with "shall not" meaning "has a duty not to," "must not" meaning "is required not to," and "may not" meaning "has no discretion to," "is not permitted to," "is not authorized to," and "is not entitled to;"
- i. An exception to a word of obligation is a word of discretion and an exception to a word of discretion is a word of prohibition;
- j. The words "except as otherwise provided," "subject to," and similar words are words of limitation and exception;
- k. The words "include," "includes," and "including" mean "include without limitation," "includes without limitation," and "including without limitation;"
- l. The word "or" is inclusive, with "A or B" meaning "A or B or both;"
- m. The word "individual" means a "natural person" or "human being"; and
- n. The title of a section of these Bylaws ("Section") shall not be a substantive part of that Section, and any heading or title of a subsection of these Bylaws ("Subsection") shall not be a substantive part of that Subsection.
- o. The word "Article" means article of these Bylaws.

Section 1.02. **DEFINED TERMS.**

- a. These Bylaws define certain words, phrases and terms ("Defined Terms"). In general, Defined Terms are: (1) defined in a full sentence or part of a sentence; (2) capitalized and enclosed within quotation marks when defined; (3) enclosed

within parenthesis and quotation marks when defined in part of a sentence; and (4) capitalized when otherwise used in these Bylaws.

- b. Each of the following Defined Terms is defined in the Bylaw whose Section number is noted immediately to the right of the Defined Term:

<u>Defined Term</u>	<u>Sec. #</u>	<u>Defined Term</u>	<u>Sec. #</u>
Annual Board Meeting	5.01	Good Standing	2.09
Annual Member Meeting	3.01	Governing Documents	2.01
Applicant	2.01	Joint Member	2.01
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Board Meeting	5.04	Member Duties	2.09
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Board Policies	4.02	Member Meeting	3.01
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Election Issues	3.14	Subsection	1.01
Electronic Transmission	3.04	Treasurer	6.07
Employee	3.13	Vice Chairman	6.05

Section 1.03. **LAW AND ARTICLES.** These Bylaws are subject to the Law and the Articles of Conversion of the Cooperative ("Articles"). If, and to the extent that, a Bylaw conflicts with the Law or the Articles, then the Law or the Articles control. The "Law" includes the following applicable: (a) local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, or judicial; and (b) legally binding contracts enforceable by or against the Cooperative, including legally binding contracts between the Cooperative and an Applicant or Member.

Article II Members

Section 2.01. MEMBERSHIP; REQUIREMENTS.

- a. Any individual, firm, association, corporation, body politic or political subdivision thereof, or other legally existing entity, with the capacity to enter into a legally binding contract (collectively “Person”) may become a member of the Cooperative (“Member”), upon that Person having:
 - 1) Agreed to use electric distribution service or electric energy supply service supplied by the Cooperative (“Cooperative Services”);
 - 2) Provided the Cooperative with such information as the Cooperative may reasonably require to supply the requested Cooperative Service(s); and
 - 3) Made arrangements and furnished information acceptable to the Cooperative, to the extent required by law, to satisfy the Cooperative that it will be paid for the requested Cooperative Service(s).
- b. A Person who has satisfied all of the requirements of Subsection a of this Section (“Applicant”) shall be deemed to have applied for and consented to be a Member, subject to the terms and conditions of these Bylaws.
- c. As a condition of membership in the Cooperative (“Membership”), a Member agrees to comply with and be bound by the Articles, these Bylaws, and the Board Policies (collectively “Governing Documents”).
- d. No Person shall be the holder of more than one (1) Membership at the same time.
- e. No Membership or any other interest in the Cooperative shall be transferable, except as provided in these Bylaws.
- f. Throughout these Bylaws, unless the context in which the following terms are used indicates otherwise, the term “Member” shall include a joint member of the Cooperative (“Joint Member”), and the term “Membership” shall include the term “Joint Membership”.

Section 2.02. JOINT MEMBERSHIP.

- a. Any two (2) or more Persons (including husband and wife) may become parties to one (1) Membership, which shall constitute a joint membership in the Cooperative (“Joint Membership”), and thereby such Persons shall collectively be a Joint Member, upon those Persons having:

- 1) Satisfied the requirements set forth in Section 2.01, Subsection a, hereof relative to that Joint Membership;
 - 2) Furnished to the Cooperative the names, addresses, telephone numbers and email addresses of all Persons who are parties to that Joint Membership; and
 - 3) Designated in writing one (1) contact person for that Joint Membership, who shall unless and until otherwise indicated to the Cooperative by all parties to the Joint Membership in writing, also be the person responsible for notifying the Cooperative of decisions by that Joint Membership, and casting the vote of the Joint Membership.
- b. A Joint Membership shall be treated, and have the rights, liabilities and duties of one (1) Membership. Any provision of these Bylaws relating to the rights, liabilities and duties of a Member shall apply equally to a Joint Membership, and unless otherwise stated shall apply on a pro rata basis to the Persons who are parties to a Joint Membership.
- c. Without limiting the generality of the foregoing, the effect of the hereinafter-specified actions by or in respect to the holders of a Joint Membership shall be as follows:
- 1) A waiver of notice signed by any one (1) of the parties to a Joint Membership shall constitute a joint waiver by all parties to that Joint Membership.
 - 2) The presence at a meeting of any party to a Joint Membership shall be regarded as the presence of one (1) Member and constitute a joint waiver of notice of the meeting by all parties to that Joint Membership.
 - 3) A Joint Member shall be entitled and be limited to one (1) vote on any one issue put to a vote of the Members, as with any other Member..
 - a) All Persons who are parties to a Joint Membership shall sign a document informing the Cooperative of which such Person shall be entitled to vote and otherwise interact with the Cooperative on behalf of that Joint Member.
 - 4) Withdrawal of any of the parties to a Joint Membership shall terminate the Joint Membership.

Section 2.03. **MEMBERSHIP TYPES.**

- a. There shall be two (2) types of Membership in the Cooperative, based on the type of Cooperative Services supplied to the Member:

- 1) Type I: Members receiving both distribution service and electric energy supply service.
 - 2) Type II: Members receiving electric distribution service only.
- b. There shall be no distinction in the rights and privileges of Members based on the Membership type.

Section 2.04. MEMBERSHIP CERTIFICATES.

- a. Membership in the Cooperative shall be evidenced by a Membership certificate issued by the Cooperative to a Member ("Membership Certificate"), which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors of the Cooperative ("Board"), and which shall be sent to the Member.
- b. In case a Membership Certificate is lost, destroyed or mutilated, a replacement Membership Certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board may prescribe.

Section 2.05. CONVERSION OF MEMBERSHIP.

- a. A Membership of an individual may be converted to a Joint Membership upon the written request of the holder and his spouse, provided that they satisfy the requirements of Joint Membership. The outstanding Membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed Membership status.
- b. In the case of a married couple who are the sole parties to a Joint Membership, upon the death of either spouse, such Joint Membership shall be terminated upon notification and a new Membership will automatically be established in the name of the survivor. Upon compliance with this Subsection, the closed account would be eligible for retirement of capital credits in accordance with current policy on payment of capital credits to the estates of deceased Members.
- c. Except as provided in Subsection b of this Section, the death, withdrawal or other removal of one or more of the parties to a Joint Membership shall constitute dissolution of that Joint Membership and a new Membership, joint or otherwise, shall be established in order to continue Cooperative Service(s). Memberships closed under these circumstances shall not be eligible for early retirement of capital credits.

Section 2.06. MEMBERSHIP AND SERVICE CONNECTION FEES. No membership fees shall be charged for the privileges of Membership; however each Member shall pay such charges as applicable at the time of connection to receive Cooperative Service(s).

Section 2.07 **SUPPLY OF COOPERATIVE SERVICES.**

- a. **Cooperative Services.** The Cooperative shall attempt to supply Cooperative Services to Members in a reasonable manner under existing circumstances. The Cooperative, however, does not insure, guarantee, or warrant that it will supply adequate, continuous, or non-fluctuating Cooperative Services in every circumstance. This Subsection is not intended to alter the duties and responsibilities of the Cooperative, as an electric utility, owed to the Members or any other Persons to whom the Cooperative supplies Cooperative Services, as those duties and responsibilities presently exist under current applicable law, or as such law may change from-time-to-time.
- b. **Pricing for Cooperative Services.** The Cooperative shall supply and sell Cooperative Services according to such terms, conditions, rates and tariffs, as are from time-to-time: (1) fixed by the Board for all Cooperative Services; and (2) approved by the governmental regulating authority for regulated Cooperative Services, if any.
- c. **Capital Credits.** All amounts paid to the Cooperative for Cooperative Services in excess of all direct and indirect costs to the Cooperative for supplying those services are furnished to the Cooperative by the Members as capital, and each Member shall be credited with the capital so furnished as provided in these Bylaws.

Section 2.08. **PURCHASE OF COOPERATIVE SERVICES.** Except as otherwise provided by applicable law:

- a. **Purchase of Cooperative Services.**
 - 1) Within six (6) months after distribution service requested by a Member is made available by the Cooperative, that Member shall purchase such distribution service from the Cooperative.
 - 2) Once at least one (1) Cooperative Service is commenced being supplied to a Member, that Member shall not cause or permit a lapse in all Cooperative Services for more than six (6) consecutive months unless such lapse was caused and continues to be caused solely by the Cooperative.
- b. **Payment for Cooperative Services.** A Member shall pay the Cooperative for all Cooperative Services purchased from the Cooperative according to the fixed and approved terms, conditions, rates and tariffs, as and when the same shall become due and payable.

- c. Compliance With Cooperative Procedures. A Member shall comply with reasonable procedures required by the Cooperative regarding the supply of a Cooperative Service to that Member.

Section 2.09. DUTIES OF MEMBERS.

- a. Each Member shall have the following duties (collectively the “Member Duties”) to:
 - 1) Continue to satisfy all requirements for Membership;
 - 2) Provide to and maintain with the Cooperative his current mailing address, telephone number, and email address, if any;
 - 3) Within sixty (60) days after the due date of each undisputed bill to him from Choptank for Cooperative Service(s), pay or cause to be paid such bill in full, together with all interest and other charges accrued thereon for failure to pay said bill in full by its due date;
 - 4) Without any cost to or payment by the Cooperative, grant and convey to the Cooperative all reasonably requested easements and rights-of-way on, over and/or under the land of a Member, to enable the Cooperative to supply a requested Cooperative Service to that Member;
 - 5) Not engage in any: (a) unlawful taking or use of Cooperative property or Cooperative Service; or (b) intentional tampering or interference with, or damage to, property of the Cooperative;
 - 6) Indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Director, Officer, Employee, agent, representative, or contractor of the Cooperative, because of any property damage, personal injury, or death resulting from the Member’s negligence or failure to comply with the Governing Documents applicable to Members; and
 - 7) Comply with all Governing Documents published to the Members on the Cooperative’s website or otherwise.
- b. Each Member: (1) is a vital and integral part of the Cooperative; (2) is united in an interdependent relationship with all other Members in the Cooperative; and (3) contributes to the successful operation of the Cooperative by complying with each of the Member Duties.
- c. A Member is in “Good Standing” if he:

- 1) Has not ceased using, receiving or purchasing all Cooperative Services for the immediate past two hundred ten days (210) consecutive days; and
- 2) Is not in violation of any of the Member Duties.

Section 2.10. **MEMBER LISTS.**

- a. The Cooperative shall maintain such electronic or paper record(s) of the names of the Members, which may be formatted to permit the Cooperative to organize, re-organize and secure such information as may be required or desirable for the operation or governance of the Cooperative. Any such record, containing the name of one (1) or more Members, regardless of whether such record contains any information specifically relating to such Member(s) other than their name(s), including any Member Meeting List as defined in Section 3.06, shall be a "Member List" protected by this Section.
- b. Except as otherwise provided by applicable law, these Bylaws or the Board, no Cooperative Director, Cooperative officer, C&E Committee member, Cooperative employee, or the Cooperative's attorney, except as required by the respective duties for the Cooperative of the said Cooperative Director, Cooperative officer, C&E Committee member, Cooperative employee, and the Cooperative's attorney, and no Member or any other Person, shall have access to, possess, control, inspect, copy, receive, or distribute all or any part of any Member List.
- c. Upon ten (10) business days' prior written notice or request by a Member, and if, and to the extent that the Member's request is made in good faith, for a proper purpose directly related to a Cooperative function or purpose, describing with reasonable particularity the Member's purpose for inspecting or copying the Membership List, and the Membership List is directly connected with the Member's stated purpose, if the request is reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge, determined by the Cooperative, covering the Cooperative's labor and material cost of preparing, producing and/or copying the Membership List, at a reasonable time and location and with reasonable conditions, all as specified by the Cooperative:
 - 1) A Member may inspect and copy the names and addresses included in the Membership List; or
 - 2) The Cooperative shall provide to the Member a copy of the names and addresses included in the Membership List.
- d. The Membership List and the information therein shall not be inspected or copied for any purpose unrelated to the Member's interest as a Member, used to solicit money or property, used for any commercial purpose, or sold to or purchased by any Person.

- e. Except as otherwise provided by applicable law, these Bylaws or the Board, the Cooperative shall not sell, transfer, disclose, distribute, or otherwise dispose of without shredding, all or part of any Member List.

Section 2.11. **PROPERTY INTEREST AND MEMBERS.** Upon dissolution of the Cooperative, and after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the Members and former Members in the proportion which the aggregate patronage of each bears to the total patronage of all Members during the ten (10) years next preceding the date of filing of the certificate of dissolution, or the then longest existing cycle for payment of capital credits, whichever is greater.

Section 2.12. **NON-LIABILITY FOR DEBTS OF THE COOPERATIVE.** The private property of the Members shall be exempt from execution or other liability for the debts of the Cooperative and no Member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

Meetings of Members

Section 3.01. **MEMBER ACTION WITHOUT A MEMBER MEETING.** Except as otherwise provided by Law or the Governing Documents, Members may not take any action relating to the Cooperative except at an annual meeting of the Members (“Annual Member Meeting”) or at a special meeting of the Members (“Special Member Meeting”), either or both of which may be referred to as “Member Meeting”.

Section 3.02. **ANNUAL MEETINGS.** An Annual Member Meeting shall be held each year on a date and at such a time and place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the Annual Member Meeting, for the purpose of electing Directors, passing upon reports for the previous fiscal year, and transacting such other business as may come before that meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Member Meeting. Failure to hold the Annual Member Meeting at the designated time shall not cause a forfeiture or dissolution of the Cooperative.

Section 3.03. **SPECIAL MEETINGS.** A Special Member Meeting may be called by: (a) the Chairman, (b) resolution passed by a majority of the Board, or (c) written request signed by at least ten percent (10%) of all the Members; and it shall thereupon be the duty of the C&E Committee to cause notice of such meeting to be given as hereafter provided. A Special Member Meeting may be held at any place within one of the counties served by the Cooperative, as designated by the Board and shall be specified in the notice of the Special Member Meeting. The agenda of the meeting shall be limited to the items set forth in the notice of the meeting.

Section 3.04. **NOTICE OF MEMBER MEETINGS.**

- a. The C&E Committee shall give notice, approved by the Secretary or Assistant Secretary of the Cooperative, of each Member Meeting, stating the place, day and hour of the meeting, and in case of a Special Member Meeting the purpose for which the meeting is called, shall be properly addressed and sent, not less than ten (10) and not more than ninety (90) days before the date of the meeting, either by first class mail deposited with the United States Postal Service with postage prepaid ("Mail") or by electronic transmission as defined by Maryland Code, Corporations Article, § 1-101 ("Electronic Transmission"), to each Member.
- b. A notice of a Member Meeting, required to be given pursuant to Subsection a of this Section, shall include a copy of any ballot required by Section 3.12 (Ballots).
- c. Delivery of Notice. For purposes of this Section, notice is given to a Member if:
 - 1) In writing personally delivered to that Member;
 - 2) In writing sent by Mail to a Member, such notice shall be deemed to be delivered to that Member when deposited in the Mail, addressed to that Member at the address as it appears for that Member for billing purposes on the records of the Cooperative, with postage thereon prepaid; or
 - 3) Sent by Electronic Transmission, when the electronic transmission is initiated to a Member, addressed to that Member at the electronic address for that Member as it appears on the records of the Cooperative.
 - a) Notice to a Member given by electronic transmission shall be considered ineffective if:
 - (1) The Cooperative is unable to deliver two consecutive notices by electronic transmission to that Member; and
 - (2) The inability to deliver the notices by Electronic Transmission to that Member becomes known to the chairman of the C&E Committee or other agent of the Cooperative responsible for giving such notice.
 - b) If the Cooperative has received a written request from a Member that notice not be sent by Electronic Transmission, the Cooperative may not thereafter provide notice to that Member by Electronic Transmission unless such request is later rescinded by that Member.
- d. Evidence of Notice Given. An affidavit by a member of the C&E Committee or other agent of the Cooperative that notice has been given by a form of Electronic

Transmission, in the absence of actual fraud, shall be prima facie evidence of the facts stated in the affidavit.

- e. Effect of Failure to Give Notice. The failure of any Member to receive notice of a Member Meeting shall not invalidate any action which may be taken by the Members at any such meeting.
- f. Waiver of Notice:
 - 1) A Person entitled to notice of a Member Meeting may waive notice in writing or by Electronic Transmission either before or after the meeting.
 - 2) If a Person entitled to notice of a meeting attends the meeting, the person's presence shall constitute a waiver of notice of the meeting, unless the person participates in the meeting solely to object to the transaction of any business because the meeting has not been legally called or convened.
 - 3) If a Person, who is authorized to vote on behalf of a Member entitled to notice of a Member Meeting, votes on behalf of that Member in any manner permitted by these Bylaws on any matter submitted to a vote of the Members at a Member Meeting, then that Member's vote shall constitute a waiver by that Member of notice of that Member Meeting.

Section 3.05. **RECORD DATE.**

- a. A "Record Date" is the date for determining the total number of Members, and the identity of each Member eligible to vote.
- b. The Board may fix the Record Date, but the Record Date must not be:
 - 1) More than one hundred twenty (120) days before or less than ninety (90) days before the date of an Annual Member Meeting; or
 - 2) More than sixty (60) days before or less than ten (10) days before the date of a Special Member Meeting.
- c. The Record Date for determining the Members entitled to notice of, or to vote at, a Member Meeting is effective for a Member Meeting adjourned to a date not more than one hundred twenty (120) days after the original Member Meeting date.

Section 3.06. **MEMBER MEETING LIST.** For each Member Meeting, the Cooperative shall prepare and maintain a written or electronic list of Members as of the Record Date ("Member Meeting List"), including for each Member the Member's name, address, account number, and any other information reasonably necessary to conduct or facilitate the procedures of a vote or election by the Members.

Section 3.07. **QUORUM.**

- a. In case the total number of Members shall exceed one thousand (1,000), then fifty (50) Members, present in person, shall constitute a quorum.
- b. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.
- c. The minutes of each Member Meeting shall contain the list of the Members present in person.

Section 3.08. **ORDER OF BUSINESS.** The Board shall determine the agenda and order of business for Member Meetings.

Section 3.09. **CONDUCT OF MEETING.** Unless otherwise specified in these Bylaws, Member Meetings shall be conducted according to Roberts Rules of Order or such other generally accepted rules of order as the Board shall approve.

Section 3.10. **MOTIONS.** A main motion, or any other motion which if passed may affect the future of the Cooperative or a substantial number of the Members, shall not be voted on at the same Member Meeting at which that motion is made, and such motion shall be tabled until the next following Member Meeting at least ninety (90) days after that motion is made, unless:

- a. The motion has been submitted to the Secretary of the Cooperative and to the C&E Committee in writing at least ninety (90) days prior to the Member Meeting at which the motion is to be voted on;
- b. The motion has been recommended by the Board; or
- c. The Board waives this rule with respect to the motion.

Section 3.11. **MEMBER VOTING.**

- a. If a Member presents identification or proof of Membership as reasonably required by the C&E Committee, and if the Member is a Member on the Record Date, then that Member shall be qualified and entitled to vote in matters submitted to a vote of the Members.
- b. Each Member qualified and entitled to vote shall be entitled to one (1) vote on each question or matter being submitted to a vote of the Members. Cumulative voting is not permitted.
- c. Voting by a Member shall be in accordance with rules and procedures of the C&E Committee, on a ballot form provided by the C&E Committee, timely received by the C&E Committee from the Member as follows:

- 1) In person from the Member at the Member Meeting at which the matters on the ballot are to be voted on and decided;
 - 2) By Mail, signed by the voting Member, timely received from the Member by the C&E Committee or its representative at the headquarters office of the Cooperative, before 4:30 p.m. local time, on the last business day before the Member Meeting at which the election will be held; or
 - 3) By Electronic Transmission, received from the Member by the C&E Committee or its representative at the headquarters office of the Cooperative, before 4:30 p.m. local time, on the last business day before the Member Meeting at which the election will be held, in accordance with such policies and procedures as may be adopted from time-to-time by the Board to promote the orderly, secure and accurate voting and tabulation of ballots sent and received by Electronic Transmission, and sent from the same electronic address to which the ballot was sent to the Member organization by the Cooperative.
- d. Voting by a Member organization shall be permitted:
- 1) After the Member organization has presented to the C&E Committee or its representative, at the headquarters office of the Cooperative, at least ten (10) business days prior to the date on which the authorized individual casts a ballot for the Member organization, documentation satisfactory to the C&E Committee identifying and authorizing the individual to vote on behalf of the Member organization;
 - 2) By ballot, on a form provided by the Cooperative to the Member organization; and
 - 3) Cast by the authorized individual in any manner as described in Subsection c of this Section.
- e. Each question or matter submitted to a vote of the Members shall be decided by a majority of the Members voting thereon unless otherwise provided by the Governing Documents.

Section 3.12. **BALLOTS.**

- a. Prior to each Member Meeting at which a vote by the Members will occur, the C&E Committee shall prepare a paper and electronic form ballot, cause a sufficient number thereof to be printed, and cause said ballots to be timely distributed to the Members by Mail and Electronic Transmission, with the notice of such Member Meeting.

- b. A ballot shall:
 - 1) To the extent known at the time the ballot is composed, state each matter known to be qualified for submission to a vote of the Members at such Member Meeting, including:
 - a) The slate of Director Candidates running for election by Director District; and
 - b) The language of each motion, resolution or other matter, or a reference to a document furnished with the notice to Members of the meeting at which the vote will occur, stating such language;
 - 2) State the date, time and place of the Member Meeting at which Members are scheduled to vote or act on the matter(s);
 - 3) Provide an opportunity to vote for each Director position that is open for election, and to vote for or against, or to abstain from voting on, each motion or matter being voted on by the Members;
 - 4) Instruct the Member how to complete and return the ballot; and
 - 5) State the date and time by which the C&E Committee must receive the completed ballot, and the address to be used to return ballots by Mail and electronic Transmission.
- c. The failure of any Member to receive a ballot shall not invalidate any such motion; resolution or ballot, and shall not invalidate any election or other action which may be taken by Members at any such Member Meeting.
- d. Counting Ballots.
 - 1) The mere presence of a Member at a Member Meeting shall not invalidate a ballot properly cast by that same Member for that same Member Meeting and properly received by any permitted means by the C&E Committee.
 - 2) Except as stated above in this Subsection d, in the event that multiple ballots are properly cast by or on behalf of the same Member for the same Member Meeting and properly received by the C&E Committee, only the first ballot to be properly cast by or on behalf of the same Member for the same Member Meeting and properly received and validated by the C&E Committee shall be counted in the results of the election, and all other ballots cast by or on behalf of the same Member for the same Member Meeting shall be automatically invalidated and shall not counted in the results of the election.

Section 3.13. ACCEPTING AND REJECTING MEMBER VOTING DOCUMENTS. A consent, ballot, waiver of notice of a Member Meeting, or other document purporting to relate to the rights of a Member relating to a Member Meeting or a vote of the Members, and which has been executed, presented and/or submitted by or on behalf of a Member to gain admission to or participate in a Member Meeting or a vote of the Members (collectively "Member Voting Document"), may be treated by the C&E Committee on behalf of the Cooperative as follows:

- a. The C&E Committee may use such identification and security methods on Member Voting Documents as bar codes, and may require such evidence of identification from Members and agents of Members as a driver's license or passport, to assist in determining whether a Member Voting Document should be accepted or rejected.
- b. The C&E Committee may accept, and give effect to, a Member Voting Document if: (1) the name signed on the Member Voting Document corresponds to a Member's name, and the C&E Committee acts in good faith; or (2) the C&E Committee reasonably believes the Member Voting Document is valid and authorized.
- c. The C&E Committee may reject, and not give effect to, a Member Voting Document if the C&E Committee: (1) acts in good faith; and (2) has a reasonable basis for doubting the identity of the person presenting the Member Voting Document as a Member or as authorized by a Member, the validity of the signature on the Member Voting Document as that of a Member or authorized by a Member, and/or the validity of the signatory's authority to sign on behalf of the Member.
- d. The C&E Committee, the members of the C&E Committee, the Cooperative, and any Member or employee of the Cooperative ("Employee") as the result of performing services for the C&E Committee, shall not be liable to any Member for the acceptance or rejection of a Member Voting Document as provided in this Bylaw.

Section 3.14. CREDENTIALS AND ELECTION COMMITTEE.

- a. **Committee Members.** At least ninety (90) days before each Annual Member Meeting at which an election is scheduled to be conducted, a Credentials and Election Committee ("C&E Committee"), consisting of an uneven number of members between five (5) and eleven (11), shall be appointed or re-appointed by the Board.
 - 1) The exclusive supervision and control of elections by the Members is placed in the C&E Committee to further the cooperative principles of transparency, accountability, and democratic Member control, and to

avoid the actual or appearance of influence by the Board and Officers on such elections.

- 2) Each member of the C&E Committee shall be a Member in Good Standing who is not an existing Director, Director Candidate, Director Nominee, Officer or Employee, or a Close Relative thereof. For the purposes of these Bylaws, a "Close Relative" is an individual who is related to another individual by: (a) blood, law or marriage, including half, step, foster and adoptive relations, including a spouse, child, sibling, grandchild, parent, grandparent, aunt, uncle, nephew or niece; or (b) residing with such other individual.
 - 3) As determined by the Board, the Cooperative may reasonably compensate and reimburse C&E Committee members.
- b. Committee Duties. During, or within a reasonable time before or after, the Member Meeting for which the C&E Committee was appointed or reappointed, the C&E Committee shall:
- 1) Elect a chairman and a secretary within a reasonable time after being appointed or re-appointed;
 - 2) Establish or approve such rules and procedures as are reasonable or necessary to assist the C&E Committee in performing its duties and achieving its purposes as stated in this Bylaw, consistent with the Governing Documents;
 - 3) Timely perform all of the duties of the C&E Committee, as described in Section 4.05 (Nominations), Subsection b;
 - 4) In coordination with the Secretary of the Cooperative, send to each Member timely notice of each Member Meeting, in accordance with Section 3.04 (Notice Of Member Meetings), Subsection a;
 - 5) Subject to the Limitations and Procedures described in Subsection c of this Section, timely consider and decide the types of questions, issues, or disputes that must be finally decided before or at a Member Meeting in order for an election by the Members to be conducted and be decided at that meeting (collectively "Election Issues");
 - 6) Oversee or supervise Member voting in person, by Mail and by Electronic Transmission; and
 - 7) Tabulate, certify and announce at the Member Meeting, or as soon thereafter as practical, the number of votes cast in favor of and against

each matter or question submitted to a vote of the Members, and the number of votes cast for each Director Nominee on the ballot.

c. Resolution of Election Issues.

- 1) The Election Issues include, but are not limited to, the following relating to an election scheduled to be conducted at a Member Meeting:
 - a) The review and approval or disapproval of Member Petitions, and the Director Nominees to be included on the ballot, in accordance with Section 4.05;
 - b) The determination of whether a Director Nominee or newly elected Director meets all of the director qualifications, as described in Section 4.03 (Composition) and Section 4.04 (Qualifications) (collectively “Director Qualifications”);
 - c) Issues relating to Member registration, quorum and voting, including the identification and Membership status of Members, the authority and identification of representatives voting for Member organizations, the number of Members present, the validity of ballots sent and received by the Cooperative by Mail or Electronic Transmission, and disposition of multiple ballots cast by or for the same Member; and
 - d) The tabulation or count of ballots, including the determination of vote results.
- 2) Limitations. All initial decisions of the C&E Committee relating to Election Issues shall be final, except that a Member who is directly affected by such a decision in a way that is different from the way in which other Members in general may be affected, such as, by way of example, a Member who has been disqualified from voting, a Member whose Member Petition has been determined to be incomplete, or a Director Nominee who is determined to not have satisfied the Director Qualifications, may challenge such a decision by the C&E Committee (“Member Challenge”), provided that:
 - a) A Member Challenge shall be filed in writing with the C&E Committee within ten (10) days of the date of the decision by the C&E Committee that is being challenged, stating all reasons and factual bases for the challenge.
 - b) A Member Challenge shall be reasonably capable of being addressed and decided by the C&E Committee, and such Member Challenge is in fact addressed and decided by the C&E Committee,

before the time has passed when the right which is sought to be preserved or reinstated by the Member Challenge can be timely exercised according to these Bylaws and applicable Maryland law without causing or requiring either of the following in order for the Member Challenger or any other Member to satisfy a requirement of these Bylaws relative to the election to which such Member Challenge relates:

- (1) A delay in such election; or
 - (2) A violation or delay of any deadline or requirement relating to such election.
 - c) If a decision by the C&E Committee is timely challenged, then the C&E Committee shall schedule a meeting to determine, based on the written challenge, whether the Member Challenge is reasonably capable of being addressed and decided by the C&E Committee while the action sought by the challenge would be timely to the election process, and to notify the Member(s) with standing who have challenged the decision as to whether, and if so when, a hearing on the challenge will be conducted by the C&E Committee.
 - d) If a hearing on the challenge is scheduled, then at such hearing the C&E Committee shall:
 - (1) Receive oral or written evidence from the challenging Member(s), or legal counsel representing such Member(s); and
 - (2) Consider, decide, and rule on the Member Challenge, stating the reasons therefor.
 - e) The C&E Committee's decision regarding a Member Challenge shall be final.
 - f) The failure of the Cooperative or the C&E Committee to act as required by this Section shall not, by itself, affect any vote, any Director election, or any other action taken at a Member Meeting.
- 3) Procedures: In reconsideration of an Election Issue, the C&E Committee may meet, consider, or decide Election Issues, or otherwise act, only if a majority of the C&E Committee members are present. Approval by the C&E Committee of a proposed decision or action requires a vote in favor thereof by a majority of the C&E Committee members voting thereon. Except as otherwise provided in this Bylaw, C&E Committee decisions or

actions during, or within a reasonable time before or after a Member Meeting, so as not to delay an election or substantially delay the determination and announcement of election results, are final. At the Cooperative's expense, the Cooperative shall make legal counsel available to the C&E Committee.

- d. The Cooperative may dispose of all records relating to a vote by Members at any time at least sixty (60) days after the final vote has occurred, and all Election Issues, Election Challenges, and judicial rights and proceedings, related thereto have been exhausted.

ARTICLE IV

Board of Directors

Section 4.01. **GENERAL POWERS.** The business and affairs of the Cooperative shall be managed by a Board which shall exercise all of the powers of the Cooperative except such powers as are by the Law, the Articles, or these Bylaws conferred upon or reserved to the Members.

Section 4.02. **POLICIES, RULES AND REGULATIONS.** The Board shall have the power to make and adopt such policies, rules and regulations ("Board Policies"), not inconsistent with the Law, the Articles or these Bylaws, as it may deem advisable from time-to-time for the management of the business and affairs of the Cooperative.

Section 4.03. **COMPOSITION.** The Board shall consist of the following Directors, all of whom shall have equal powers, duties and compensation.

- a. One Director representing each Director District served by the Cooperative as follows:
 - 1) The service territory of the Cooperative shall be divided into the following ten (10) geographic districts (the "Director Districts"), which together, shall include, and be limited to, the entire service territory of the Cooperative:
 - a) Eight (8) Director Districts, each consisting of all of the service territory of the Cooperative located within the political boundaries of a single county, being the Maryland Counties of Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, and Wicomico;
 - b) One (1) Director District consisting of all of the service territory of the Cooperative located within the Ocean Pines Subdivision in Worcester County, Maryland, as determined from the Land Records and Plat Records of Worcester County, Maryland; and

- c) One (1) Director District consisting of all of the service territory of the Cooperative located within the political boundaries of Worcester County, Maryland that is not part of the Ocean Pines Subdivision.
- 2) One (1) Director shall be elected or appointed from each Director District.
- 3) Each Director, and each Director Nominee and Director Candidate for the office of Director, shall: (1) have his principal residence within the Director District for which he has been, or is seeking to be, elected or appointed as a Director; and (2) shall be a registered voter in said Director District. In the case of a Director or candidate for Director who has used more than one property as a residence, the determination of which property is his principal residence shall be that property which he has actually used as his residence more than 182 days during the 365 days immediately preceding date as of which the place of his principal residence is being determined.
- 4) The Board shall appoint a Director to represent the Ocean Pines Director District until the election at the Annual Member Meeting in 2014.
- 5) The boundaries of a Director District may be amended by amending the applicable Bylaw.
- b. One at-large Director selected by the Board from among all the Members of the Cooperative, if the Board finds such position to be in the best interest of the Cooperative. Such at-large Director shall be selected by a majority vote of the Directors at the Annual Board Meeting held immediately following the Annual Member Meeting.

Section 4.04. QUALIFICATIONS. Subject to the restrictions of Section 4.03:

- a. No Person shall be eligible to become or remain a Director of the Cooperative unless he shall:
 - 1) Be an individual who is a Member in Good Standing;
 - 2) Receive electric energy or distribution service from the Cooperative at his principal residence, as defined above;
 - 3) Be at least eighteen (18) years of age and have the capacity to enter into legally binding contracts;
 - 4) Be either a graduate from an accredited high school or have earned a high school equivalency diploma from an accredited educational institution;

- 5) Except as otherwise provided by the Board for good cause, and except for Directors in office on the effective date of this Subsection, receive a Credentialed Cooperative Director designation, a Director's Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within three (3) years after first becoming a Director;
 - 6) Act at all times in good faith and for the Cooperative's best interests;
 - 7) Represent all Members of the Cooperative on an impartial basis;
 - 8) Devote such time and effort to his duties as a Director as is reasonably necessary, based on his prior experience, training and tenure on the Board, to perform the duties of Director and oversee the Cooperative's business and affairs, such as attendance at Board Meetings, committees of the Board, regional and national association meetings, and Director training and education programs; and
 - 9) Comply with all Governing Documents, including Board Policies applicable to Directors.
- b. No person shall be eligible to become or remain a Director of the Cooperative if such person:
- 1) Within ten (10) years preceding a Director candidate's election, was, or during service on the Board is finally adjudged to be guilty of a felony;
 - 2) Is currently, or within ten (10) years immediately preceding the date of his election or appointment as a Director, was an Employee, a director or an employee of a competing firm, or a firm selling energy;
 - 3) Is, becomes or shall have been, at any time during the ten (10) years preceding his election or appointment as a Director, employed by a labor union that represents or has endeavored to represent any Employee;
 - 4) Is a Close Relative of an Employee or a Director;
 - 5) Is in any way employed by or substantially financially interested in an enterprise competing with the Cooperative or any of its subsidiaries or any of its affiliates or a major supplier of any of the aforementioned entities;
 - 6) Is or becomes a full-time employee or agent of, or is currently or becomes the full-time employee or principal of, another Director; or
 - 7) During any twelve (12) month period, fails without reasonable cause, as determined by the other Directors in their discretion, to:

- a) Physically attend substantially all of seven (7) of the following types of meetings:
 - 1) Monthly Board Meetings; and/or
 - 2) The combined Annual Member Meeting and Annual Board Meeting, which shall be counted as one (1) meeting; and
- b) Physically attend, and/or participate electronically or by telephone in, substantially all of at least three (3) additional Monthly Board Meetings.
- c. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any Board Meeting.

Section 4.05. **NOMINATIONS.**

- a. A Member who meets all of the Director Qualifications, and who is seeking to be elected as a Director to represent a Director District for which the term of its Director expires on the date of the next Annual Member Meeting, (“Director Nominee”) shall deliver his completed and signed petition for nomination as a candidate for Director, on a form approved by the C&E Committee, (“Member Petition”) to the C&E Committee at the headquarters office of the Cooperative, at least sixty (60) days before the next Annual Member Meeting, which Member Petition shall be in writing, signed under oath by the Director Nominee, and:
 - 1) Shall consist of the following, substantially in the form as approved by the Board:
 - a) A list of Members who are petitioning the nomination of the Director Nominee, with the name of the Director Nominee and the Director District which the Director Nominee is seeking to represent conspicuously printed on each page thereof, and containing the printed name, address, and telephone number, and the original dated signature of the Director Nominee and at least fifteen (15) other Members, all signed within 180 days of the date of the first (earliest) signature;
 - b) A signed representation by the Director Nominee that he has read the Director Qualifications, as stated in this Article, and that he meets each of those Director Qualifications; and
 - c) A signed consent by the Director Nominee to have his name placed in nomination to be elected as a Director and to publish his Member Petition to the Members and on the Cooperative’s website; and

- 2) May include statement of the District Nominee's education, employment and other relevant qualifications to serve as a Director.
- b. The C&E Committee shall:
- 1) At least ninety (90) days before a Member Meeting at which Members are scheduled to elect Directors, cause notice to be given to the Members of the Director Districts for which a Director is scheduled to be elected at that Member Meeting;
 - 2) Timely verify that the Member Petitions comply with Sections 4.03, 4.04 and 4.05;
 - 3) For each Member Petition that is found by the C&E Committee not to comply with Sections 4.03, 4.04 or 4.05, promptly cause written notice of such non-compliance to be sent by Mail, addressed to the Director Nominee at his address as shown on the Member Petition, stating the reasons for non-compliance and the date of the mailing of such notice; and
 - 4) At least thirty (30) days before a Member Meeting at which Members are scheduled to elect any Director:
 - a) Cause notice to be sent by Mail or Electronic Transmission to the Members of the name of each Director Nominee who has submitted a Member Petition which the C&E Committee has found to be in compliance with this Bylaw ("Director Candidate"), the corresponding Director District for which the Director Candidate is seeking to be elected, and the fact that further information about the Director Candidates is posted in a prominent public place at the principal office of the Cooperative and on the Cooperative's website;
 - b) Cause the information described in Subsection b, 4), a), of this Section to be posted in a prominent public place at the principal office of the Cooperative and posted on the Cooperative's website.

Section 4.06. **ELECTIONS.** Directors shall be elected from among those Members nominated and qualified in accordance with Section 4.05. Nominations from the floor and write-in candidates for Director are not permitted. A Director who is elected from a Director District shall be elected by a vote conducted in accordance with Article III at the Annual Member Meeting by and from among all of the Members at large, and not restricted to the votes of Members in a particular Director District, to serve the Director District in which he resides for the term as described for that Director District in Section 4.07 until his successor shall have been elected and qualified. If an election of Directors shall not be held on the day designated for the

Annual Member Meeting, or at any adjournment thereof, a special meeting of the Members shall be held for the purpose of electing the Directors within a reasonable time thereafter.

Section 4.07. **TENURE.** Directors who represent a Director District shall serve for a term of three (3) years. The election of Directors shall be conducted at the Annual Member Meeting, and shall be rotated as follows:

- a. Directors representing the Director Districts of Dorchester, Kent, and Queen Anne's Counties were elected in 2012 to serve until the Annual Member Meeting to be held in 2015. These positions shall again be subject to election in 2015 and every three (3) years thereafter.
- b. Directors representing the Director Districts of Caroline and Wicomico Counties, and that portion of Worcester County that is not located in Ocean Pines Subdivision were elected in 2013 to serve until the Annual Member Meeting to be held in 2016. These positions shall again be subject to election in 2016 and every three (3) years thereafter.
- c. Directors representing the Director Districts of Cecil, Somerset, and Talbot Counties were elected in 2011 to serve until the Annual Member Meeting to be held in 2014. The Director representing the Director District of Ocean Pines shall be appointed by the Board at the 2013 Annual Member Meeting. The positions of Director to represent the Director Districts of Cecil, Somerset, and Talbot Counties and Ocean Pines shall be subject to election for terms of three (3) years in 2014, and every three (3) years thereafter.
- d. The term of office for any at-large or additional Directors shall end at the adjournment of the next annual meeting of the Members.

Section 4.08. **DIRECTOR FEES AND EXPENSES.** A Director is not an employee of the Cooperative, and shall not receive a salary for serving as a Director. Each Director shall be paid a fixed sum and expenses, as determined from time by the Board and stated in the Board Policies, for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs, and performing committee assignments when authorized by the Board.

Section 4.09. **DISQUALIFICATION OF DIRECTOR BY BOARD.** After being elected or appointed as a Director, if two-thirds (2/3) of the remainder of the Board physically present at or participating in a Board Meeting as permitted by Section 5.06, a, 2), exclusive of the Director under consideration for disqualification, finds that a Director is holding office in violation of any of the Director Qualifications, then, except as otherwise provided by the Board for good cause shown, the Board shall disqualify and remove that Director, and that individual shall no longer be a Director, provided that prior to any consideration or vote on such removal by the Board, or notifying the Director of the results of the vote on his proposed removal, the Board shall first:

- a. Cause written notice to be sent to the Director by first-class or certified mail, postage prepaid, addressed to his current address as listed among the Cooperative's records, notifying him of his proposed removal, each alleged violation of the Director Qualifications, and that he has the right to either submit signed written comments upon his alleged Director Qualification violations to the Board by mail, or attend the Board Meeting at which his proposed removal is to be considered and present evidence relating thereto, provided that such written comments or notice of intent to attend the Board Meeting is received by the Board within a time specified in the notice not less than ten (10) days after the date on which the said Cooperative's notice by mail is presumed to have been received by the Director. The Cooperative's written notice by mail shall be presumed to have been received by the Director on the fifth (5th) day on which the U.S. Postal Service delivers mail after the date on which such notice was deposited by the Cooperative with the U.S. Postal Service; and
- b. Consider any comments and evidence submitted by the Director, either: (a) timely received in writing from him; or (b) made by him at a Board Meeting after timely requesting the right to do so.

Section 4.10. **REMOVAL OF DIRECTORS BY MEMBERS**

- a. A Director may be removed for cause by the affirmative vote of a majority of the Members.
- b. "Cause" for removal shall mean that the Director has been found by the Members, in accordance with the procedures of this Section, to have committed an act or omission adversely affecting the business and affairs of the Cooperative and amounting to willful negligence, fraud or criminal conduct.
- c. No Director shall be removed except upon certification that the following procedures have been followed:
 - 1) A written petition must be presented to the Board which shall:
 - a) Describe in detail each of the charges and basis therefore. If more than one (1) Director is sought to be removed, individual charges for removal shall be specified; and
 - b) Be signed by a minimum of ten percent (10%) of the Members of the Cooperative within sixty (60) days of the date of the petition.
 - 2) If the Board determines that the petition complies with Subsection c, 1) of this Section, and only if the Secretary certifies the authenticity of the petition, notice of a meeting of the Members shall be given in accordance with these Bylaws and shall be held within ninety (90) days after receipt by the Cooperative of the written petition.

- 3) At such meeting, evidence must be presented in support of the charges. The Director shall be entitled to be represented by counsel and shall have the opportunity to refute such charges and present evidence in his defense before a vote of the Members is taken.

Section 4.11. **EFFECT OF DIRECTOR BEING SUBJECT TO REMOVAL.** The fact that a Director fails to meet the Director Qualifications or the existence of any other grounds for removal of a Director, and the fact that such Director is subject to removal under any section of this Article, shall not affect the validity of any action taken by the Board while that Director is a member of the Board and participated in such action by the Board.

Section 4.12. **VACANCIES ON THE BOARD.**

- a. Vacancies. A vacancy exists on the Board upon: (1) the death of a Director; (2) the written and signed resignation of a Director delivered to the Board or to the President & CEO, which shall be effective upon its delivery as stated above unless a different effective date is specified in the resignation; (3) the disqualification of a Director by the Board in accordance with Section 4.09; (4) upon the removal of a Director in accordance with Section 4.10; or (5) an increase in the number of Directors.
- b. Filling of Vacancies. If a vacancy occurs on the Board, the remaining Directors shall appoint a Director to fill the vacancy for the remainder of the term for which the vacating Director was elected, or for the initial term in the case of an increase in the number of Directors.

ARTICLE V
Meetings of Directors

Section 5.01. **REGULAR BOARD MEETINGS.**

- a. An annual meeting of the Board ("Annual Board Meeting") shall be held without notice, at the location of and immediately after the Annual Member Meeting, to elect and appoint the Officers, and make such appointments for the Cooperative for the coming year as the Board may deem appropriate, and to conduct such other Cooperative business as the Board may deem necessary or desirable.
- b. A regular meeting of the Board shall also be held each month ("Monthly Board Meeting") on a schedule of dates, times and places approved by the Board unless the Board shall by resolution change the date, time and/or place of Monthly Board Meeting. Such Monthly Board Meeting may be held without notice other than such resolution changing the date, time and/or place thereof as previously established.

Section 5.02. **SPECIAL BOARD MEETINGS.** A special meeting of the Board (“Special Board Meeting”) may be called by the Chairman or by a majority of the Board. The Chairman or Directors calling a Special Board Meeting shall fix and notify the Secretary of the date, time and place of that meeting and each item to be included on the agenda thereof. The Secretary shall promptly cause notice of a Special Board Meeting to be given to all Directors as hereafter provided. The agenda of a Special Board Meeting shall be limited to the items in the notice thereof unless all Directors present agree otherwise.

Section 5.03. **NOTICE OF BOARD MEETINGS.** Notice of the date, time, place, and each item to be included on the agenda of a Special Board Meeting shall be given to each Director either personally, in writing by Mail, or by Electronic Transmission by or at the direction of the Secretary or Assistant Secretary, or upon the default thereof, by the Chairman or the Directors calling the Special Board Meeting. If by Mail, such notice shall be by certified mail to the Director at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

Section 5.04. **WAIVER OF BOARD MEETING NOTICE.** At any time, a Director may waive notice of any Annual Board Meeting, Monthly Board Meeting or Special Board Meeting (collectively “Board Meeting”) by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the minutes of the Board Meeting or the Cooperative’s records. Unless a Director upon arriving at or participating in a Board Meeting, or prior to the vote on a particular matter, objects to lack of or defective notice of the Board Meeting or a matter being considered at the Board Meeting, and does not vote for or assent to an objected matter, then the Director’s attendance at or participation in a Board Meeting waives notice of the Board Meeting and any matter considered at the Board meeting.

Section 5.05. **DIRECTOR QUORUM AND VOTING.**

a. Director Quorum.

- 1) The majority of the Directors, who are either physically present at a Board Meeting or participating therein by means of audio communication, as provided in Section 5.06, a, 2), shall constitute a quorum for the purposes of any Board Meeting (“Director Quorum”).
- 2). A Director having a Direct Interest or Indirect Interest (as defined in Section 5.09) is not counted in determining whether a Director Quorum is present or participating in a Director Meeting to vote or act upon a matter in which the Director has a Direct Interest or Indirect Interest.
- 3) If there is less than a Director Quorum for a Board Meeting, then a majority of the Directors participating in said meeting may fix the time and place to which to adjourn the meeting from time to time, provided that the Secretary shall notify all Directors of the time and place of such adjourned Board Meeting.

- b. Voting.
 - 1) The act of a majority of the Directors physically present at or participating in a Board Meeting, as permitted by Section 5.06, a, 2), shall be the act of the Board in all matters, except:
 - a) As otherwise required by law or these Bylaws; and
 - b) An affirmative vote of at least two-thirds (2/3) of the Directors is required to discharge the President & CEO of the Cooperative.
 - 2) A Director shall not vote by proxy.

Section 5.06. CONDUCT OF BOARD MEETINGS.

- a. Unless otherwise provided in these Bylaws, any Board Meeting may be:
 - 1) Held in any location that is agreed to by a majority of the Board; and
 - 2) Conducted with the inclusion of one (1) or more Directors who are not physically present at the Board Meeting, but who are each connected by telephone or other means of audio communication, through which means of communication said Directors are able to simultaneously hear, and be heard by, all other Directors and other persons participating in the Board Meeting. A Director who is not physically present at a Board Meeting shall be deemed present in person at said Board Meeting for purposes of determining a quorum for so long that Director remains connected by such means of audio communication to the other participants in the Board Meeting and is engaged in the Board Meeting.
- b. If a Director Quorum is present at any Board Meeting, then:
 - 1) In descending priority, the following officers of the Board (“Board Officers”) may preside at the Board Meeting: Chairman, Vice-Chairman, Secretary, Secretary-Treasurer; and
 - 2) If no Board Officer is present, or desires to preside over any Board Meeting, then the Directors attending the Board Meeting shall elect a Director to preside over the Board Meeting.

Section 5.07. BOARD ACTION BY WRITTEN CONSENT. Without a Board Meeting, the Board may take any action required or permitted to be taken at a Board Meeting if the action is taken by all Directors and evidenced by one (1) or more Written Consents (“Director Written Consent”) describing the action taken, signed by each Director, and included with the Cooperative’s Board Meeting minutes. Unless the Director Written Consent specifies a different effective date, action taken by Director Written Consent is effective when the last Director signs

the Director Written Consent. A Director Written Consent has the effect of, and may be described as, a vote of the Director at a Board Meeting.

Section 5.08. COMMITTEES. The Board may create committees of the Board (“Board Committees”) and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more Directors. The Board may create committees of the Members (“Member Committees”) and appoint Members, including Directors, to serve on the Member Committees. Board Committees and Member Committees serve at the Board’s discretion.

- a. **Conduct of Committee Meetings.** To the same extent as the Board, the Bylaws addressing Board Meetings, conduct of Board Meetings, waiver of Board Meeting notice, Board action by written consent, Director Quorum, and voting apply to the Board Committees and to Directors serving on Board Committees, and to Member Committees and to Directors and Members serving on Member Committees.
- b. **Appointment of Cooperative Officers and Employees.** Any Cooperative Officer or Employee may, at the Board’s discretion, be appointed to serve on a Member Committee.
- c. **Committee Authority.** A Board Committee or Member Committee may act as specified by the Board, but shall not exercise or usurp Board authority.

Section 5.09. CONFLICT OF INTEREST TRANSACTION. A Conflict Of Interest Transaction is a transaction with the Cooperative in which a Director has a Direct Interest or an Indirect Interest.

- a. **Direct Interest.** A Director has a Direct Interest in a transaction if at least one (1) party to the transaction other than the Cooperative is the Director.
- b. **Indirect Interest.** A Director has an Indirect Interest in a transaction if at least one (1) party to the transaction other than the Cooperative is:
 - 1) An entity in which the Director has a material financial interest, an ownership interest of more than ten percent (10%), or is a general partner, or of which the Director is a director, officer or trustee;
 - 2) A Close Relative of the Director; or
 - 3) An entity in which a Close Relative of the Director has a material financial interest, an ownership interest of more than ten percent (10%), or is a general partner, or of which a Close Relative of the Director is a director, officer or trustee.
- c. **Approval of Conflict of Interest Transaction.** Regardless of the presence at or participation in a Director Meeting or vote of a Director having Direct Interest(s)

or Indirect Interest(s) in a Conflict Of Interest Transaction, a Board Quorum is satisfied, and the Conflict Of Interest Transaction may be approved by the Board, if: (1) the Conflict Of Interest Transaction's material facts and all of the Directors' Direct Interests and Indirect Interests relating to the Conflict Of Interest Transaction are disclosed or known to the Board; (2) no Directors having a Direct Interest or Indirect Interest in the Conflict Of Interest Transaction is counted in determining whether there is a Director Quorum for the Director Meeting at which the Conflict Of Interest Transaction is approved by the Board; and (3) a majority of Board with no Direct Interest or Indirect Interest in the Conflict Of Interest Transaction votes to approve the Conflict Of Interest Transaction.

- d. Fair Conflict Of Interest Transaction. A Conflict Of Interest Transaction that is approved pursuant to Subsection c of this Section, or that is fair to the Cooperative when entered or approved pursuant to this Bylaw, is not, solely by reason of being a Conflict of Interest Transaction: (1) void or voidable; or (2) the basis for imposing liability on a Director having a Direct Interest or Indirect Interest in the Conflict Of Interest Transaction.

ARTICLE VI

Officers

Section 6.01. **OFFICES.** The officers of the Cooperative shall be Chairman, Vice-Chairman, Secretary, Treasurer, and such other officers as may be deemed necessary or advisable by the Board from time to time for the management of the Cooperative (collectively "Officers"). The Offices of Chairman, Vice-Chairman, Secretary and Treasurer shall be held by Directors. The other Offices may, but need not, be held by Members. The Offices of Secretary and Treasurer may be held simultaneously by the same Director.

Section 6.02. **ELECTION OF OFFICERS AND TERM OF OFFICE.** At each Annual Board Meeting, or as soon thereafter as reasonably possible and convenient, the Board shall, by written ballot, without prior nomination, elect and appoint the Officers by the affirmative vote of a majority of the Directors physically present at or participating in a Board Meeting as permitted by Section 5.06, a, 2). Subject to resignations and removals, each Officer shall hold his respective Office from the time he is appointed to that Office until the first meeting of the Board following the next succeeding Annual Member Meeting or until his successor shall have been elected, appointed and qualified. A vacancy in an office held by one of the Officers ("Office") shall be filled for the unexpired portion of the term such Office by the vote and appointment by the Board.

Section 6.03. **RESIGNATION AND REMOVAL OF OFFICERS AND BOARD APPOINTEES.**

- a. An Officer or an appointee of the Board (Appointee) may resign from his Office or position of appointment ("Appointment") by delivering his oral or written resignation to the Board at the Cooperative. Unless such a resignation specifies a

later effective date, a resignation is effective when received by the Board. If an Officer's or Appointee's resignation is not effective when received by the Board, then the Board may appoint a successor of the resigning Officer or Appointee after his resignation is received by the Board and before the effective date of his resignation, to become effective when his Office or Appointment is vacated.

- b. Any Officer or Appointee elected or appointed by the Board may be removed as an Officer or Appointee by the Board at any time with or without cause.

Section 6.04. **CHAIRMAN.** Unless otherwise determined by the Board or otherwise required by a Governing Document, the chairman of the Board ("Chairman") shall: (a) be the principal executive officer of the Cooperative; (b) preside at all Member Meetings and all Board Meetings; (c) on behalf of the Cooperative, may sign any document properly authorized or approved by the Board; and (d) perform such other duties, have all other responsibilities, and may exercise all other authority, as may be incident to the office of Chairman or may be prescribed to him by the Board or Members from time to time.

Section 6.05. **VICE-CHAIRMAN.** Unless otherwise determined by the Board or otherwise required by a Governing Document, the vice chairman of the Board ("Vice-Chairman") shall: (a) in the absence of the Chairman, or in the event of his inability or refusal to act, perform the duties of the Chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman; and (b) perform such other duties as may be incident to the office of Vice Chairman or may be prescribed to him by the Board or Members from time to time.

Section 6.06. **SECRETARY.** Unless otherwise determined by the Board or otherwise required by a Governing Document, the secretary of the Cooperative ("Secretary") shall: (a) be responsible for preparing, or supervising the preparation of, minutes of Member Meetings and Board Meetings; (b) see that all notices required by the Governing Documents are duly given in accordance therewith; (c) attest to the execution and affix the seal of the Cooperative to all documents authorized or approved by the Board or Members and; (d) perform all other duties, have all other responsibilities, and may exercise all other authority, as may be incident to the office of Secretary or may be prescribed to him by the Board or Members from time to time.

Section 6.07. **TREASURER.** Unless otherwise determined by the Board or otherwise required by a Governing Document, the treasurer of the Cooperative ("Treasurer") shall perform all duties, have all responsibility, and may exercise all authority, incident to the office of Treasurer as may be prescribed to him by the Board or Members from time to time.

Section 6.08. **DELEGATION OF SECRETARY'S AND TREASURER'S RESPONSIBILITIES.** Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer described in Section 6.06 and Section 6.07, the Board, by resolution, may, except as otherwise limited by law, delegate, wholly or in part, the duties, responsibility and authority for, the regular or routine administration of, one or more of such Officers to one or more other Officers or Employees or agents of the Cooperative who are not Directors. The Secretary or the Treasurer shall be relieved of any of their respective duties,

responsibilities and authorities to the extent and during the time that such duties, responsibilities and authorities are delegated to others by the Board.

Section 6.09. **PRESIDENT AND CHIEF EXECUTIVE OFFICER.** The Board may appoint a president and chief executive officer ("President & CEO") who may be, but who shall not be required to be, a Member. The President & CEO shall perform such duties, have such responsibilities, and shall exercise such authority as may be prescribed to him by the Board by from time to time.

Section 6.10. **REPORTS.** The Officers shall submit at each Annual Member Meeting reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Section 6.11. **OFFICER STANDARD OF CONDUCT.** Every Officer shall discharge his duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Officer reasonably believes to be in the Cooperative's best interests.

Section 6.12. **OFFICER CONTRACT RIGHTS.** The election or appointment of any Officer by itself does not create a contract between the Cooperative and the Officer. An Officer's resignation does not affect the Cooperative's contract rights, if any, with the Officer.

Section 6.13. **COMPENSATION.** The powers, duties, authority and compensation of Officers, Appointees and Employees shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for Directors and Close Relatives of Directors.

Section 6.14. **BONDS.** The Treasurer and any other Officer, Appointee or Employee charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other Officer, Appointee or Employee to be bonded in such amount and with such surety, as it shall determine.

ARTICLE VII

Non-Profit Operation of the Cooperative

Section 1. **INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.** The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital directly furnished by its members for the operation of the Cooperative.

Section 2. **PATRONAGE CAPITAL IN CONNECTION WITH THE FURNISHING OF ELECTRIC ENERGY.** In the furnishing of electric energy the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage, and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts directly received and receivable from the furnishing of electric energy in excess

of operating costs and expenses from them for the furnishing of such service properly chargeable against the furnishing of such service. All such amounts in excess of operating cost and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The Cooperative is obligated to pay by credits to a capital account for each member, all such amounts in excess of operating costs and expenses as are attributed to the actual provision of electric service. Capital amounts received indirectly through the process of providing electric service, such as G & T capital credits and such allocations from other related organizations, shall be assigned separately to the members on a patronage basis and may be paid in accordance with the guidance and direction of the Board of Directors. 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year (within 8 1/2 months) notify each member of the amount of capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the members in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts of capital.

All other amounts received by the Cooperative that are not directly related to its provision of electric service, shall insofar as permitted by law, be (a) used to offset any losses incurred during the current or prior fiscal year, (b) be utilized to enhance the viability of the Cooperative to provide on-going service(s) in the future and (c) to the extent not needed for those purposes, be allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of the members 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 property rights of members. If at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to the members' accounts may be retired in full or in part.

The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. The Board of Directors shall have the power to adopt rules providing for the separate retirement of the portion of the capital credited to the member's accounts designated to power supply provisions. These rules shall set forth a method of accounting for and crediting said power supply credits to each member's capital account, for proper notification of the member of the amount of this credited capital on a fiscal year basis and provide for establishing an acceptable means of retirement of these power supply credits, which may be separate and apart from the general retirement of other capital credited to members. There shall be no general retirement of the power supply portions of credited capital in years when there is not a retirement of other credited capital for a given year; however, the Board of Directors shall not be required to authorize the payment of the power supply credited capital in conjunction with the retirement of other credited capital.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member member may be applied toward the payment of a membership fee on behalf of such non-member.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any member who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such deceased member be retired prior to the time such capital would otherwise be retired under the provision of these bylaws, to retire capital credited to any such deceased member immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and in compliance with Article I, Section 4 (b) of these bylaws, and the legal representative of member's estate shall agree upon; provided, however that the financial condition of the Cooperative will not be impaired thereby.

The members of the Cooperative, by dealing with the Cooperative, acknowledge and agree that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each member and that both the Cooperative and the members are bound by such contract, as fully as though each member 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 member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Notwithstanding any provisions of these bylaws, any debt, however old, which any member may owe the Cooperative, shall be deducted from any retirement or assignment of capital credited to such member or former member.

ARTICLE VIII

Disposition of Property

Section 1. **EXECUTION OF MORTGAGES, DEEDS OF TRUST OR PLEDGES.** The Board of Directors of the Cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America, to any agency or instrumentality thereof, to a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership, or to any financing institution.

Section 2. **AUTHORITY OF MEMBERS.** The Cooperative may not sell, lease or otherwise dispose of all of the or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all members of the Cooperative; and unless the notice of such proposed sale, lease or other dispositions shall have contained in the notice of the meeting; provided, however, that notwithstanding any other provisions of this subheading, or any other provision of law, the Board of Directors 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 another cooperative or a foreign corporation doing business in this State pursuant to the Act under which this cooperative is incorporated.

Section 3. **COOPERATIVE ASSETS.** No sale, lease, lease-sale, exchange or other disposition of all or a substantial portion of the Cooperative's assets to any other entity shall be authorized except in conformity with the following:

- (a) If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale exchange or other disposition, it shall first obtain an independent appraisal as to the value of the cooperative with respect to such sale, lease, lease-sale, exchange or other disposition, and as to any other terms and conditions that should be considered.
- (b) If the Board of Directors, after receiving such appraisal, determines that the proposal should be submitted for consideration by the members, it shall first give its cooperative wholesale power supplier and other distribution electric cooperatives with the same power supplier (which has not made such an offer for such sale, lease, lease-sale, exchange or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such other cooperatives, which notice shall be attached to a copy of the proposal which the cooperative has already received and a copy of the appraisal. Such other cooperatives shall be given not less than sixty (60) days during which to submit competing proposals and the actual minimum period within which proposals are to be submitted shall be fixed and shall be stated in the written notice given to them giving due consideration to the time required for the Rural Utilities Service (RUS) loan approval process.
- (c) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof which meeting shall be held within sixty (60) days after the giving of such notice to the members provided, that consideration thereof by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held within sixty (60) days after the giving of such notice.
- (d) Any one hundred (100) or more members, by so petitioning the board not less than thirty (30) days prior to the date of such special or annual meeting, may

cause the Cooperative, with cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The foregoing provisions shall not apply to sale, lease, lease-sale exchange or other disposition of one or more other such cooperatives if the substantive effect thereof is to merge or consolidate with such other one or more cooperatives.

ARTICLE IX

Seal

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the word "Corporate Seal Maryland".

ARTICLE X

Financial Transactions

Section 1. **CONTRACT.** Except as otherwise provided in these bylaws, 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 and/or countersigned 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 except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 4. **FISCAL YEAR.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

ARTICLE XI

Miscellaneous

Section 1. **BUSINESS ORGANIZATION.** The Cooperative may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization, organized on a for-profit or non-profit basis, for the purpose of engaging in or furthering the objectives and principles of the Cooperative and of rural electrification, and any other purpose that may be lawfully carried out by any other corporation of this state, and shall be authorized to form, or have formed, such business entities as are beneficial to the financial well being, operation and viability of the Cooperative.

Section 2. **WAIVER OF NOTICE.** Any member or Director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or Director shall constitute a waiver of notice of such meeting by such member or Director, except in case of a member or Director who shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. **POLICIES, RULES AND REGULATIONS.** The Board of Directors shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4. **ACCOUNTING SYSTEM AND REPORTS.** The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body. The Board of Directors shall also after the close of each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 5. **SUBSCRIPTION TO RURAL LIVING.** The Board of Directors shall be empowered and authorized to subscribe to RURAL LIVING magazine on behalf of and for circulation to the individual members of the Cooperative at an annual subscription rate which shall not be less than \$2.20 nor more than \$5.00 and such subscription shall be paid for each member by the Cooperative from any funds accruing in favor of each member so as to reduce such funds in the same manner as would any other expense of the Cooperative.

Section 6. **ASSIGNMENT AND GIFT FAILURE TO CLAIM.**

- (a) Notwithstanding any other provisions of the bylaws, if any member or former member fails to claim any cash retirement of capital credits or other payment from the Cooperative within three (3) years after payment of the same has been made available to such member by check mailed to such member at his last address furnished by such member to the Cooperative, such failure shall be and constitutes an assignment and gift by such member of such capital credit or other payments to the Cooperative.
- (b) Failure to claim any payment within the meaning of this section shall include the failure of such member or former member to cash any check mailed to such member by the Cooperative at the last address furnished by such member to the Cooperative.
- (c) The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member without claim therefore and

only after the further expiration of sixty (60) days following the giving of a notice by mail or publication that unless such payment is claimed within sixty (60) days, such gift to the Cooperative shall become effective.

- (d) The notice by mail herein provided shall be one mailed by the Cooperative to such member or former member at the last known address. If notice by publication is given, such publication shall be one insertion in a newspaper circulated in the service areas of the Cooperative.
- (e) The sixty (60) day period following the giving of such notice, either by mail or publication shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.
- (f) This provision shall be applicable to all capital credits accruing after January 1, 1985.

ARTICLE XII

Indemnification

Each officer, director, staff member, employee or person serving on a committee of the Cooperative, shall be and is hereby indemnified by the Cooperative against all costs and expenses actually and necessarily incurred by them in connection with the defense of any action, suit, or proceedings, in which they are made a party by reason of their being or having been a director, officer, staff member, employee or committee representative of this Cooperative, whether or not they continue to be such at the time of incurring such cost or expense, except in relation to matters as to which they shall be adjudged in such action, suit or proceedings to be liable for gross negligence or misconduct in the performance of their duties as such officer, director, staff member, employee or committee representative. The right of indemnification hereunder shall be exclusive of other rights to which any officer, director, staff member, employee or committee representative may be entitled to as a matter of law.

ARTICLE XIII

Amendments

These bylaws may be amended or repealed by the affirmative vote of a majority of those members voting at any regular or special meeting, except that any percentage vote exceeding a simple majority for taking any action set forth in these bylaws may be deleted only by a percentage vote of the members of at least the same percentage required by that action, provided notice of such amendment or repeal shall have been given as provided for in Section 3 of Article III. Any proposed amendment or repeal of these bylaws may be initiated by the Board of Directors by appropriate resolution, or by a written petition signed by at least three hundred (300) members, presented to the Secretary at least sixty (60) days prior to the meeting at which the proposed amendment is to be voted upon.