

**BYLAWS
of
CHOPTANK ELECTRIC COOPERATIVE, INC.**

Amended as of April 23, 2026

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Article 1 – General

Section 1.1 – **USAGE**. 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 all words and phrases have their customary and ordinary meaning. The section headings in these Bylaws have been inserted for purposes of convenience and shall not be used for interpretive purposes.

Section 1.2 – **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, bolded, and enclosed within quotation marks when defined;
- (3) Enclosed within parentheses when defined in part of a sentence; and
- (4) Capitalized when otherwise used in these Bylaws.

(b) Except as otherwise provided in these Bylaws and subject to the context requiring otherwise, Defined Terms have the meaning specified in the appropriate Bylaw.

Section 1.3 – **LAW AND ARTICLES**. These Bylaws are subject to Law and the Articles of Incorporation of Choptank Electric Cooperative, Inc. (“**Articles**”). If, and to the extent that, a Bylaw conflicts with Law or the Articles, then the Law or Articles control. “**Law**” includes applicable (1) Local, state, and federal constitutions, statutes, ordinances, regulations, holdings, rulings, orders, and similar documents or actions, whether legislative, executive, judicial, quasi-judicial, or administrative and (2) Legally binding contracts enforceable by or against the Cooperative, including legally binding contracts between the Cooperative and an Applicant or Member.

Section 1.4 – **MEMBER REGULATION**.

(a) On August 18, 2020, in accordance with Md. Code Ann. Corp. & Assns. Code § 5- 635(h) (2020), the Cooperative’s independent auditor certified to the Maryland Public Service Commission that the Cooperative’s Members voted in favor of operating as a Member-Regulated Cooperative.

(b) The Cooperative shall operate as a Member-Regulated Cooperative pursuant to Maryland Code, Corporations and Associations Article, Title 5, Subtitle 6, Part VI – Member-Regulated Cooperatives, as may be amended from time to time.

(c) The Member-Regulated Cooperative may elect to revert to a traditional cooperative pursuant to Md. Code Ann. Corp. & Assns. Code § 5-643 (2020), as may be amended from time to time.

(d) The Member Regulated Cooperative is authorized to provide broadband internet service, either directly by the Cooperative or through one or more subsidiary entities formed

by the Cooperative to provide such services and fulfill those purposes designated by the Cooperative which are consistent with the Law and the Articles.

(1) The Cooperative has established a plan for making broadband internet service available to its Members, either directly or through a subsidiary entity, in a manner that maximizes deployment with available financial resources, and has made such plan available on its website or through other publicly available means.

(2) The Cooperative has developed an allocation method in accordance with Md. Code Ann. Corp. & Assns. § 5-607(c) (2020) to ensure that electric customers do not subsidize the cost of broadband internet service, and has made such allocation method available on its website or through other publicly available means.

Article 2 – Cooperative Membership

Section 2.1 – MEMBER QUALIFICATIONS.

(a) **Requirements.** Except as otherwise provided in the Articles or these Bylaws, a natural person, human being, or individual (“**Individual**”) or Entity may become and remain a member of the Cooperative only if:

(1) The Individual or Entity is a person with the capacity to enter legally binding contracts (“**Person**”); and

(2) The Person consumes, receives, purchases, sells, provides, or otherwise uses (“**Uses**”), or requests or agrees to Use a Cooperative Service generated, transmitted, distributed, sold, supplied, furnished, purchased, received, or otherwise provided (“**Provided**”) by the Cooperative.

(b) **Definitions.**

(1) A (“**Cooperative Service**”) means the sale, distribution, supply, provision and/or otherwise furnishing (collectively “**Supply**”) by the Cooperative to a Patron, and the purchase, receipt, acceptance, consumption and/or use (collectively “**Receipt**”) by that Patron, of an Electricity Service and/or an Other Cooperative Service.

(i) **Electricity Service.** The term “**Electricity Service**” means the Supply by the Cooperative to a Patron, and the Receipt by that Patron, of electricity and/or distribution of electricity.

(ii) **Other Cooperative Service.** The term “**Other Cooperative Service**” means the Supply by the Cooperative in the normal course of its business to a Patron, and the Receipt by that Patron, of any product or service other than an Electricity Service.

(2) An “**Entity**” includes a domestic or foreign: cooperative; business or nonprofit corporation; sole proprietorship; unincorporated association; limited liability company; partnership; trust; estate; persons having a joint or common economic interest; and local, regional, state, federal, or national government, including an agency or division of a government.

(3) A Person resides at, engages in a business at, owns, controls, or otherwise occupies (“**Occupies**”) a residence, office, building, premise, structure, facility, or other location (“**Location**”).

(c) **Single Membership**. Except as otherwise provided in these Bylaws regarding Joint Memberships, a Person, either individually or through an Entity not considered legally separate from the Person, may not hold more than one (1) membership in the Cooperative. Persons Occupying a Location to or for which the Cooperative Provides a Cooperative Service may not hold more than one (1) membership in the Cooperative.

Section 2.2 – MEMBERSHIP PROCEDURE.

(a) **Membership Procedures**. Except as otherwise provided in these Bylaws or by the Board of Directors of the Cooperative (“**Board**”), a qualified Person seeking to become and remain a Member (“**Applicant**”) must complete the procedures stated in this Bylaw to the Cooperative’s satisfaction (“**Membership Procedures**”) within a reasonable time of initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Applicant.

(b) **Governing Documents**. To become and remain a Member, an Applicant must accept the terms of the Cooperative’s Governing Documents and membership agreement.

(1) The “**Governing Documents**” are the following documents and actions, all as currently existing or as later adopted or amended:

- (i) All Law regarding or affecting Cooperative property, property rights, and assets (“**Assets**”), Cooperative operations, Cooperative Members and Patrons, the Provision and Use of Cooperative Services, Cooperative Equipment, and Member Electric Equipment;
- (ii) The Articles;
- (iii) These Bylaws;
- (iv) The Cooperative’s Terms, Conditions, and Tariffs;
- (v) The Cooperative’s rate or price schedules; and
- (vi) All rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, amended, promulgated, or approved by the Board.

(2) A copy of these Bylaws must be publicly available.

(c) **Equipment**.

(1) “**Cooperative Equipment**” is a product, equipment, structure, facility, line, pole, tower, transformer, generator, panel, turbine, vehicle, battery, or other good or property (“**Equipment**”) owned, controlled, operated, or furnished by, or rented or leased by or from (collectively, “**Possessed**”), the Cooperative.

(2) “**Member Equipment**” is Equipment:

- (i) Possessed by an Applicant or Member or

(ii) Located permanently or temporarily on or at real or personal property in which the Applicant or Member possesses a legal or equitable right or interest (collectively, “**Member Property**”).

(3) “**Member Electric Equipment**” is Member Equipment:

(i) Connected to Cooperative Equipment or

(ii) Used for or related to electric energy generation, consumption, charging, discharging, storage, regulation, control, measurement, metering, transmission, distribution, demand, efficiency, conservation, resiliency, or similar purpose (“**Electric Purpose**”).

(d) *Application.*

(1) To become or remain a Member, and as reasonably related to the Cooperative Service which an Applicant is Using or requesting or agreeing to Use, the Applicant must:

(i) Give the Cooperative all information requested by the Cooperative, and

(ii) Complete any additional or supplemental document, contract, or action required by the Cooperative.

(2) Except as required by Law or otherwise provided in these Bylaws or agreed to by a Member, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential information regarding a Member, in accordance with Board Policy 555: Member Information and Identity Theft.

(3) Except as otherwise provided in these Bylaws or by the Board, an Applicant shall pay the Cooperative:

(i) Assessments, fees, deposits, contributions, and other amounts required by the Governing Documents and

(ii) Outstanding amounts owed to the Cooperative by the Applicant.

Section 2.3 – **MEMBERSHIP.**

(a) Except as otherwise provided in these Bylaws or by the Board, a qualified Person becomes a member of the Cooperative (“**Member**”) and consents to being a Member upon using, or requesting or agreeing to Use, a Cooperative Service Provided by the Cooperative. To remain a Member the Person must complete the Membership Procedure.

(b) The Cooperative shall issue membership certificates to Members in a manner, method, and form determined by the Board.

(c) If the Board determines that a qualified Person is unable to complete the Membership Procedure then the Board may refuse, suspend, or terminate the Person’s membership in the Cooperative. For other good cause determined by the Board, the Board may refuse a qualified Person membership in the Cooperative.

(d) Except as otherwise provided in these Bylaws or by the Board in writing or Electronically, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred.

Section 2.4 – **MEMBER CLASSES**. Except as otherwise provided in the Articles or these Bylaws, all Members have the same rights and obligations.

Section 2.5 – **MEMBERSHIP AGREEMENT**. Member shall act, shall not act, agrees, acknowledges, and consents as provided in this Bylaw.

(a) **Contract**. The Articles and these Bylaws are contracts between the Cooperative and a Member. A Member does not have a vested property right resulting from any provision in the Articles or these Bylaws, including provisions relating to the management, control, purpose, or duration of the Cooperative. By becoming a Member, the Member acknowledges that:

- (1) Every Member is a vital and integral part of the Cooperative;
- (2) The Cooperative's successful operation depends upon each Member complying with the Governing Documents; and
- (3) Members are united in an interdependent relationship.

(b) **Compliance with Governing Documents**. A Member shall:

- (1) Comply with the Governing Documents;
- (2) Provide and maintain a current mailing address, electronic mail address, and telephone number with the Cooperative; and
- (3) Pay the Cooperative for the Cooperative's damages, costs, and expenses, including attorney fees and legal expenses, caused by or associated with the Member not complying with the Governing Documents.

(c) **Non-Compliance**. If and as requested by the Cooperative, a Member shall correct or remedy, or pay to correct or remedy, the Member's noncompliance with the Governing Documents. The Cooperative may notify or inform the owner, landlord, renter, or tenant of a Location Occupied by a Member that the Member has not complied with the Governing Documents. If a Member does not comply with the Governing Documents, then, as provided in these Bylaws, the Cooperative may suspend or terminate the Member or a Cooperative Service Provided to the Member. Regardless of whether money damages are available or adequate, the Cooperative may bring and maintain a legal action to:

- (1) Enjoin the Member from not complying with the Governing Documents and
- (2) Order the Member to comply with the Governing Documents.

(d) **Indemnification and Liability**.

- (1) **Liabilities of Members**. As requested by the Cooperative, and except to the extent, if any, caused by the negligence, gross negligence, or willful misconduct of the Cooperative, a Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, and expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a

Cooperative Director, Officer, employee, agent, or representative (“**Cooperative Official**”), and caused by:

- (i) The negligence, gross negligence, or willful misconduct of the Member or a non-Member Occupying the same Location as the Member or
- (ii) The unsafe or defective condition of a Location Occupied by the Member.

(2) **Liabilities of Cooperative.** In general, a Member is not liable to a third party for the Cooperative’s acts, debts, liabilities, or obligations solely because of membership in the Cooperative. A Member may become liable to the Cooperative or a third party as provided in the Governing Documents or as otherwise agreed to by the Cooperative and Member. The Cooperative is liable to a Member only to the extent of, and only in proportion to, the negligence, gross negligence, or willful misconduct of the Cooperative. The Cooperative is not liable to a Member for the contributory, comparative, or similar negligence, gross negligence, or willful misconduct of the Member.

(e) **Member Conduct and Consent.** A Member:

- (1) Shall not, and shall not permit a Person located on or at Member Property to, harass, intimidate, threaten, disparage, defame, or injure the Cooperative or a Cooperative Official;
- (2) Shall Use, and shall require a Person located on or at Member Property to Use, each Cooperative Service Provided by the Cooperative in a safe and lawful manner, and for a safe and lawful purpose;
- (3) Consents to the Cooperative granting and facilitating requests from, and complying with orders by, any law enforcement, court, or other government official or Entity to surveil, observe or record, or to obtain information regarding, the Member or a Location at which the Member receives a Cooperative Service;
- (4) Consents to the Cooperative using the Member’s social security number, driver’s license number, or other personal information for credit checking and other purposes related to the Cooperative Providing a Cooperative Service;
- (5) Except as the Member otherwise informs the Cooperative, calls or other communications not made for an emergency purpose, consents to, and shall provide any written or other prior express consent to, the Cooperative or the Cooperative’s agent using an automatic telephone dialing system, or an artificial or prerecorded voice, for any call or other communication from or on behalf of the Cooperative;
- (6) Who requests and the Cooperative agrees to mail, send, or otherwise deliver (“**Deliver**”) a bill, information, or other communication regarding the Member (“**Member Communication**”) to a Person other than the Member, is responsible for obtaining the information contained in, and complying with the act or omission referenced in, the Member Communication; and
- (7) Shall notify the Cooperative before, or within a reasonable time after, no longer Occupying a Location, or Possessing Member Property, at or for which the Cooperative Provides a Cooperative Service.

(f) **Cooperative Conduct.** Except as otherwise provided in the Governing Documents, the Cooperative:

- (1) Does not have the right or responsibility to control Member, Member Property, or Member's Use of Cooperative Services and
- (2) Except as a Member requests and the Cooperative agrees to Deliver a Member Communication to a Person other than the Member, shall Deliver Member Communications to the Member at the Member's address on record with the Cooperative.

Section 2.6 – **JOINT MEMBERSHIP.**

(a) **Joint Membership.** Persons who qualify to be Members may hold a joint membership in the Cooperative ("**Joint Membership**"). A Joint Membership may consist only of two (2) individuals Occupying the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, each of whom qualifies to be a Member.

(b) **Creating a Joint Membership.** Except as otherwise provided in these Bylaws, to become and remain joint members of the Cooperative, qualified Persons must jointly complete the Membership Procedures within a reasonable time of initially Using, or requesting or agreeing to Use, the first Cooperative Service Used or to be Used by the Persons. Qualified Persons become joint members of the Cooperative ("**Joint Members**") and consent to being Joint Members in the same manner as Members become Members and consent to being Members. As provided by the Board, a Member may convert the Member's membership to a Joint Membership with a qualified Person. While a Joint Member, a qualified Person may become or remain a separate, non-Joint Member by Using a Cooperative Service at a Location different from the Joint Membership Location.

(c) **Rights and Obligations of Joint Members.** Except as otherwise provided in these Bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a Member. Joint Members are jointly and severally liable for complying with the Governing Documents. As used in these Bylaws, and except as otherwise provided in these Bylaws, a membership includes a Joint Membership and a Member includes a Joint Member. For a Joint Membership:

- (1) Notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;
- (2) Waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;
- (3) The presence of one or more Joint Members at a meeting constitutes the presence of one Member at the meeting;
- (4) The presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;
- (5) If only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one (1) vote, signature, or action;
- (6) If more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action

received by the Cooperative binds the Joint Membership and constitutes one (1) vote, signature, or action;

(7) Except upon the failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members;

(8) A Joint Member qualified to be a member of the Board (“**Director**”) may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director;

(9) Each Person who is a party to a Joint Membership shall be jointly and severally liable for payment to the Cooperative for all Cooperative Services Supplied to the Joint Membership while that Person is a party to that Joint Membership;

(10) Withdrawal of a Person as a party to a Joint Membership shall terminate that Joint Membership, but shall not terminate the joint and several liability of a withdrawing party for all Cooperative Services Supplied to that Joint Membership while that withdrawing Person was a party to that Joint Membership; and

(11) If a Person is a Joint Member in more than one Joint Membership, or a Joint Member and a non-Joint Member, then the Person may vote on a matter; sign a petition, consent, waiver, or other document; or otherwise act through one Joint Membership or Membership only.

(d) ***Terminating a Joint Membership.*** Members shall notify the Cooperative of a failure to Occupy the same Location to or for which the Cooperative Provides or will Provide a Cooperative Service. The death, withdrawal, or other removal of one party to a Joint Membership shall, upon notification to the Cooperative, constitute dissolution of that Joint Membership and a new Membership shall be established in order to continue Cooperative Service(s) as a Member. Upon compliance with this Subsection, the closed account would be eligible for retirement of capital credits in accordance with current Board Policy.

Section 2.7 – **PROVISION OF COOPERATIVE SERVICE.**

(a) ***Compliance.*** A Member shall comply with any reasonable procedure required by the Cooperative regarding the Provision of a Cooperative Service. Based upon different costs of Providing a Cooperative Service to different groups of Members, the Cooperative may charge each group a different rate or price for Providing the Cooperative Service. If a Member Occupies a Location or Possesses Member Property with a Person who is not a Member, then the Member shall obtain any information from, and ensure compliance with the Governing Documents for any act or omission by, the Person related to the Cooperative Providing a Cooperative Service to or for the Location or Member Property.

(b) ***No Guarantee of Continuous Cooperative Service.*** The Cooperative shall Provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, does not insure, guarantee, or warrant that the Cooperative will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Service. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative Providing inadequate, noncontinuous, or fluctuating electric energy or other

Cooperative Service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for Providing a Cooperative Service terminate upon delivery of the Cooperative Service to a Member.

(c) ***Safe and Protected Operation of Cooperative.*** A Member shall take or omit any act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and Provide a Cooperative Service, including but not limited those specified in the Cooperative's Terms and Conditions.

(d) ***Member Electric Equipment.*** Before Member Electric Equipment is installed, constructed, operated, or connected (collectively, "**Connected**"), the Cooperative must approve the Connection.

(e) ***Member Responsibility.*** Any Member Electric Equipment and Connections must be in accordance with Choptank's tariff, terms and conditions, and policies.

Section 2.8 – **USE OF COOPERATIVE SERVICE.**

(a) ***Payment for Cooperative Service.*** At prices, rates, or amounts determined by the Board, pursuant to terms, conditions, times, and manners specified by the Cooperative, and regardless of the amount or time billed, a Member shall pay the Cooperative for Cooperative Services provided to the Member.

(b) ***Sale of Cooperative Service.*** Except as otherwise provided by the Board, a Member may not sell, lease, or otherwise transfer a Cooperative Service Provided by the Cooperative or a right to a Cooperative Service Provided by Cooperative.

Section 2.9 – **GRANT OF PROPERTY RIGHTS.** As reasonably required or requested by the Cooperative a Member shall, without any cost to or payment by the Cooperative, grant and convey to the Cooperative all reasonably requested perpetual easements and rights-of-way satisfactory to the Cooperative on, over, under and/or through the premises of the Patron for installation, operation, maintenance, repair and upgrading of the Cooperative's equipment to enable the Cooperative to Supply requested Cooperative Service to that Member, and to extend and/or improve Cooperative Services to premises located beyond those of that Patron.

Section 2.10 – **MEMBER SUSPENSION.**

(a) ***Suspension and Termination.*** Subject to Maryland Law and unless otherwise provided in these Bylaws or another Governing Document, and in accordance with such rules and procedures as may be adopted by the Cooperative from time to time, the Cooperative may suspend or terminate Cooperative Services to a Patron and/or the Membership of a Patron for failure to comply with the Governing Documents after a reasonable period of time under the circumstances for failure to be in Good Standing.

(b) ***Good Standing.*** A Patron is in good standing with the Cooperative ("**Good Standing**") if as of the date and time in question (in this Section only, the "**Determination Time**"):

- (1) At such time an Electric Service in his name has not been terminated by the Cooperative for his failure to comply with a duty imposed on him by a Governing Document;
- (2) He was at such time in compliance with all other duties then imposed on him by a Governing Document; and
- (3) All Joint Memberships to which he was a party at such time were then in compliance with all duties then imposed on those Joint Memberships by the Governing Documents.

Section 2.11 – **MEMBERSHIP LIST**. The Cooperative shall maintain a written or Electronic record of current Members showing an address for each member, which may be an email address or other Electronic contact information of the Member (“**Membership List**”) in a form permitting the Cooperative to:

- (1) Alphabetically list the names and addresses of all Members and
- (2) Indicate the number of votes each Member is entitled to cast (“**Membership List**”).

Section 2.12. **MEMBER COMPLAINTS**.

(a) Members shall have the right to present complaints to the Cooperative, including complaints regarding net metering.

(b) *Procedure*. The Board shall adopt procedures to hear, decide, and resolve, in a prompt and fair manner, complaints from its Members. Complaint procedures shall be publicly available on the Cooperative website or otherwise provided or made available to Members in such manner as required by Law or as the Board deems reasonable.

Article 3 – Member Meetings and Member Voting

Section 3.1 – **ANNUAL MEMBER MEETINGS**.

(a) *Meetings*. Within a county in which the Cooperative Provides a Cooperative Service, the Cooperative shall annually hold a meeting of Members (“**Annual Member Meeting**”).

(b) *Electronic Meetings*. In a manner consistent with these Bylaws, to the extent authorized by the Board, and subject to guidelines and procedures adopted by the Board that are fair to Members, an Annual Member Meeting may be held solely at a geographic location, solely through Electronic or remote communication, or partially at a geographic location and partially through Electronic or remote communication.

(c) *Procedure*. The Board must determine the date, time, and location of an Annual Member Meeting. Unless the Board determines otherwise, the Chairman or the Chairman’s designee presides over the Annual Member Meeting. The Cooperative’s failure to hold an Annual Member Meeting does not affect an action taken by the Cooperative.

(d) **Reports.** At the Annual Member Meeting the Cooperative shall provide a report to Members regarding activities of the Cooperative, financial condition of the Cooperative, and any other matters deemed appropriate by the Cooperative.

Section 3.2 – SPECIAL MEMBER MEETINGS.

(a) **Special Member Meetings.** Within a county in which the Cooperative Provides a Cooperative Service, the Cooperative shall hold a special meeting of Members (“**Special Member Meeting**”) upon receiving:

- (1) A written, Electronic, or oral request from the Board or Chairman;
- (2) One or more written or Electronic requests signed by at least a majority of the Board; or
- (3) One or more written or Electronic demands signed and dated within sixty (60) days after the first signature by at least ten percent (10%) of the total number of unsuspended Members (“**Total Membership**”), with each page of each demand requesting and describing the purpose of the meeting (“**Member Demand**”).

(b) **Electronic Meetings.** In a manner consistent with these Bylaws, to the extent authorized by the Board, and subject to guidelines and procedures adopted by the Board that are fair to Members, a Special Member Meeting may be held solely at a geographic location, solely through Electronic or remote communication, or partially at a geographic location and partially through Electronic or remote communication.

(c) **Refusal to Hold Meeting.** If Member Demands are repetitious or overlapping, then the Cooperative may refuse to hold a Special Member Meeting for a purpose identical or similar to a purpose for which a previous Special Member Meeting was held during the past twelve months. If an Annual Member Meeting will be held within the next thirty (30) days, then the Cooperative may refuse to hold a Special Member Meeting.

(d) **Procedure.** The Board shall determine the date, time, and location of a Special Member Meeting. Unless the Board determines otherwise, the Chairman or the Chairman’s designee presides over the Special Member Meeting.

(e) **Member Demand.** If the Cooperative does not notify Members of a Special Member Meeting within ninety (90) days of receiving a Member Demand, then a Member signing the Member Demand may:

- (1) Set a reasonable time, place, and location for the Special Member Meeting and
- (2) Notify Members of the Special Member Meeting.

Section 3.3 – CONDUCT AND COMMUNICATION AT MEMBER MEETINGS.

(a) **Order of Business.** Except as otherwise provided in these Bylaws, before or at an Annual or Special Member Meeting (“**Member Meeting**”), the Board:

- (1) Shall determine the agenda, program, or order of business for the Member Meeting and
- (2) May limit attendance at and participation in the Member Meeting to Members.

(b) **Member Conduct.** Except as otherwise provided by the Board before or at a Member Meeting, the Chairman or an individual designated by the Chairman:

- (1) Shall preside at the Member Meeting;
- (2) May remove a Person from the Member Meeting for unruly, disruptive, or similar behavior; and
- (3) May exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

(c) **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 one hundred sixty-five (165) days after that motion is made, unless:

- (1) The motion has been submitted in writing to the Secretary of the Cooperative and to the C&E Committee at the headquarters of the Cooperative at least one hundred sixty-five (165) days prior to the date of the Member Meeting at which the motion is to be voted on; or
- (2) The motion has been recommended by the Board.

(d) **Rules.** The Board or Chairman may establish rules for conducting a Member Meeting, provided the rules are fair to the Members.

Section 3.4 – **MEMBER ACTION WITHOUT A MEMBER MEETING.** Except as otherwise provided in these Bylaws, Members may not act without a Member Meeting.

Section 3.5 – **NOTICE OF MEMBER MEETINGS.**

(a) **Notice Required.** As directed by the Chairman, Secretary, or any other Officer or Member properly calling a Member Meeting, the Cooperative shall deliver written or Electronic notice of the Member Meeting, either with or without other documents, to all Members entitled to vote at the meeting.

(b) **Contents of Notice.** The notice must state the date, time, and geographic location, if any, of the meeting. If a Member Meeting will be held partially or wholly through Electronic or remote communication, then the notice must describe the means of Electronic or remote communication to be used. The notice must be delivered at least ten (10) days, but no more than ninety (90) days, before the meeting. The notice must describe the purpose or purposes of the meeting. Notice of a Member Meeting at or in conjunction with which a Director position is scheduled for election must state that election for a Director position is scheduled at or in conjunction with the Member Meeting.

(c) **Effective Date of Notice.** Except as otherwise provided in these Bylaws, notice of a Member Meeting is effective at the earliest of:

- (1) If delivered physically, but not mailed by United States mail, then the earlier of when actually received or when left at the Member's address shown in the Cooperative's records;

- (2) If mailed by United States mail, then when deposited in the United States mail with prepaid postage affixed and addressed to a Member at the Member's address shown in the Cooperative's records; and
- (3) If Electronically transmitted, then when Electronically sent to a Member at the Member's Electronic mail address shown in the Cooperative's records.

(d) ***Failure to Receive Notice.*** The good faith, inadvertent, and unintended failure of a Member to receive notice of a Member Meeting does not affect an action taken at the Member Meeting.

(e) ***Adjournment.*** Except as otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location, if any, unless:

- (1) The meeting is adjourned to another date occurring within one hundred twenty (120) days following the original Member Meeting date and
- (2) The new date, time, or location, if any, is announced at the Member Meeting prior to adjournment.

Section 3.6 – **RECORD DATE.**

(a) ***Record Date.*** A “**Record Date**” is the date for determining the Total Membership and the Members entitled to:

- (1) Sign a Member petition, request, or similar document;
- (2) Receive a ballot, notice of a Member Meeting, or similar document; or
- (3) Vote or otherwise act.

(b) ***Member Suspension.*** If a Member is suspended after the Record Date, then the Member may not sign a document, receive a document, vote, or otherwise act.

(c) ***Determining Date.*** The date and time of the Record Date shall be fixed as follows:

- (1) For a Member Meeting, the Record Date shall be on the ninetieth (90th) day before the date of that Member Meeting, but in the event that ninetieth (90th) day before the date of that meeting is not a normally scheduled business day at the Cooperative headquarters, then the Record Date shall be the next normally scheduled business day at the Cooperative headquarters.
- (2) Except as hereafter provided to the contrary, for a Special Member Meeting, a date and time as determined by the Board not more than sixty (60) and not less than ten (10) days before the date of the Special Member Meeting to which the Record Date applies.

(d) ***Adjournment.*** The Record Date for determining the Total Membership and 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 3.7 – **MEMBER MEETING LIST.** For a Member Meeting, the Cooperative shall prepare and maintain a written or Electronic alphabetical list stating the name and address

of each Member entitled to vote at the Member Meeting and the number of votes each Member is entitled to cast (“**Member Meeting List**”).

Section 3.8 – **MEMBER WAIVER OF NOTICE.**

(a) ***Waiver.*** A Member may waive notice of a Member Meeting, or of a matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written or Electronic waiver of notice (“**Member Meeting Waiver of Notice**”) either before the Member Meeting or after the Member Meeting.

(b) ***Waiver of Notice by Attendance.*** Unless a Member objects at the beginning of a Member Meeting to holding the Member Meeting, or to transacting business at the Member Meeting, the Member’s attendance in person at or participation by Electronic or remote communication in or voting by Mail Ballot on a matter considered at the Member Meeting waives the Member’s objection to lack of notice, or to defective notice, of the Member Meeting.

(c) ***Waiver of Objection.*** Unless a Member objects at the beginning of a Member Meeting to considering, or voting or acting upon, a particular matter at the Member Meeting, the Member’s attendance in person at or participation by Electronic or remote communication in or voting by Mail Ballot on the matter considered at the Member Meeting waives the Member’s objection to considering, or voting or acting upon, the matter at the Member Meeting.

Section 3.9 – **MEMBER VOTING BY MAIL OR ELECTRONIC BALLOT.**

(a) ***When Permitted.*** Except as otherwise provided in these Bylaws or by the Board, a Member may vote or act by mail or Electronic transmission only as provided in this Bylaw and in a manner determined by the Board.

(b) ***Mail or Electronic Ballot.*** A Member may vote or act by mail or Electronic transmission on any matter in conjunction with a Member Meeting by the Cooperative delivering or providing access to a written or Electronic mail ballot (“**Mail Ballot**”) to each Member entitled to vote on the matter.

(c) ***Subsequent Voting.*** A Member submitting a completed Mail Ballot may revoke the ballot and vote at the Member Meeting regarding a matter described in the Mail Ballot.

(d) ***Timing.*** The Cooperative must count as a Member’s vote a properly completed Mail Ballot received on, or before, the time and date stated in the Mail Ballot. As determined by the Board, the Cooperative may require all votes be cast, or action be taken, by completed Mail Ballot submitted before the Member Meeting.

(e) ***Requirements of Ballot.*** A Mail Ballot must:

- (1) Set forth and describe a proposed action, identify a candidate, and include the language of a motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote or act;
- (2) State the date, time, and place of a Member Meeting at which Members are scheduled to vote or act on the matter;

- (3) Provide an opportunity to vote for or against, or to abstain from voting on, the matter;
- (4) Instruct the Member how to complete, return, or cast the Mail Ballot; and
- (5) State the time and date by which the Cooperative must receive the completed Mail Ballot.

(f) **Revocation.** Except as otherwise provided in these Bylaws or by the Board, a Member may not revoke a completed Mail Ballot received by the Cooperative. A Member's failure to receive a Mail Ballot does not affect a vote or action taken by Mail Ballot.

(g) **Requirements of Mailings.** Material soliciting approval of a matter by Mail Ballot must:

- (1) Contain, or be accompanied by, a copy or summary of the matter;
- (2) State the Member Quorum required to vote on the matter;
- (3) For all matters other than the election of Directors, state the percentage of approvals necessary to approve the matter; and
- (4) State the time and date by which the Cooperative must receive a completed Mail Ballot.

(h) **Fraud.** A Mail Ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a Mail Ballot procured or cast through fraud or other improper means is invalid.

Section 3.10 – **MEMBER QUORUM.**

(a) **Quorum.** A quorum of Members is fifty (50) Members attending the meeting ("**Member Quorum**"). Members may take action on a matter at a Member Meeting only if a Member Quorum exists regarding the matter.

(b) **Adjournment.** If less than the Member Quorum are present at a Member Meeting, then a majority of Members attending the Member Meeting may adjourn the Member Meeting without further notice to a date no more than one hundred twenty (120) days following the original Member Meeting.

(c) **Member Presence for Quorum.** Except as otherwise provided in these Bylaws or by the Board, upon a Member being present or represented for any purpose at a Member Meeting, the Member is deemed present for Member Quorum purposes for the remainder of the Member Meeting and for any adjourned Member Meeting, unless a new Record Date is, or must be, set for that adjourned Member Meeting.

Section 3.11—**MEMBER VOTING.**

(a) **Member Voting.** If a Member presents identification or proof of Cooperative membership as reasonably required by the Cooperative, and if the Member is not suspended on the Record Date and remains unsuspended after the Record Date, then, regardless of the value or quantity of Cooperative Services Used, the Member may cast one (1) vote on a matter for which the Member is entitled to vote.

(b) **Entity Member Voting.** To vote for an Entity Member, an Individual must present evidence requested by and satisfactory to the Cooperative that the Individual is authorized to vote for the Entity Member. If more than one individual is authorized to vote for an Entity Member, then the first vote cast is the Entity Member's vote.

(c) **Approval.** Except as otherwise provided in these Bylaws, Members approve a matter if:

- (1) A Member Quorum is present in person and
- (2) A majority of Members voting in person or voting by Mail Ballot, who are entitled to vote on the matter, vote in favor of the matter.

(d) **Form of Voting.** At a Member Meeting, the Individual presiding over the Member vote may require the Members to vote by voice. If the Individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot ("**Written Ballot**"). Members may not cumulate votes. Agreements signed by Members providing the manner in which a Member will vote are not valid.

Section 3.12 – **ACCEPTING AND REJECTING MEMBER VOTING**

DOCUMENTS. For a Member Meeting Waiver of Notice, Written Ballot, or other document allegedly executed by, or on behalf of, a Member (collectively, "**Member Voting Document**"), if the Cooperative acts in good faith, then:

(a) **Accurately Signed Documents.** The Cooperative may accept, and give effect to, the Member Voting Document if:

- (1) The name signed on the Member Voting Document corresponds to the Member's name or
- (2) The Cooperative reasonably believes the Member Voting Document is valid and authorized.

(b) **Inaccurate Documents.** If the name signed on the Member Voting Document does not correspond to the Member's name, then the Cooperative may accept, and give effect to, the Member Voting Document if:

- (1) The Member is an Entity and the name signed purports to be that of an officer or agent of the Member;
- (2) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the Member and the Cooperative requests and receives evidence of the fiduciary status acceptable to the Cooperative;
- (3) The name signed purports to be that of a receiver or trustee in bankruptcy of the Member and the Cooperative requests and receives evidence of the status acceptable to the Cooperative;
- (4) The name signed purports to be that of a beneficial owner or attorney-in-fact of the Member and the Cooperative requests and receives evidence of the signatory's authority to sign for the Member acceptable to the Cooperative; or
- (5) The Cooperative reasonably believes the Member Voting Document is valid and authorized.

(c) **Rejection.** The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative has a reasonable basis for doubting the validity of the signature on the Member Voting Document or the validity of the signatory's authority to sign on behalf of the Member. The Cooperative, and a Cooperative Member or Official, are not liable to a Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

Section 3.13 – CREDENTIALS AND ELECTION COMMITTEE.

(a) **Committee Members.** Before a Member Meeting, the Board shall appoint a Credentials and Election Member Committee ("**C&E Committee**") for the Member Meeting consisting of ten (10) Individuals. Each member of the Board shall appoint one Member of the C&E Committee from the Board Member's Director District. Each member of the C&E Committee must be from a different one of the Cooperative's following Director Districts in the Cooperative's electricity distribution territory ("**Service Territory**") and have his Principal Residence within that same Director District: Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester Counties and Ocean Pines. The same requirement of residency and determination of place of Principal Residence that apply to a Director shall apply as to a member of the C&E Committee.

(b) **Qualifications.** A C&E Committee member must be an unsuspended Member. A C&E Committee member must not be:

- (1) A member of the nominating committee or
- (2) An existing, or a Close Relative of an existing, Director, Cooperative Official, Director candidate, Director Nominee, Officer, or employee.

(c) **Rotating Terms.** Each Individual who was duly appointed, qualified and serving as a member of the C&E Committee when these Bylaws were adopted is hereby appointed to a term on the C&E Committee that shall begin at the date and time of such adoption and shall continue, unless he is sooner disqualified, until his successor from the same Director District is appointed and qualifies to serve on the C&E Committee. Thereafter, the members of the C&E Committee shall be appointed by the Board to serve a three (3) year term on the C&E Committee, each beginning on August 1 and ending on July 31 three (3) years thereafter or until his successor is appointed and qualifies to serve, with each such term to begin as follows:

(1) The terms of the C&E Committee members who were appointed to the C&E Committee from the Dorchester, Kent, and Queen Anne's County Director Districts when these Bylaws were adopted shall end on July 31, 2027. The successors of those C&E Committee members shall be appointed from the same county to the C&E Committee for a three (3) year term beginning on August 1, 2027 and on August 1 every three (3) years thereafter.

(2) The terms of the current C&E Committee members who were appointed from the Caroline, Wicomico, and Worcester County Director Districts when these Bylaws were adopted shall end on July 31, 2028. The successors of those C&E Committee members shall be appointed from the same county to the C&E Committee for a three

(3) year term beginning on August 1, 2028 and on August 1 every three (3) years thereafter.

(3) The terms of the current C&E Committee members who were appointed from the Cecil, Somerset, Talbot County and Ocean Pines Director Districts when these Bylaws were adopted shall end on July 31, 2026. The successors of those C&E Committee members shall be appointed from the same county to the C&E Committee for a three (3) year term beginning on August 1, 2026 and on August 1 every three (3) years thereafter.

(d) **Disqualification.** The Board shall have the power to disqualify a C&E Committee member for cause by the affirmative vote of at least two-thirds (2/3) of the Directors physically present at or participating in a Board Meeting as permitted by Article Four of these Bylaws, and after following the procedures equivalent to those described in Section 4.9 of these Bylaws.

(e) **Effect of Committee Member Being Subject to Removal.** The fact that a member of the C&E Committee fails to meet the qualifications prescribed by these Bylaws to be a member of that committee or the existence of any other grounds for removal of a member of that committee, and the fact that such committee member is subject to removal under any Section of this Article of these Bylaws, shall not affect the validity of any action taken by that committee while that committee member was a member of that committee and participated in such action by that committee.

(f) **Vacancies on C&E Committee.**

(1) Vacancies. A vacancy exists on the C&E Committee upon: (i) the death of a member of the committee; (ii) the written and signed resignation of a member of the committee delivered to the Board, the Chairman of 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; (iii) the scheduled appointment of a committee member did not occur as provided in Subsection (a) of this Section; (iv) the disqualification of a committee member by the Board in accordance with Subsection (d) of this Section; or (v) an increase in the number of members on the committee.

(2) Filling of Vacancies. If a vacancy occurs on the C&E Committee the Board shall appoint a member of the committee to: (i) fill the vacancy for the remainder of the term for which the vacating committee member was appointed; (ii) fill the full term from a Director District from which no committee member was appointed; or (iii) fill the initial term in the case of an increase in the number of members of the committee.

(g) **Compensation.** As determined by the Board, the Cooperative may reasonably compensate or reimburse C&E Committee members. A C&E Committee member shall perform the duties of a C&E Committee member impartially and according to the best of the member's ability.

(h) **C&E Committee Duties.** During, or within a reasonable time before or after, the Member Meeting for which the C&E Committee was appointed, the C&E Committee shall:

- (1) Elect a chairperson, vice chairperson, and secretary;
- (2) Establish, or approve, the manner or method of Member registration and voting;
- (3) Oversee or supervise Member registration and voting, and the tabulation of Member votes;
- (4) Consider and decide all questions, issues, or disputes regarding:
 - (i) Member registration and voting, including the determination of Members present and the validity of Mail Ballots;
 - (ii) The tabulation or count of Member votes, including the determination of vote results;
 - (iii) Director nominations;
 - (iv) Whether a Director nominee or newly elected Director satisfies the Director Qualifications (collectively, “**Member Meeting Issues**”); and
 - (v) The review and approval or disapproval of Nominating Petitions, and the Director Nominees to be included on the ballot.
- (5) Perform any other task, assume any other responsibility, and have any other right provided in these Bylaws or by the Board.
- (6) In performing C&E Committee duties, the C&E Committee may:
 - (i) Appoint or retain Persons to assist the C&E Committee;
 - (ii) Unless the C&E Committee believes reliance is unwarranted, rely on information provided by appointed, retained, or other Persons; and
 - (iii) Consider other information the C&E Committee believes is relevant and reliable.

(i) **C&E Voting.** The C&E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee members are present in person or virtually. A C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members voting. 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 are final. At the Cooperative’s expense, the Cooperative shall make available legal counsel to the C&E Committee.

(j) **Member Challenge.**

- (1) A Member entitled to vote at a Member Meeting may comment upon a Member Meeting Issue, or challenge the C&E Committee’s decision or action regarding a Member Meeting Issue, by filing a written or Electronic description of the Member’s comment or challenge (“**Member Challenge**”) with the Cooperative within ten (10) business days following the Member Meeting addressed by the Member Challenge.

(2) Within thirty (30) days of receiving a Member Challenge, the C&E Committee shall:

- (i) As determined by the C&E Committee, meet and receive oral, Electronic, or written evidence from a Member, or legal counsel representing a Member, directly and substantially implicated in, or affected by, the Member Challenge and
- (ii) Consider, decide, and rule on the Member Challenge.

(3) The C&E Committee's decision regarding a Member Challenge is final. Upon written request by a Member received by the C&E Committee within thirty (30) days of a C&E Committee decision or action, the C&E Committee shall prepare a written or Electronic report summarizing and explaining the C&E Committee's decision or action. The failure of the Cooperative or the C&E Committee to act as required in this Bylaw shall not, by itself, affect a vote, Director election, or other action taken at a Member Meeting.

(4) The Cooperative's General Counsel shall be permitted to attend any meeting of the C&E Committee involving a Member Challenge.

(k) **Records.** 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 4 – Board Of Directors

Section 4.1 – **GENERAL POWERS.** The business and affairs of the Cooperative shall be managed by a Board, which shall exercise or delegate and oversee all of the powers of the Cooperative, except such powers as are by Law, the Articles, or these Bylaws conferred upon or reserved to the Members.

Section 4.2 – **ENUMERATED POWERS.** The Board shall have the power to perform the following specifically-enumerated acts, not inconsistent with the Law, the Articles, or these Bylaws, as the Board may deem advisable from time to time:

(a) Make and adopt policies, rules, and regulations (“**Board Policies**”), for the management of the business and affairs of the Cooperative; and

(b) Make and adopt rules of order to govern Member Meetings, Board Meetings, and Board Committee meetings.

(c) To set and modify the rates for the services provided by the Cooperative, subject to the provisions of applicable law, including Md. Code Ann. Corp. & Assns. § 5-638(b) (2020), as may be amended from time to time.

Section 4.3 – **COMPOSITION.**

(a) **Composition of Board.** The Board shall consist of the following Directors, all of whom shall have equal powers, duties, and compensation. The Board shall be composed of one (1) Director from each Director District served by the Cooperative as follows:

(1) The Service Territory 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:

(i) Eight (8) Director Districts, each consisting of all of the Service Territory 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;

(ii) One (1) Director District consisting of all of the Service Territory located within the Ocean Pines Subdivision in Worcester County, Maryland, as determined from the Land Records and Plat Records of Worcester County, Maryland; and

(iii) One (1) Director District consisting of all of the Service Territory 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) The boundaries of a Director District may be amended by amending the applicable Bylaw.

(b) **At Large Director.** One (1) 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, or as soon thereafter as reasonably possible and convenient.

Section 4.4 – **QUALIFICATIONS.** Subject to the restrictions of Section 4.3, Directors shall meet the following qualifications (“**Director Qualifications**”):

(a) **Eligibility.** No Person shall be eligible to become or remain a Director of the Cooperative unless he shall:

(1) Be an Individual who is:

(i) A Member in Good Standing continuously for at least three (3) years immediately before the date his term of office as a Director begins and continuously thereafter during his term of office as a Director; or

(ii) An officer or owner selected for purposes of the Director Nomination process as the sole representative of a corporation, limited liability company, partnership, or other business entity (“**Business Entity**”) which is headquartered in the Director District and has been a Member in Good Standing continuously for at least three (3) years immediately before the date his term of office as a Director begins and continuously thereafter during his term of office as a Director;

(2) Meet at least one of the following residency requirements:

(i) Have his principal place of residence (“**Principal Residence**”) within the Director District for which he has been, or is seeking to be, elected or appointed as a Director. In the case of a Director or candidate for Director who has used more than one dwelling as his residence, the determination of which dwelling is his Principal Residence shall be that dwelling which he uses for purposes of voter registration and in which he has actually resided as his residence for more than 182 days during the 365 day period immediately preceding the date as of which the place of his Principal Residence is being determined; or

(ii) In the case of an officer or owner of a Business Entity as described in Section 4.4(a)(1)(ii), have his Principal Residence within the county containing the Director District for which he has been, or is seeking to be, elected or appointed as a Director;

(3) 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) Act at all times in good faith and in a manner he reasonably believes is in the best interests of the Cooperative;

(6) Represent all Members of the Cooperative on an impartial basis;

(7) 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;

(8) Comply with all Governing Documents, and with all Board Policies applicable to Directors; and

(9) Agree not to become an employee of the Cooperative or a Cooperative subsidiary during the one year immediately after ceasing to be a Director.

(b) **Ineligibility.** 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 and/or distributing electricity;
- (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) Was previously removed or disqualified as a Director;
- (6) 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;
- (7) Is or becomes a full-time employee or agent of, or is or becomes the full-time employer or principal of, another Director; or
- (8) While a Director, and during the five (5) years immediately before becoming a Director, made or presented, or caused to be made or presented, a legal claim, defense, or other contention involving the Cooperative for an improper purpose, based upon a frivolous legal argument, or without factual support.

(c) ***Failure to meet eligibility.*** The failure of any Director to meet any of the requirements contained in this Section and/or in Section 4.3 while acting as a Director shall not affect in any manner whatsoever the validity of any vote or any action taken at any Board Meeting.

(d) ***Use of Renewables.*** For purposes of this Section, the ownership and/or use by a Director and/or his spouse of a renewable electricity generating source not substantially greater in generation capacity than necessary to meet the domestic and business-related electricity needs of the Director and any businesses or Entities in which the Director and/or his spouse own a majority interest, shall not violate any requirement contained in these Bylaws to become and/or remain a Director.

(e) ***Compliance Determination.*** To the extent reasonably necessary or helpful in determining or confirming initial and continuing compliance with this Bylaw:

- (1) The Cooperative may conduct or procure any check, investigation, or other act, and may require or request information and documents; and
- (2) A Director or Director nominee must consent and agree to, comply with, and facilitate any check, investigation, or other act, and must provide required or requested information and documents.

(f) ***Disqualification Before Election.*** If, after the Cooperative notifies Members but before the scheduled election for the Director position, a Nominee dies, becomes incapacitated, ceases to be qualified to be a Director, or withdraws from the nomination, then the Cooperative shall notify Members of any new nomination for the Director position as soon as reasonably possible.

Section 4.5 – **NOMINATIONS.**

(a) ***Nominations.*** No nominations of a candidate for election as a Director shall be accepted from the floor of the Member Meeting or otherwise except by the process provided in this Section.

A Member who meets all of the Director Qualifications, and who is seeking to be elected as a Director from 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 an approved form, (“**Nominating Petition**”) to the C&E Committee, at the headquarters office of the Cooperative, at least one hundred and twenty (120) days before the date of the next Annual Member Meeting, which Nominating Petition shall be in writing, signed under oath by the Director Nominee, and:

(1) Shall consist of the following, substantially in the form as last approved by the Board at least two hundred and ten (210) days before the date of the next Annual Member Meeting:

(i) The name of the Director Nominee and the Director District from which the Director Nominee is a resident conspicuously printed on each page, and containing the printed name, address, telephone number, one of the Member’s electricity Service account numbers, and the original dated signature of the Director Nominee and at least fifteen (15) other Individuals who shall be Members on the last day on which the Nominating Petition is permitted to be filed according to this Section; all of whom shall have signed the Nominating Petition no more than one hundred sixty-five (165) days before the date of the next Annual Member Meeting;

(ii) Such other information about the Director Nominees as the Board may deem necessary or desirable as stated by Board Policy; and

(iii) A signed consent by the Director Nominee to have his name placed in nomination to be elected as a Director and to publish his Nominating Petition to the Members and on the Cooperative’s website; and

(2) May include a statement of the District Nominee’s education, employment, and other relevant qualifications to serve as a Director.

(b) **C&E Committee Review.** The C&E Committee shall:

(1) At least one hundred and sixty-five (165) days before the date of the next Annual Member Meeting, cause notice of the names of the Director Districts from which Directors are scheduled to be elected at the next Annual Member Meeting, either in a separate document, as part of a Cooperative publication or remotely accessible by an included digital link, to be mailed or provided by Electronic Transmission to each Person who was a Member at any time during the calendar month immediately preceding calendar month during which such notices are sent in order to satisfy the deadline described above;

(2) At least seventy-five (75) days before the date of the next Annual Member Meeting;

(i) Complete its review and such investigation of the timely received Nominating Petitions as it deems necessary in order to determine whether the Director Nominees comply with Sections 4.3, 4.4 and 4.5; and

(ii) For each Nominating Petition that was not properly completed or timely submitted and for each Director Nominee who is found by the C&E Committee not to comply with Sections 4.3, 4.4 or 4.5, promptly cause written notice of such non-compliance to be sent to the Director Nominee by mail or by Electronic Transmission to his address as shown on the Nominating Petition, stating the reasons for non-compliance and the date such notice is being sent; and

(3) At least ten (10) days before the date of the next Annual Member Meeting:

(i) Cause notice to be mailed, provided by Electronic Transmission or given by any other permissible means to all Members, providing the name of each Director Nominee who has timely submitted a Nominating Petition and who the C&E Committee has found to be in compliance with this Section (“**Director Candidate**”), the corresponding Director District from which each 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; and

(ii) Cause the information described in Subsection b, 3), i), of this Section to also be posted in a prominent public place at the principal office of the Cooperative and posted on the Cooperative’s website.

Section 4.6 – **DIRECTOR ELECTIONS.**

(a) ***In General.*** Elections of Directors shall be conducted as follows:

(1) Except as otherwise provided by this Section, elections of Directors shall be conducted in accordance with Article Three of these Bylaws; with notice to the Members of the Director Candidates, the ballot form and voting procedures, voting by Members, and all other aspects of the elections of Directors to be held in conjunction with an Annual Member Meeting to be combined with and/or performed in the same manner as the notice to Members, the ballot form and voting procedures, voting by Members, and all other aspects of voting on any other matters submitted to a vote of the Members held in conjunction with that same Annual Member Meeting.

(2) In each election of a Director from an individual Director District being held in conjunction with the same Annual Member Meeting, that Director shall be elected from among only those Director Candidates who were approved by the C&E Committee as Director Candidates from that same Director District. A vote in a Director election for anyone other than a Director Candidate who was approved by the C&E Committee as Director Candidate in that Director District election shall not be permitted or counted in that Director election or reported in the election results.

(3) Except under circumstances expressly stated to the contrary in this Section, each election of a Director from an individual Director District shall be by Members from throughout the Cooperative, at large, with each qualified Member throughout the Cooperative being entitled to cast only one (1) vote in each such election. Cumulative voting shall not be permitted or counted.

(4) In the event that there are more than two (2) Director Candidates approved by the C&E Committee running for election from the same Director District, then the Director Candidate who receives a plurality of all of the votes cast for all Director Candidates running for election from that same Director District shall be elected as the Director from that Director District.

(5) In the event of two (2) or more Director Candidates running for election from the same Director District are tied for having received the highest number of votes in that Director election running at large and conducted pursuant to this Section, Subsection a, Paragraphs 1) through 4), then the winner of that Director election shall be declared at the Annual Member Meeting to be the Director Candidate who, among all of the Director Candidates who were tied for having received the highest number of votes at large in that Director election, received the highest number of votes from the Members who were, as of the Record Date relative to that election, residents of the Director District from which those Director Candidates are running for election. In the event of another tie, a vacancy exists pursuant to Section 4.13(a), and the Board shall follow the procedures set forth in Section 4.13(b) to fill the vacancy.

(6) A Director elected pursuant to this Section shall be elected to serve for the term as described for that Director District in Section 4.7, and until his successor is elected and qualified.

(7) In the event that a Director election shall fail to be conducted or completed as scheduled on the day designated for the Annual Member Meeting, or at any adjournment thereof, then a Special Member Meeting shall be held within a reasonable time thereafter for the purpose of conducting or completing that Director Election.

(8) The number of votes received by each Director Nominee will be provided to a member upon request after the Annual Meeting.

(9) Director Nominees must be listed alphabetically on a Mail Ballot, Written Ballot, or similar ballot. A Director Nominee may be identified as an incumbent on a Mail Ballot, Written Ballot, or similar ballot.

(b) ***Uncontested Director Elections.*** Except as otherwise provided by this Subsection b, elections of Directors shall be conducted in accordance with Subsection a of this Section.

(1) ***Authority of C&E Committee To Order Uncontested Director Election Procedures.*** The C&E Committee shall have the sole authority and discretion to order that all Director elections to be conducted in conjunction with the next Annual Member Meeting shall be conducted according to the procedures described in Subsection 3)

(Procedures For Uncontested Director Elections) of this Subsection b. Any such order by the C&E Committee shall be subject to the following conditions:

(i) Before the C&E Committee shall be permitted to issue such an order all conditions of Subsection 2) (Conditions For Ordering Uncontested Director Election) of this Subsection b shall be satisfied; and

(ii) To be effective such an order must be issued by the C&E Committee to the Chairman, the President & CEO, the Secretary and the Assistant Secretary of the Cooperative, and received by one of them on or before the ninetieth (90th) day before the next Annual Member Meeting scheduled date; and

(iii) At such time when the issuance and receipt of such a C&E Committee order is effective against the party or parties contracting with the Cooperative to perform services relating to the collection of ballots cast by mail and/or Electronic Transmission, and/or the counting and/or tabulation of votes in such Director elections (collectively “Contracted Voting Services”) to permit the Cooperative to lawfully avoid a substantial part of the cost of such Contracted Voting Services relating to such Director elections.

(2) ***Conditions For Ordering Uncontested Director Elections.*** Each of the following conditions shall be satisfied before the C&E Committee may order that the procedures described in Subsection 3) (Procedures For Uncontested Director Elections) of this Subsection b shall be followed in the Director elections to be conducted in conjunction with the next Annual Member Meeting:

(i) The C&E Committee shall have completed its review of all timely filed Nomination Petitions relating to the elections to be conducted in conjunction with the next Annual Member Meeting;

(ii) The final status of the Director Nominee relating to each such Nomination Petition, whether approved as a Director Candidate, pursuant to Subsection 4.5, or disapproved, shall have been determined; and

(iii) There is no more than one (1) Director Candidate approved by the C&E Committee to run for election as the Director from the same Director District (an “**Uncontested Director Election**”) in any of the Director elections scheduled to be held in conjunction with the next Annual Member Meeting.

(3) ***Procedures For Uncontested Director Elections.*** If properly and timely ordered by the C&E Committee in accordance with this Subsection b of this Section, Director elections to be conducted in conjunction with the next Annual Member Meeting shall be conducted according to the following procedures:

(i) In addition to the content of the notice of that Annual Member Meeting required by Section 3.5, that notice shall include an explanation to the Members, including

the reasons, authority, and factual bases, for using the Uncontested Director Election Procedures;

(ii) At that Annual Member Meeting each Director Candidate who is running for election unopposed shall be the subject of a motion to elect him to the Director District from which he is running for election, which may be either a separate motion relative to each Director Candidate running unopposed and voted on separately by the Members, or a joint motion moving the election of all such Director Candidates running unopposed to the respective Director Districts from which each Director Candidate was approved to run for election; which motions or motion;

(iii) All voting on such motion or motions shall occur during that Annual Member Meeting by Members attending that Annual Member Meeting in person at the time of the vote;

(iv) Voting on such motion or motions shall be conducted by taking a voice vote, and/or by such other procedures for expeditiously and accurately taking the vote and determining the vote count as are recognized in Robert's Rules of Order and are practical under the circumstances, as determined and announced by Chairman or such other person as may be appointed by the Chairman to preside over the such voting processes; and

(v) Each such motion to elect one or more Director Candidates shall be decided by a majority of the votes cast at that Annual Member Meeting relative to that motion, with each Director so elected being elected to serve for the term as described for that Director District in Section 4.07.

Section 4.7 – **TENURE.** A Director who is elected from a Director District shall be elected to serve from that Director District for a term of three (3) years or until the third succeeding Annual Member Meeting after the Annual Member Meeting at which he was elected and until his successor is duly elected or appointed and qualified. Director elections shall be conducted in conjunction with Annual Member Meetings, and shall be rotated as follows:

(a) Directors from the Director Districts of Dorchester, Kent, and Queen Anne's Counties were elected in 2024 to serve until the Annual Member Meeting to be held in 2027. These positions shall next be subject to election in 2027 and every three (3) years thereafter.

(b) Directors from 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 2025 to serve until the Annual Member Meeting to be held in 2028. These positions shall next be subject to election in 2028 and every three (3) years thereafter.

(c) Directors from the Director Districts of Cecil, Somerset, and Talbot Counties and Ocean Pines were elected in 2026 to serve until the Annual Member Meeting to be held in 2029. These positions shall next be subject to election in 2029 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 Member Meeting.

Section 4.8 – **DIRECTOR COMPENSATION.** A Director is not an employee of the Cooperative. Each Director shall be compensated as determined from time to time by the Board and stated in the Board Policies.

Section 4.9 – **DISQUALIFICATION OF DIRECTOR BY BOARD.**

(a) **Disqualification.** 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 5.3, 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:

(1) 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

(2) 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) **Removal Vote.** A Director may be removed for Cause by the affirmative vote of a majority of the Members.

(b) **Defined.** In this Section only "Cause" 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) **Petition.** 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:

(i) 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

(ii) 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 the date of 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 of these Bylaws, 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 – **DIRECTOR RESIGNATION.**

(a) **Resignation.** A Director may resign at any time. Except as otherwise provided in these Bylaws, to resign, a Director must sign and deliver a written or Electronic notice of resignation to the CEO, Board Counsel, and Chairman.

(b) **Effective Date.** Unless a later date is otherwise provided in a notice of resignation, a Director's resignation is effective when the Board, President, or Secretary receives the notice of resignation.

Section 4.13 – **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, the Chairman of 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 scheduled election of a Director from a Director District which did not result in the election of a Director from that Director District according to these Bylaws; (4) the disqualification of a Director by the Board in accordance with Section 4.9; (5) the removal of a Director in accordance with Section 4.10; or (6) 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: (1) fill the vacancy for the remainder of the term for which the vacating

Director was elected; (2) fill the full term from a Director District from which no Director was elected; or (3) fill the initial term in the case of an increase in the number of Directors.

Section 4.14 – **CLOSE RELATIVE.**

(a) **Defined.** The term “**Close Relative**” means an Individual who:

- (1) Through blood, law, or marriage, is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, fiancé, niece, or nephew; or
- (2) Resides in the same residence.

(b) **Changes While Serving as Director.** An Individual qualified and elected, designated, appointed, or re-elected to a position does not become a Close Relative while serving in the position because of a marriage or legal action to which the individual was not a party.

Article 5 – Board Meetings and Director Voting

Section 5.1 – **BOARD MEETINGS.**

(a) **Meetings.** The Board shall regularly meet at the date, time, and location determined by the Board (“**Monthly Board Meeting**”). Except as otherwise provided in these Bylaws, the Board may hold Monthly Board Meetings without notice.

(b) **Changes to Meeting.** For good cause, the Board may change the date, time, or location of a Monthly Board Meeting. A Director not attending a Board Meeting at which the Monthly Board Meeting date, time, or location is changed is entitled to receive notice of the Monthly Board Meeting change at least five (5) days before the next Monthly Board Meeting. All Directors are entitled to receive notice of the change in a Monthly Board Meeting date, time, or location at least five (5) days before the changed Monthly Board Meeting. If reasonable under the circumstances, then notice of a change in the Monthly Board Meeting date, time, or location may be given orally.

Section 5.2 – **SPECIAL BOARD MEETINGS.**

(a) **Special Meeting.** A majority of the Board or the Chairman may call a special meeting of the Board (“**Special Board Meeting**”) by providing to the Secretary a notice indicating the date, time, location, and agenda of the Special Board Meeting.

(b) **Notice.** Notice of the date, time, place, and each item to be included on the agenda of a Special Board Meeting shall be sent to each Director in writing either by personal delivery, by mail, or provided by Electronic Transmission, by or at the direction of the Secretary or Assistant Secretary, or upon the default thereof, by or at the direction of the Chairman or the Directors calling the Special Board Meeting. Such notice shall be sent by mail or by Electronic Transmission to the Director at least five (5) days before the date set for the meeting. The agenda of a Special Board Meeting shall be limited to the items in the notice thereof unless all Directors present agree otherwise.

Section 5.3 – CONDUCT OF BOARD MEETINGS.

(a) **Location and Presence.** Except as otherwise provided in these Bylaws, a Monthly Board Meeting or Special Board Meeting (“**Board Meeting**”) may be:

- (1) In any location that is agreed to by a majority of the Board; and
- (2) Conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

(b) **Presiding Director.** If a Director Quorum is present at a Board Meeting, then:

- (1) In descending priority, the following Officers may preside at the Board Meeting: Chairman, Vice-Chairman, Secretary, and Treasurer and
- (2) If no Officer is present or desires to preside at the Board Meeting, then the Directors attending the Board Meeting must elect a Director to preside over the Board Meeting.

(c) **Attendance.** Except as otherwise provided by the Board, Members may attend Board Meetings as described in Board Policy 113.

Section 5.4 – WAIVER OF BOARD MEETING NOTICE.

(a) **Voluntary Waiver.** At any time, a Director may waive notice of a Board Meeting by delivering to the Cooperative a written or Electronic waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative’s records.

(b) **Failure to Object.** A Director’s attendance at, participation in, or actual notice of a Board Meeting waives required notice of the Board Meeting and any matter considered at the Board Meeting, unless the Director:

- (1) At the beginning of the Board Meeting, or upon arrival objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and
- (2) Does not vote for, or assent to, an objected matter.

Section 5.5 – BOARD ACTION BY WRITTEN CONSENT.

(a) **Written Consent.** Without a Board Meeting, the Board may take an action required or permitted to be taken at a Board Meeting if the action is:

- (1) Taken by all Directors and
- (2) Evidenced by one or more written or Electronic consents (“**Director Written Consent**”):

- (i) Describing the action taken;
- (ii) Consented to by each Director;
- (iii) Delivered to the Cooperative; and
- (iv) Included with the Cooperative’s Board Meeting minutes.

(b) *Effect of Written Consent.* Except as a different effective date is provided in the Director Written Consent, 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 Board Meeting vote and action taken during a Board Meeting.

Section 5.6 – DIRECTOR QUORUM AND VOTING.

(a) *Quorum.* A quorum of Directors is a majority of the Directors, who are either physically present at the Board Meeting or participating Electronically, in office immediately before a Board Meeting begins (“**Director Quorum**”).

(b) *Vote.* If a Director Quorum is present when a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors voting is the act of the Board. An affirmative vote of at least two-thirds (2/3) of the Directors is required to discharge the President & CEO of the Cooperative. An interested Director is not counted in determining whether a Director Quorum is present to vote or act upon a matter in which the Director is interested. A Director may not vote by proxy. An agreement signed by Directors providing the manner in which a Director must vote is not valid.

(c) *Quorum Not Present.* 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 to which such Board Meeting was adjourned.

Section 5.7 – COMMITTEES.

(a) *Permitted Committees.* The Board may, in accordance with the relevant Board Policy, create a committee of the Board (“**Board Committee**”) and appoint Directors to serve on the Board Committee and at the Board’s discretion. The Board may create a committee of the Members (“**Member Committee**”) and appoint Members, including Directors, to serve on the Member Committee, and at the Board’s discretion.

(b) *Conduct of Committee Meetings.* To the same extent as the Board and Directors, and except as otherwise provided in these Bylaws or by the Board, the Bylaws addressing Monthly Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, Board Action by Written Consent, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

(c) *Committee Authority.* A Member Committee may act as specified by the Board, but may not exercise Board authority or power. Except as otherwise provided in this Bylaw, the Board may authorize a Board Committee to exercise Board authority and power.

Section 5.8 – CONFLICT OF INTEREST TRANSACTION.

(a) *Conflicts of Interest.* A conflict of interest transaction is a contract or transaction with the Cooperative in which a Director has a direct or indirect interest (“**Conflict of Interest Transaction**”).

(b) **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.

(c) **Indirect Interest.** A Director has an indirect interest in a contract or transaction with the Cooperative if at least one (1) party to the contract or transaction is:

- (1) Another Entity which the Director has a material or 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 a 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.

(d) **Approval of Conflict of Interest Transaction.** Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and a Director Quorum or Member Quorum satisfied, if the material facts regarding the Conflict of Interest Transaction and the Director's interest are disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes in good faith to approve the Conflict of Interest Transaction.

(e) **Fair Conflict of Interest Transaction.** A Conflict of Interest Transaction that is approved pursuant to this Bylaw, 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 interested in the Conflict of Interest Transaction.

Article 6 – Officers, Indemnification, and Insurance

Section 6.1 – REQUIRED OFFICERS.

(a) **Required Officers.** The Cooperative must have the following officers: Chairman, Vice-Chairman, Secretary, and Treasurer (“**Required Officers**”). The Board shall elect Required Officers:

- (1) At the first Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient; and
- (2) By affirmative vote of a majority of Directors physically present at or participating in the Board Meeting.

(b) **Eligibility.** A Required Officer must be a Director. One Director may simultaneously be Secretary and Treasurer. Except as otherwise provided by Law, this Director may not execute, acknowledge, or verify a document in more than one capacity.

(c) **Term.** Subject to removal by the Board, a Required Officer holds office until the Required Officer's successor is elected, appointed, and qualified. The Board shall fill a vacant Required Officer's position for the unexpired portion of the Required Officer's term. A Required Officer is an officer of the Cooperative.

(d) **Qualifications.** The Board may prescribe qualifications and expectations for a Required Officer.

Section 6.2 – **CHAIRMAN.** Except as otherwise provided by the Board or these Bylaws, the Chairman:

- (a) Shall be the principal executive officer of the Cooperative;
- (b) Shall preside, or designate another Individual to preside, at all Board and Member Meetings;
- (c) On the Cooperative's behalf, may sign a document properly authorized or approved by the Board or Members; and
- (d) Shall perform all other duties and functions, shall have all other responsibilities and obligations, and has and may exercise all other authority, prescribed by the Board or Members.

Section 6.3 – **VICE-CHAIRMAN.** Except as otherwise provided by the Board or these Bylaws, the Vice-Chairman:

- (a) Upon the Chairman's death, absence, disability, improper refusal, or inability to act, shall perform the duties and functions, and have the powers and authority, of the Chairman and when so acting shall have all the power of and be subject to all the restrictions upon the Chairman, and
- (b) Shall perform all other duties and functions, shall have all other responsibilities and obligations, and has and may exercise all other authority, prescribed by the Board or Members.

Section 6.4 – **SECRETARY.** Except as otherwise provided by the Board or these Bylaws, the Secretary:

- (a) Shall be responsible for preparing, or supervising the preparation of, minutes of Board and Member Meetings;
- (b) May attest to the execution and affix the Cooperative's seal to a document authorized or approved by the Board or Members; and
- (c) Shall see that all notices required by Law or the Governing Document are duly given in accordance therewith;
- (d) Shall perform all other duties and functions, shall have all other responsibilities and obligations, and has and may exercise all other authority, prescribed by the Board or Members.

Section 6.5 – **TREASURER.** Except as otherwise provided by the Board or these Bylaws, the Treasurer shall perform all duties and functions, shall have all responsibilities and obligations, and has and may exercise all authority, prescribed by the Board or Members.

Section 6.6 – **OTHER OFFICERS.**

(a) Except as otherwise provided by the Board, the Board may create other offices and elect, appoint, retain, or employ other officers (“**Other Officers**”).

(b) *Concurrent Offices.* The same Individual may simultaneously hold more than one office. Except as otherwise provided by Law, this Individual may not execute, acknowledge, or verify a document in more than one capacity.

(c) *Qualifications and Duties.* Except as otherwise provided by the Board, Other Officers:

- (1) May be Directors, Cooperative employees, or other Individuals;
- (2) Must be elected or appointed by the affirmative vote of a majority of current Directors;
- (3) May assist Required Officers; and
- (4) Shall perform all duties and functions, shall have all responsibilities and obligations, and have and may exercise all authority, prescribed by the Board.

Section 6.7 – **RESPONSIBILITY FOR CORPORATE 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 6.8 – **OFFICER RESIGNATION.**

(a) At any time, a Required Officer or Other Officer (collectively, “**Officer**” or “**Cooperative Officer**”) may resign. To resign:

- (1) A Required Officer must deliver to the Board an oral, written, or electronic resignation.
- (2) An Other Officer must deliver to the President/CEO an oral, written, or electronic resignation.

(b) *Effective Date.* An Officer resignation is effective when received. If an Officer resignation states a future effective date, and if, as appropriate, the future effective date is accepted, then the vacant Officer position may be filled before the future effective date, but the successor Officer may not take office until the future effective date.

(c) *Removal.* Except as otherwise provided by the Board, at any time and with or without cause, the Board may remove an Officer elected, appointed, retained, or employed by the Board;

Section 6.9 – **OFFICER STANDARD OF CONDUCT.** An Officer shall discharge the Officer’s duties in good faith, with the care an ordinarily prudent person in a like position would exercise, in a manner the Officer reasonably believes to be in the Cooperative’s best interests in accordance with Board Policy 102 and 106.

Section 6.10 – **OFFICER CONTRACT RIGHTS.** The election, appointment, retention, or employment of an Officer, by itself, does not create a contract between the Cooperative and

the Officer. An Officer's resignation or removal does not affect the Cooperative's contract rights, if any, with the Officer.

Section 6.11 – **OFFICER COMPENSATION**. Except as otherwise provided by the Board or in a Bylaw addressing Director compensation, reimbursement, salaries, or benefits, the Cooperative may reasonably compensate, reimburse, pay a salary to, or provide insurance or other benefits to, an Officer. The powers, duties, authority and compensation of Officers, appointees and employees shall be fixed by the Board.

Section 6.12 – **BONDS**. At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative Official.

Section 6.13 – **INDEMNIFICATION**.

(a) **Indemnification Expense**. As determined by the Board, the Cooperative shall indemnify:

- (1) An Individual who is or was a Director or Officer;
- (2) An Individual who, while a Director or Officer, is or was serving at the Cooperative's request as a director, officer, manager, partner, trustee, employee, or agent of another Entity; or
- (3) The estate or personal representative of such an Individual (collectively, "**Indemnification Director or Officer**")

who was successful, on the merits or otherwise, in defending a threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, arbitative, or investigative, and whether formal or informal ("**Indemnification Proceeding**") to which the Indemnification Director or Officer was, is, or is threatened to be made a defendant or respondent ("**Indemnification Party**") because the Indemnification Director or Officer is or was a Director or Officer.

(b) **Expenses**. This indemnification is against reasonable expenses of any kind, including attorney fees, but excluding judgments, settlements, penalties, or fines, incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding ("**Indemnification Expenses**").

(c) **Indemnification Liability**. The Cooperative may indemnify an Individual who is or was a Cooperative Official ("**Indemnification Individual**") and was made, because the Indemnification Individual is or was a Cooperative Official, an Indemnification Party to an Indemnification Proceeding other than an Indemnification Proceeding:

- (1) Derivative, by, or otherwise in the right of the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative except for reasonable expenses incurred in connection with the Indemnification Proceeding if it is determined that the Indemnification Individual met the Indemnification Standard of Conduct or

(2) In which the Indemnification Individual was adjudged liable for receiving, improper personal benefit whether or not involving action in the Indemnification Individual's official capacity.

(d) **Additional Costs of Indemnification.** This indemnification is against the obligation to pay a judgment, settlement, penalty, fine, or Indemnification Expenses incurred with respect to an Indemnification Proceeding, if the Indemnification Individual:

- (1) Acted in good faith;
- (2) Reasonably believed:

- (i) For conduct in an official capacity, that the Indemnification Individual's conduct was in the Cooperative's best interest and
- (ii) For all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and

(3) In the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful (collectively, "**Indemnification Standard of Conduct**").

(e) **Voting.** To provide this indemnification, a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding ("**Indemnification Director Quorum**"), must determine:

- (1) That the Indemnification Individual met the Indemnification Standard of Conduct and
- (2) Indemnification Expenses.

(f) **Advance for Expenses.** Before the final disposition of an Indemnification Proceeding, the Cooperative may pay for, or reimburse, Indemnification Expenses incurred by an Indemnification Director, Officer, or Individual who is an Indemnification Party to the Indemnification Proceeding ("**Indemnification Advance**") if:

- (1) The Indemnification Director, Officer, or Individual furnishes the Cooperative a written or Electronic:
 - (i) Affirmation of the Indemnification Director, Officer, or Individual's good faith belief that the Indemnification Director, Officer, or Individual has met the Indemnification Standard of Conduct and
 - (ii) Unlimited general obligation of the Indemnification Director, Officer, or Individual, which need not be secured, may be accepted without reference to financial ability to repay, may be executed personally or on the Indemnification Director, Officer, or Individual's behalf, and obligates the Indemnification Director, Officer, or Individual to repay the Indemnification Advance if a majority of the Indemnification Director Quorum ultimately determines that the Indemnification Director, Officer, or Individual did not meet the Indemnification Standard of Conduct and

(2) A majority of the Indemnification Director Quorum determines that the facts then known to them would not preclude indemnification for the Indemnification Director, Officer, or Individual under this Bylaw.

Section 6.14 – **INSURANCE**. Regardless of indemnification or similar authority or requirement, the Cooperative, as authorized by the Board, may purchase and maintain insurance on behalf of an individual who is or was a Cooperative Official. This insurance is against an obligation to pay a judgment, settlement, penalty, fine, or expense incurred with respect to a proceeding asserted against or incurred by the Cooperative or the individual in his or her individual capacity, or arising from the individual’s status, as a Cooperative Official.

Article 7 – Cooperative Operation

Section 7.1 – **NONPROFIT AND COOPERATIVE OPERATION**. The Cooperative:

- (a) Shall operate on a nonprofit and cooperative basis for the mutual benefit of Members and
- (b) Shall not pay interest or dividends on capital furnished by Patrons.

Section 7.2 – **ALLOCATING CAPITAL CREDITS**.

(a) **Allocation**. The Cooperative shall allocate Capital Credits as provided in this Bylaw. The Cooperative must allocate Capital Credits in a Patron’s name as shown in the Cooperative’s records, regardless of the Patron’s marital status.

(b) **Patron**. The term “**Patron**” means, during a fiscal year:

- (1) A Member;
- (2) Any other Person receiving a Cooperative Service to whom the Cooperative is obligated to allocate Capital Credits, which obligation existed before the Cooperative received payment for the Cooperative Service.

(c) **Allocating Earnings**. For each Cooperative Service Supplied during a fiscal year, the Cooperative shall equitably allocate to each Patron, in proportion to the value of the Cooperative Service Received by the Patron during the fiscal year, the Cooperative’s Operating Earnings from Supplying the Cooperative Service during the fiscal year.

(d) **Operating Earnings**. “**Operating Earnings**” means the amount by which the Cooperative’s operating revenues from Supplying a Cooperative Service during a fiscal year exceed the Cooperative’s operating expenses, costs and reserves permitted by Law, of Supplying the Cooperative Service during the fiscal year, all as determined under federal cooperative tax law.

(e) **Nonoperating Earnings**. For each fiscal year, the Cooperative shall, as determined by and at the discretion of the Board, use, retain, off-set against prior or current Operating Losses and/or Non-Operating Losses, and/or equitably allocate the Cooperative’s Nonoperating Earnings to each Patron, in proportion to the value of the Cooperative Service Received by the Patron. “**Nonoperating Earnings**” means the amount by which the Cooperative’s nonoperating

revenues, costs, and reserves permitted by law, during a fiscal year exceed the Cooperative's nonoperating expenses during the fiscal year, less any amount needed to offset an operating loss.

(f) **Operating Loss.** For each Cooperative Service Provided during a fiscal year, the Cooperative shall, at the discretion of the Board:

(1) Equitably allocate to each Patron, in proportion to the value of the Cooperative Service Received by the Patron during the fiscal year, the Cooperative's Operating Loss from Providing the Cooperative Service during the fiscal year against the Cooperative's Operating Earnings and/or Non-Operating Earnings for the Fiscal Year and/or

(2) Offset the Cooperative's unallocated Operating Loss from Providing the Cooperative Service during the fiscal year against the Cooperative's future Operating Earnings and/or Non-Operating Earnings.

(3) "**Operating Loss**" means the amount by which the Cooperative's operating expenses of Supplying a Cooperative Service during a fiscal year exceed the Cooperative's operating revenues from Supplying the Cooperative Service during the fiscal year, all as determined under federal cooperative tax law.

(g) **Nonoperating Loss.** For each fiscal year, the Cooperative shall, at the discretion of the Board:

(1) Equitably allocate to each Patron, in proportion to the value of Cooperative Services Received by the Patron during the fiscal year, the Cooperative's Nonoperating Loss during the fiscal year against the Cooperatives Operating Earnings and/or Non-Operating Earnings for the Fiscal Year, and/or

(2) Offset the Cooperative's unallocated Operating Loss against the Cooperative's future Operating Earnings and/or Nonoperating Earnings during any fiscal year(s).

(3) "**Nonoperating Loss**" means the amount by which the Cooperative's nonoperating expenses during a fiscal year exceed the Cooperative's nonoperating revenues during the fiscal year.

(h) **Capital Credits.** The term "**Capital Credits**" means the amounts allocated to a Patron and contributed by the Patron to the Cooperative as capital.

(1) Patron Contributions. For each amount allocated to a Patron, the Patron shall contribute a corresponding amount to the Cooperative as capital, or shall treat the amount allocated as a capital contribution to the Cooperative. The Cooperative must credit all capital contributions from a Patron to a capital account for the Patron.

(2) Accounting for Capital Credits. The Cooperative shall maintain books and records reflecting the capital contributed by each Patron, capital allocated to each Patron, Capital Credit retirement payment, and the balance thereof for each Patron.

(3) Effect of Allocations. At the time of receipt by the Cooperative, each capital contribution is treated as though the Cooperative paid the amount allocated to the Patron in cash pursuant to a pre-existing legal obligation and the Patron contributed the corresponding amount to the Cooperative as capital.

(4) Authority of Board. Subject to the Law, and consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board, and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest unretired Capital Credits as determined by the Board. As reasonable and fair, the Cooperative may reallocate or retroactively allocate Capital Credits.

(5) Granting a Security Interest to the Cooperative. To secure a Patron's obligation to pay amounts owed to the Cooperative, including any compounded interest and late payment fee, and in return for the Cooperative Supplying a Cooperative Service to the Patron, through a security agreement signed or authenticated by a Patron, the Patron may grant the Cooperative a security interest in Capital Credits allocated and/or to be allocated to the Patron and authorize the Cooperative to perfect the security interest. A Patron may not grant, create, provide, or perfect a security interest in Capital Credits allocated to the Patron in favor of a Person other than the Cooperative. A security interest in Capital Credits allocated to the Patron granted, created, provided, or perfected in favor of a Person other than the Cooperative is invalid and unenforceable. If a security interest in Capital Credits allocated to the Patron granted, created, provided, or perfected in favor of a Person other than the Cooperative is determined or adjudicated valid and enforceable, then the security interest is subordinate to a security or other interest of the Cooperative in the Capital Credits.

(i) ***Different and Separate Allocations***. As reasonable and fair, the Cooperative may allocate Capital Credits to classes of similarly situated Patrons under different manners, methods, and timing, provided the Cooperative allocates Capital Credits to similarly situated Patrons under the same manner, method, and timing. If the Cooperative is a member, patron, or owner of an Entity from which the Cooperative Uses a good or service in Supplying a Cooperative Service and from which the Cooperative is allocated a capital credit or similar amount, then, as determined by the Board and consistent with this Bylaw, the Cooperative may separately identify and allocate to the Cooperative's Patrons this capital credit or similar amount allocated by the Entity.

(j) ***Joint Memberships***. Upon receiving written notice and sufficient proof of the termination, conversion, or alteration of a Joint Membership, and written consent by both parties to the Joint Membership or legal successor in interest thereof, the Cooperative shall transfer, retire, or otherwise assign the Capital Credits as described in the relevant Board Policy.

Section 7.3 – NOTIFICATION AND ASSIGNMENT OF CAPITAL CREDITS.

(a) ***Notification***. Within a reasonable time, not to exceed eight and one-half (8 ½) months after the end of each fiscal year, the Cooperative shall notify each Patron in writing or electronically of the stated dollar amount of Capital Credits allocated to the Patron for the preceding fiscal year.

(b) ***Assignment***. Except as otherwise provided by the Board or these Bylaws, to assign or transfer a Patron's Capital Credits:

- (1) The Cooperative must receive a written request signed by the Patron to assign or transfer the Capital Credits;
- (2) The Patron and the assignee or transferee must comply with all reasonable requirements specified by the Cooperative; and
- (3) The Board must approve the assignment or transfer.

Section 7.4 – **RETIRING CAPITAL CREDITS.**

(a) **Retirement.** The Cooperative may retire and pay Capital Credits allocated to Patrons and former Patrons as provided in this Bylaw. If the Cooperative retires and pays Capital Credits, then the Cooperative must retire and pay Capital Credits in a Patron or former Patron's name as shown in the Cooperative's records, regardless of the Patron or former Patron's marital status. If the Cooperative mails a retired Capital Credit payment, then the Cooperative shall mail the payment to the Patron or former Patron's address as shown in the Cooperative's records.

(b) **General Capital Credit Retirements.** Subject to approval by the Board, at any time before the Cooperative's dissolution, liquidation, or other cessation of existence, the Cooperative may generally retire and pay some or all Capital Credits allocated to Patrons and former Patrons.

(c) **Capital Credit Recoupment, Offset, and Setoff.** After retiring or assigning Capital Credits allocated to a Patron or former Patron, the Cooperative may recoup, offset, or setoff any amount owed to the Cooperative by decreasing the allocated or net present value amount of retired Capital Credits paid to the Patron or former Patron by the amount owed.

(1) **Limitations.** The Cooperative may recoup, offset, or setoff an amount owed regardless of:

- (i) A statute of limitation or similar limitation;
- (ii) The year the amount owed was incurred;
- (iii) The year the Capital Credits were allocated; and
- (iv) The year the Capital Credits were retired.

(d) **Capital Credit Retirement Discretion.** At any time prior to the Dissolution or liquidation of the Cooperative, the Cooperative may retire and pay Capital Credits, in full or in part, only if the Board determines that the retirement and payment will not adversely impact the Cooperative's financial condition. Consistent with this Bylaw, the retirement and payment of Capital Credits are in the sole discretion of the Board and are not affected by previous retirements and payments. The manner, method, and timing of retiring and paying Capital Credits may be determined only by the Board.

(e) **Different and Separate Capital Credit Retirements.** As reasonable and fair, and subject to the relevant Board Policy, the Cooperative may retire and pay Capital Credits to classes of similarly situated Patrons and former Patrons under different manners, methods, and timing, provided the Cooperative retires and pays Capital Credits to similarly situated Patrons and former Patrons under the same manner, method, and timing. If the Cooperative separately identified and allocated Capital Credits representing capital credits or similar amounts allocated to the Cooperative by an Entity in which the Cooperative is or was a member, patron, or owner,

then the Cooperative may retire and pay these Capital Credits only after the Entity retires and pays the capital credits or similar amounts to the Cooperative.

(f) ***Discounted Capital Credit Payments.***

(1) Generally prohibited. Except as otherwise provided in this Bylaw, the Cooperative must pay the allocated amount of retired Capital Credits and may not pay the net present value of retired Capital Credits.

(2) Discounted Payments. As determined by the Board, before the time the Cooperative anticipates normally retiring and paying Capital Credits, the Cooperative may retire some or all Capital Credits and pay the net present value of the retired Capital Credits, in accordance with Board Policy 307. If the Cooperative retires and pays the net present value of Capital Credits to a Patron or former Patron before the time the Cooperative anticipates normally retiring and paying the Capital Credits, then the amount of Capital Credits not paid must be retained in the name of the Patron or former Patron and paid to the Patron or former Patron upon the Cooperative's dissolution, liquidation, or other cessation of existence.

(g) ***Unclaimed Capital Credits.*** Unclaimed payments by the Cooperative of retired Capital Credits to Patrons shall be paid in accordance with the Maryland Annotated Code ("Maryland Code"), Commercial Law Article, Title 17 (Maryland Uniform Disposition of Abandoned Property Act), as amended from time to time. The Board shall have the sole power and discretion to decide, from time to time, subject to the then existing Maryland Law, what, if anything, shall be done by the Cooperative with such abandoned payments.

Section 7.5 – **PATRON AGREEMENT.** Each Patron and former Patron agrees that:

(a) He shall be bound and abide by all of the terms and conditions of the Governing Documents, which shall constitute and be a contract between such Patron and the Cooperative, fully binding on such Patron and the Cooperative as though they each had contemporaneously signed the same document in which each in consideration of the other agreed to the same terms and conditions as contained in the Governing Documents;

(b) Capital Credits are not securities under state or federal Law;

(c) The right of the Patron or former Patron to Capital Credits vests, accrues, becomes redeemable, and becomes payable only upon the Cooperative retiring the capital Credits as provided in these Bylaws, and not upon the Cooperative allocating the Capital Credits; and

(d) As required by Law, the Patron or former Patron will:

- (1) Report to the appropriate Entity all allocated or retired Capital Credits and
- (2) Pay the appropriate Entity any tax or similar amount on allocated or retired Capital Credits.

Section 7.6 – **NON-MEMBER PATRONS.**

(a) ***Requirements and Limitations.*** As a condition of Receiving a Cooperative Service, and except as otherwise provided by the Board:

- (1) To the same extent as a Member, a Patron who is not a Member (“**Non-Member Patron**”) must abide by and be bound to the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members, and
- (2) A Non-Member Patron or Non-Member former Patron has none of the rights granted by the Governing Documents to Members, other than the rights to:

- (i) Be allocated Capital Credits and
- (ii) Be paid retired Capital Credits.

Section 7.7 – **REASONABLE RESERVES**. Regardless of a contrary Bylaw, with approval of the Board, and to meet the Cooperative’s reasonable needs, the Cooperative may accumulate and retain amounts exceeding those needed to meet current losses and expenses (“**Reasonable Reserves**”). The Cooperative must keep records necessary to determine, at any time, each Patron’s rights and interest in Reasonable Reserves.

Article 8 – Disposition of Cooperative Assets

Section 8.1 – **TRANSFER OF COOPERATIVE ASSETS**.

(a) **Exceptions**. Except for a sale, lease, exchange, disposition, conversion, or other transfer (“**Transfer**”) of Cooperative Assets:

- (1) To mortgage, pledge, dedicate to the repayment of indebtedness, or otherwise secure indebtedness;
- (2) Pursuant to condemnation or annexation, or threat of condemnation or annexation;
- (3) Pursuant to an existing legal obligation;
- (4) Associated with a Consolidation or Merger;
- (5) Consisting of the Cooperative’s ownership in an Entity;
- (6) In the usual and regular course of the Cooperative’s activities; or
- (7) To an Entity operating on a cooperative basis and Providing electric energy;

the Cooperative may Transfer all or substantially all of the Cooperative’s Assets only if:

- (8) At the expense of the Person seeking to purchase, lease, or acquire the Cooperative’s Assets, the Board appoints three independent appraisers, each of whom, within a reasonable time of appointment, evaluates and renders an appraisal valuing the Cooperative’s Assets specified in the proposed Transfer (“**Appraisal**”);
- (9) The Person seeking to purchase, lease, or acquire the Cooperative’s Assets provides to the Cooperative any information requested by the Cooperative;
- (10) Within a reasonable time of receiving the Appraisals, the Cooperative invites any other Entity operating on a cooperative basis, providing electric energy, and primarily located within the same state as, or within a state adjacent to, the state in which the Cooperative is primarily located, to submit proposals to purchase, lease, or acquire the Cooperative’s Assets specified in the proposed Transfer, or to Merge or Consolidate with the Cooperative;
- (11) The Board approves the proposed Transfer;
- (12) Two-thirds (2/3) of the Total Membership approves the proposed Transfer;

- (13) Notice of a Member Meeting at which Members will consider the proposed Transfer states that one of the purposes of the Member Meeting is to consider the Transfer, and includes a copy or summary of the proposed Transfer;
- (14) No Director or Officer will benefit from the Transfer, financially or otherwise, in a manner different from other Members;
- (15) Except for a Transfer to an Entity operating on a cooperative basis and Providing electric energy, all allocated Capital Credits are retired and paid at full and nondiscounted value; and
- (16) In proportion to the value or quantity of Cooperative Services Used by Members during the period in which the Cooperative owned a Cooperative Asset, the Cooperative allocates to Members as Capital Credits any consideration received for the Cooperative's Assets that exceeds the amount paid for the Cooperative Assets.

(b) “**Substantially All**” of the Cooperative Assets shall be any one transaction or a series of related transactions within the same one (1) year period in which either the net book value or the fair market value of all Asset(s) being Transferred, in the aggregate, exceed ten percent (10%) of the net book value of all Assets at the time of such single transaction or on the date of the last such transaction in related series of such transactions during a period of one (1) year or less constituting the Transfer.

(c) **Abandon Transfer**. Except as otherwise provided by the Members, after the Members approve a Transfer, the Board may abandon the Transfer.

(d) **Indebtedness**. To secure indebtedness by the Cooperative, the Board may Transfer, mortgage, pledge, dedicate to repayment, or encumber any Cooperative Asset. As used in this Bylaw, a Transfer includes the conversion of the Cooperative to another form of business.

(e) **Discontinued Use**. A permanent closure or cessation of use of a Cooperative Asset is not a Transfer of the Cooperative Asset.

Section 8.2 – **CONSOLIDATION OR MERGER.**

(a) The Cooperative may consolidate or merge only with an Entity operating on a cooperative basis that Provides any good or service (“**Consolidate**” or “**Merge**”). To Consolidate or Merge, the Cooperative must comply with this Bylaw.

(b) **Board Approval**. To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge (“**Consolidation Agreement**” or “**Merger Agreement**”) stating the:

- (1) Terms and conditions of the Consolidation or Merger;
- (2) Name, governing jurisdiction, and type of entity for each Entity Consolidating or Merging with the Cooperative;
- (3) Name of the new or surviving Consolidated or Merged Entity (“**New Entity**”);
- (4) Manner and basis, if any, of converting memberships or ownership rights of each Consolidating or Merging Entity into memberships or ownership rights of, or payments from, the New Entity;

- (5) Number of directors of the New Entity, which must equal or exceed five (5);
- (6) Date of the New Entity's annual meeting;
- (7) Names of New Entity directors who will serve until the New Entity's first annual meeting; and
- (8) Other information required by Law, or in its sole discretion deemed necessary or advisable by the Board.

(c) **Member Approval.** After the Board approves a Consolidation or Merger Agreement, two-thirds (2/3) of the members who vote on the matter must approve the Consolidation or Merger Agreement. Members may approve the Consolidation or Merger Agreement by Member Written Consent or Mail Ballot.

(d) **Notice.** The Cooperative shall notify Directors of a Board Meeting, and Members of a Member Meeting, at which Directors or Members may consider a Consolidation or Merger Agreement. This notice must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Agreement.

(e) **Other Requirements.** The New Entity directors named in the Consolidation or Merger Agreement must sign and file articles of Consolidation or Merger in a manner, and stating the information required by Law. The Cooperative shall comply with all other requirements for Consolidation or Merger specified by Law.

Section 8.3 – **DISTRIBUTION OF COOPERATIVE ASSETS UPON DISSOLUTION.**

(a) **Vote.** Subject to the other requirements of Section 5-632 (Dissolution; cooperatives that have begun doing business) of the Maryland Electric Cooperative's Act, as amended from time to time, a proposed dissolution of the Cooperative ("**Dissolution**") shall be approved by the affirmative vote of a majority of the Members voting on the matter at a meeting at which at least fifteen percent (15%) of the Members vote.

(b) **Distribution.** Upon approval of Dissolution in accordance with the Maryland Act, and after discharging, or adequately providing for the discharge of all debts, obligations, and liabilities of the Cooperative, the Board shall distribute any remaining money among the current Members and former Members in accordance with Maryland Act, § 5-632.

Article 9 – Miscellaneous

Section 9.1 – **ELECTRONIC DOCUMENTS AND ACTIONS.**

(a) **Transmission and Receipt.** If a Member or Director owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of a contrary Bylaw, as determined by the Board, and as allowed by Law:

(1) The Member or Director consents and agrees to:

- (i) Use, accept, send, receive, and transmit an Electronic signature, contract, record, notice, vote, communication, comment, and other document regarding an

action, transaction, business, meeting, or activity with, for, or involving the Cooperative (“**Electronic Document**”);

(ii) Electronically conduct an action, transaction, business, meeting, or activity with, for, or involving the Cooperative; and

(iii) Electronically give or confirm this consent and agreement;

(2) An Electronic Document sent or transmitted to, or received or transmitted from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be in writing;

(3) Electronically sending or transmitting an Electronic Document to, or receiving or transmitting an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, comment, or other document be sent or received personally or by mail; and

(4) The Member or Director Electronically taking an action provided in these Bylaws satisfies a requirement imposed by the Governing Documents regarding the form or manner of taking the action.

(b) **Effective Date.** Except as otherwise provided in these Bylaws, an Electronic Document Electronically:

(1) Sent or transmitted to a Member or Director or former Member at the Member or Director or former Member’s last known Electronic address is considered sent, received, transmitted, and effective on the date sent by the Cooperative and

(2) Received or transmitted from a Member or Director or former Member is considered sent, received, transmitted, and effective on the date received by the Cooperative.

(c) **Receipt.** Except as otherwise provided in these Bylaws, an Electronic Document or communication is received when it:

(1) Enters an information processing system that the recipient has designated or uses for the purpose of receiving Electronic Documents, records, or information of the type sent and from which the recipient is able to retrieve the Electronic Document or record and

(2) Is in a form capable of being processed by that system.

(d) An Electronic Document or communication is received by a Member or former Member even if no Individual is aware of its receipt.

(e) **Definitions.** As used in these Bylaws, subject to the context requiring otherwise, and as determined by the Board:

(1) “**Electronic**” and “**Electronically**” mean relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;

(2) To sign an Electronic Document means, with present intent to authenticate or adopt the Electronic Document:

- (i) To execute or adopt a tangible symbol or
 - (ii) To attach to, or logically associate with, the Electronic Document an Electronic sound, symbol, or process; and
- (3) “**Electronic Transmission**” includes transmission through:
- (i) Electronic mail;
 - (ii) The Cooperative’s website; or
 - (iii) A website or information processing system that the Cooperative has designated or uses to send, receive, or transmit Electronic Documents or Electronic information, or to Electronically conduct an action, transaction, business, meeting, or activity.

Section 9.2 – **BYLAW AMENDMENT.**

(a) **Vote.** Except as otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed (“**Amended**” or “**Amendment**”) only by the vote of a majority of Members voting.

(b) **Effective Date.** Except as otherwise provided in a Bylaw Amendment, the Amendment is effective the day immediately following the date of the close of the meeting at which the Amendment was adopted by the Members. The Cooperative must notify Members of Amended Bylaws.

(c) **Proposal of Bylaw Amendment.** The Board may propose a Bylaw Amendment. Except as otherwise provided by the Board, Members may propose a Bylaw Amendment. Except as otherwise provided by the Board, to be considered at a Member or Board Meeting, a Bylaw Amendment proposed by Members must be:

- (1) Proposed by, and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty (60) days of the petition date for, at least three hundred (300) Members entitled to vote on the Bylaw Amendment;
- (2) Delivered to, and received by, the Cooperative at least One-Hundred Sixty-Five (165) business days before the Member or Board Meeting at which the Members or the Board will consider the proposed Bylaw Amendment;
- (3) After review by the Board, determined lawful and approved by the Board; and
- (4) Not altered or modified after delivery to the Cooperative.

(d) **Notice of Bylaw Amendment.** Notice of a Member Meeting at which Members will consider a proposed Bylaw Amendment must:

- (1) State that the purpose, or one of the purposes, of the Member Meeting is to consider the proposed Bylaw Amendment and
- (2) Contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.

(e) After notice of a proposed Bylaw Amendment, the proposed Bylaw Amendment may not be amended to increase the Amendment or to propose a new Amendment.

Section 9.3 – **RULES OF ORDER.** Except as otherwise provided by the Board at any time, and except as otherwise provided in the Governing Documents, the latest edition of Robert’s Rules of Order governs all Member Meetings.

Section 9.4 – **FISCAL YEAR.** The Board may determine and modify the Cooperative’s fiscal year. Except as otherwise provided by the Board, the Cooperative’s fiscal year is the calendar year.

Section 9.5 – **NOTICE AND COMMUNICATION.** In these Bylaws:

(a) ***Notice and Communication Type.*** Except as otherwise provided in these Bylaws, a notice or communication may be:

- (1) Oral or written or Electronic and
- (2) Communicated:

- (i) In person;
- (ii) By telephone, telegraph, teletype, facsimile, Electronic communication or transmission, or other form of wire or wireless communication;
- (iii) By mail or private carrier; or
- (iv) If the above-listed forms of communicating are impractical, then by newspaper of general circulation in the area where published, or radio, television, or other form of public broadcast communication.

(b) ***Members Affected.*** If addressed or delivered or transmitted to an address shown in the Membership List or Cooperative records, then a written or Electronic notice, communication, or report delivered or transmitted as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written or Electronic notice, communication, or report to all Members:

- (1) Residing at the address or
- (2) Having the same address shown in the Membership List or Cooperative records.

(c) ***Notice and Communication Effective Date.*** Except as otherwise provided in these Bylaws:

- (1) An oral notice or communication is effective when communicated and
- (2) A written notice or communication is effective upon the earliest of:
 - (i) When actually received;
 - (ii) If not mailed by United States mail, then when left at a Member or former Member’s address shown on the Cooperative’s records;
 - (iii) If not mailed by United States mail, then when left at the Cooperative’s principal office;
 - (iv) If mailed by United States mail postage prepaid and correctly addressed to a Member or former Member, then upon deposit in the United States mail;
 - (v) If mailed by United States mail postage prepaid and correctly addressed to the Cooperative, then when actually received by the Cooperative; and

(vi) An Electronic Document or communication is effective as provided in these Bylaws.

(d) **Correct Address.** A written notice or communication is correctly addressed to a Member if addressed to the Member address shown in the Membership List. A written notice or communication is correctly addressed to a former Member if addressed to the former Member address shown in the Cooperative's records.

(e) **Undeliverable Notice or Communication.** If the Cooperative attempts to mail, send, transmit or otherwise deliver two consecutive notices or other communications to a current or former Member or Patron at the address or location shown in the Cooperative's records; The notices or other communications are mailed, sent, transmitted, or otherwise delivered to the same address or location; and the notices or communications are returned or undeliverable, or the Cooperative is informed that the notices or communications were returned or undeliverable, then, until the Cooperative receives different address, location, or similar information from the current or former Member or Patron, the Cooperative is not required to mail, send, transmit, or otherwise deliver additional notices or communications to the current or former Member or Patron.

Section 9.6 – **GOVERNING LAW.** These Bylaws must be governed by, and interpreted under, the laws of the State of Maryland.

Section 9.7 – **TITLES AND HEADINGS.** Titles and headings of Bylaw articles, sections, and subsections are for convenience and reference, and do not affect the interpretation, construction, or application of a Bylaw article, section, or subsection.

Section 9.8 – **PARTIAL INVALIDITY.** When reasonably possible, every Bylaw article, section, subsection, paragraph, sentence, clause, or provision (collectively, "**Bylaw Provision**") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of a Bylaw Provision by an Entity possessing proper jurisdiction and authority, which invalidation does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

Section 9.9 – **CUMULATIVE REMEDIES.** The rights and remedies provided in these Bylaws are cumulative. The Cooperative or a Member asserting a right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

Section 9.10 – **ENTIRE AGREEMENT.**

- (a) Between the Cooperative and a Member, the Governing Documents:
- (1) Constitute the entire agreement and
 - (2) Supersede and replace a prior or contemporaneous oral, written, Electronic or other communication or representation.

Section 9.11 – SUCCESSORS AND ASSIGNS.

(a) Except as otherwise provided in these Bylaws:

(1) The duties, obligations, and liabilities imposed upon, and the rights granted to, the Cooperative by these Bylaws are binding upon, and inure to the benefit of, the Cooperative's successors and assigns and

(2) The duties, obligations, and liabilities imposed upon a Member by these Bylaws are binding upon the Member's successors and assigns.

(b) The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative or a Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws.

Section 9.12 – WAIVER. The failure of the Cooperative to assert a right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

Section 9.13 – LACK OF NOTICE. The failure of a Member or Director to receive notice of a Meeting, action, or vote does not affect, or invalidate, an action or vote taken by the Members or Board.