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December 29, 1999

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AOR 1999-40

Federal Election Commission
Office of General Counsel
999 E Street, N.W.
Washington, D.C. 20463

Dec 30 11 50 AM '99

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Re: Advisory Opinion Request (National Rural Electric Cooperative Association)

Dear Sirs and Madam:

On behalf of the National Rural Electric Cooperative Association ("NRECA") and the Action Committee for Rural Electrification ("ACRE"), and pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112.1-112.6, we respectfully request an advisory opinion concerning the application of the Federal Election Campaign Act of 1971, as amended ("Act") to the ability of ACRE to solicit the members of NRECA's member cooperatives and to utilize the cooperatives' billing systems to collect voluntary contributions.

FACTS

NRECA is a nonprofit corporation formed under the District of Columbia Cooperative Association Act. It was established

To engage in the compilation and dissemination of information with respect to rural electrification and the furnishing of other services to rural electric cooperatives and others in connection with the coordination, advancement and development of rural electrification in the United States . . . for the primary and mutual benefit of the patrons of the Association and their patrons, as ultimate consumers.

Articles of Incorporation of National Rural Electric Cooperative Association, Article I. (Attached.)

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NRECA itself has three types of voting members, each of which pays an initial membership fee to NRECA as well as annual dues. See Bylaws of the National Rural Electric Cooperative Association as amended through March 9, 1999. One class of voting members are the Distribution Members which are as follows:

Distribution Members. Electric distribution cooperatives or nonprofit associations, nonprofit corporations, public utility districts, and government corporations or authorities located in a state, territory, possession or commonwealth of the United States and engaged in furnishing electricity at retail to their consumers.

NRECA Bylaws, Article I, Section 1.a.(1).¹ (Enclosed for your information are the Bylaws of Rappahannock Electric Cooperative and Southern Maryland Electric Cooperative, Distribution Members of NRECA.)

Each Distribution Member (i.e. local cooperative)² itself has members, almost all of whom are individuals who pay a membership fee to belong to the local cooperative. A member in the local cooperative purchases his or her electrical services from the cooperative and is billed monthly. Membership also enables the individual to have voting rights in the cooperative. These members vote for the Board of Directors of the cooperative and, directly or through their cooperative board, select a delegate to NRECA. NRECA Bylaws Article II, Section 5. Because a cooperative is a nonprofit organization any funds paid by members to the cooperative in excess of actual operating costs (plus reserves) are returned to the members in the form of capital credits. These credits can take one of two forms: 1) an actual repayment to the member or 2) a credit on the member's account.

¹ The other two types of voting members are *Generation and Transmission Members* which are "engaged in the marketing, generation and/or transmission of wholesale bulk electricity for sale to others for the purpose of resale," and *Service Members* "whose members consist of generation, transmission or distribution cooperatives, or associations, nonprofit corporations or public utility districts, which are located in a state, territory, possession or commonwealth of the United States and engaged in such marketing, generation, transmission or distribution of electricity." NRECA Bylaws, Article I, Section 1.a(2) and (3).

² A few Distribution Members are not cooperatives. This request seeks an opinion only with respect to Distribution Members that are cooperatives. NRECA does not seek an opinion with respect to any other members including Generation and Transmission Members and Service Members.

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NRECA operates as a federation of cooperatives as contemplated by 11 C.F.R. § 114.7(k) which was adopted by the Commission in 1993 and enables NRECA to solicit the "cooperative's regional, state or local affiliates, provided that all of the political committees established, financed, maintained or controlled by the cooperative and its regional, State or local affiliates are considered one political committee for purposes of the limitations in 11 CFR 110.1 and 110.2."³ The Commission reaffirmed that membership organizations can and do have such structures in its newly adopted membership regulations which went into effect on November 2, 1999. See 64 Fed. Reg. 59113 (1999). Those rules affirm that:

In the case of a membership organization which has a national federation structure or has several levels, including for example, national, state, regional and/or local affiliates, a person who qualifies as a member of any entity within the federation or of any affiliate by meeting the requirements of paragraphs (e)(2)(i), (ii), or (iii) of this section shall also qualify as a member of all affiliates for purposes of this part.

11 C.F.R. § 114.1(e)(5).⁴

ACRE is the separate segregated fund established and administered by NRECA pursuant to 11 C.F.R. § 114.5(b). (Copies of ACRE's Articles of Association are attached.) Moreover, there are several separate segregated funds connected to state affiliates of NRECA which are registered with the Federal Election Commission and treated as affiliated with ACRE consistent with section 114.7(k). The operation of sections 114.7(k) and 114.1(e)(5) in combination establish that the members of the rural cooperatives are also members of NRECA.

NRECA and ACRE wish to engage in a program to collect contributions which is a variation on the Deduct-A-Buck program instituted by the Credit Union National Association and approved by the Commission in Advisory Opinion 1998-19. Specifically, NRECA wishes to solicit the members of its local cooperatives and have the local cooperatives act as the collecting

³ In adopting section 114.7(k) the Commission explicitly overruled Advisory Opinion 1981-23. See 58 Fed. Reg. 45774 (1993).

⁴ The Explanation and Justification for this rule explains that the Commission retained section 114.7(k) to insure continued coverage of rural cooperatives under the rules in the event that section 100.8(b)(4)(iv)(E) did not adequately cover these entities. See 64 Fed. Reg. 41271 (1999).

agents for the contributions. In order to accomplish this goal, each member of a cooperative who wishes to voluntarily participate in the program would preauthorize the local cooperative to bill the member on a monthly basis for his or her contribution to the PAC. Each monthly bill sent to the member would then include a line item for the amount of the preauthorized ACRE contribution. Payments would be made to the local cooperative which would then forward the contributions collected to ACRE directly or through a state association affiliated with NRECA within 10 or 30 days, as required by 11 C.F.R. § 102.8.

NRECA and ACRE wish to engage in an additional program to collect contributions which is a variation of the program carried out by the American Crystal Sugar Company with respect to its sugarbeet growers and approved by the Commission in Advisory Opinion 1986-7. Specifically, NRECA wishes to collect voluntary contributions which will be deducted from a member's capital credits. This would work in one of two ways. The member's distribution would be adjusted by the amount of the member's voluntary contribution to ACRE, or the member's capital credits shown on the member's account would be reduced by the amount of the member's voluntary contribution. As with all collections, NRECA would seek an authorization for the deduction prior to any deduction being taken. The local cooperative would act as the collecting agent for any contribution collected in this manner.

QUESTIONS AND DISCUSSION

May the rural electric cooperatives collect contributions to ACRE through its monthly billings to its Members?

The Commission's regulations regarding collecting agents appear to address this question. Pursuant to 11 C.F.R. § 102.6(b)(1), "[a] collecting agent is an organization or committee that collects and transmits contributions to one or more separate segregated funds to which the collecting agent is related." Further, a collecting agent may be "[a] parent, subsidiary, branch, division, department, or local unit of the connected organization of the separate segregated fund." *Id.* § 102.6(b)(iii). Thus, the member cooperatives clearly fall into the category of collecting agents.

In addition, 11 C.F.R. § 102.6(c) states that "[a] contributor may write a check that represents both a contribution and payment of dues or other fees." This provision explicitly contemplates the situation proposed here. That is, in addition to paying for its monthly services received from the cooperative, the individual member may also make a contribution to ACRE with the monthly payment check. Further, the regulations permit the collecting agent to "pay any or all of the costs incurred in soliciting and transmitting contributions to the separate segregated fund." 11 C.F.R. § 102.6(c)(2)(i).

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The Commission has approved several opinions with programs analogous to this one. Most recently, in Advisory Opinion 1998-19, Fed. Election Camp. Fin. Guide (CCH) ¶ 6273 (1998) the Commission permitted local member credit unions to collect from members one dollar either weekly, monthly, quarterly, or annually from an individual's credit union account based on preauthorized instructions to the credit union. Similarly, in Advisory Opinion 1997-9, Fed. Election Camp. Fin. Guide (CCH) ¶ 6238 (1997), the Commission permitted trading firms of the Chicago Board of Trade to automatically and electronically deduct contributions on a monthly basis from member traders' accounts based on the member's preauthorization. Further, in the context of a cooperative, the Commission permitted the American Crystal Sugar Company, which was an incorporated agricultural cooperative, to deduct contributions to its PAC from payments due from the cooperative to its individual shareholders (sugarbeet growers) each year based on the preauthorization for deduction signed by the member. Advisory Opinion 1986-7, Fed. Election Camp. Fin. Guide (CCH) ¶ 5848 (1986).

This program would operate the same way. Members would preauthorize the local cooperative to bill the individual member on a monthly basis for a contribution to ACRE. The member would then include the payment with his or her monthly fee owed the cooperative. The cooperative would act as a collecting agent for the contribution and transmit it in accordance with the FEC's regulations. Thus, this program should be approved just as each of these other programs was approved by the Commission.

May the rural electric cooperatives collect contributions to ACRE from members' capital credits?

Contributions via capital credits also is materially indistinguishable from the program approved by the Commission in Advisory Opinion 1986-7. In that situation, the American Crystal Sugar Company, which was an incorporated agricultural cooperative, paid each of its individual shareholder/members for his or her production of sugarbeets. As noted above, the Commission permitted the cooperative to deduct contributions to its PAC from payments due from the cooperative to its members each year based on the preauthorization for deduction signed by the member. Advisory Opinion 1986-7, Fed. Election Camp. Fin. Guide (CCH) ¶ 5848 (1986).

Contributions via capital credits is similar. To the extent there is an excess, the capital credits are due from the cooperative to the members. NRECA, through a member cooperative, would solicit an authorization for deduction from each consumer member prior to the distribution of the capital credits, and then the member cooperative would reduce the amount of the capital credits based on the preauthorized contributions. Any voluntary preauthorized contributions would be forwarded to ACRE by the cooperative as a collecting agent. Thus, the NRECA

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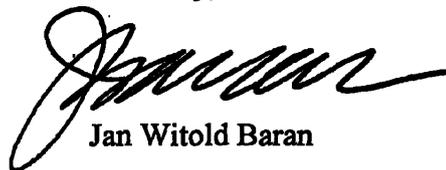
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program should be approved just as the American Crystal Sugar Company program was approved.

In sum, our client respectfully requests an Advisory Opinion confirming the above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Witold Baran', written in a cursive style.

Jan Witold Baran

OF COUNSEL

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Bylaws Of
**THE SOUTHERN
MARYLAND
ELECTRIC
COOPERATIVE,
INCORPORATED**

As Amended July 14, 1997

*The aim of The Southern Maryland Electric
Cooperative, Inc., is to make electric energy
available to its members at the lowest cost
consistent with sound economy and good
management.*

BYLAWS

The aim of the Southern Maryland Electric Cooperative, Inc., is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I MEMBERSHIP

Section 1.01 Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in the Southern Maryland Electric Cooperative, Inc., (hereinafter called the "Cooperative") by:

- (a) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (b) agreeing to comply with and be bound by the Articles of Conversion and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors;
- (c) No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable; and
- (d) having a service connection.

Section 1.02 Evidence of Membership. Membership in the Cooperative shall be evidenced by compliance with Section 1.01.

Section 1.03 Joint Membership. Any two persons residing in the same household may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1.01 of this Article, will be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include two persons residing in the same household holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver or notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one vote.
- (c) Notice to either shall constitute notice to both.
- (d) Expulsion of either shall terminate the joint membership.
- (e) Withdrawal of either shall terminate the joint membership.
- (f) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

Section 1.04 Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and one other household resident to comply with the Articles of Conversion, bylaws, and rules and regulations adopted by the Board of Directors. A joint membership may be converted into an individual membership with the written consent of both parties.

- (b) Upon the death of either holder of the joint membership, such membership shall be held solely by the survivor. Upon notification of the death of a joint member, the Cooperative will note the change on its official records of membership; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

Section 1.05 Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be inter-connected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

Section 1.06 Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the directors, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Conversion, bylaws, or rules and regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting.

Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate. A membership will be terminated if electric service has been discontinued. Termination of membership in any manner shall not release a member from any debt due the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

Section 2.01 Property Interest to Members. Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, and (b) all capital furnished through patronage shall have been retired as provided

in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution.

Section 2.02 Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 3.01 Annual Meeting. The annual meeting of the members shall be held at a day and hour and at such places in the counties of Charles, St. Mary's, Prince George's, or Calvert, State of Maryland, as shall be determined by the Board and designated in the notice of the meeting, for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 3.02 Special Meetings. Special meetings of the members may be called by a resolution of the Board of Directors, or upon a written request signed by a majority of directors, by the Chairman, or by ten per centum or more of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative, specified in the notice of the meeting.

Section 3.03 Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business other than that listed in Section 3.07 of this article is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative with postage thereon prepaid. In case of a joint membership, notice given to either party shall be deemed notice to both. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 3.04 Quorum. As long as the total numbers of members does not exceed one thousand, ten per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed one thousand, 500 members shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. In the event a quorum is not obtained at the annual meeting, it will not be required to have an adjourned meeting. The business that would have

been transacted at such meeting will be held over until the next annual meeting.

Section 3.05 Credentials and Election Committee. The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee consisting of an odd number of members not less than five (5) nor more than twenty-nine (29), who are not close relatives or members of the same household of existing directors or known candidates for directors to be elected at such meeting. In appointing the committee, the Board shall have regard for equitable representation of the several areas served by the Cooperative. It shall be the responsibility of the committee to pass on all questions that may arise with respect to the registration of members in person, to monitor the tallying of all ballots cast in any election or in any other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. The committee's decision on all such matters shall be final. In the event an even number of this committee attends, then the Chairperson of the meeting shall strike one.

Section 3.06 Voting. Each member shall be entitled to only one vote. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Conversion or these bylaws, provided, however, that one of the holders of a joint membership may vote. Voting by organizations which are unincorporated shall be by any one of the partners, trustees or members. Corporations, including municipal corporations and churches, shall be by the properly appointed agent who may not cast more than three such votes.

For the convenience of the members, registration and voting may occur earlier on the same day of the annual meeting at the location of the annual meeting at such times as determined by the Credentials and Election Committee.

Section 3.07 Order of Business. The order of business at the annual meeting of members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report as to the number of members present in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Election of Directors.
4. Reading of unapproved minutes of previous meeting of the members and the taking of necessary action thereon.
5. Presentation and consideration of reports of officers, directors and committees.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV DIRECTORS

Section 4.01 General Powers. The business and affairs of the Cooperative shall be managed by a Board of fifteen (15) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Conversion or these bylaws, conferred upon or reserved to the members, and the directors shall be apportioned by County as follows: Charles County, five (5); St. Mary's County, five (5); Calvert County, three (3); and Prince George's County, two (2).

Section 4.02 Qualifications and Tenure. The persons named as directors in the Articles of Conversion shall compose the Board of Directors until the first annual meeting or until their successors shall have been elected and shall have qualified.

Beginning at the 1986 Annual Meeting, or any adjournment thereof, directors shall be elected for staggered terms so that after the first election one-third of the Board of Directors will be elected each year to serve for a term of three (3) years.

There shall be five directorships placed in each of the three term classifications. The term of office of the directors of the first class to expire at the next succeeding Annual Members' Meeting, and the term of the second class to expire at the second succeeding Annual Members' Meeting and the term of the third class to expire at the third succeeding Annual Members' Meeting. At the 1986 Annual Members' Meeting, Prince George's County shall elect one director for one year and one director for a three-year term. Thereafter, as their terms expire, the directors will be elected to three-year terms; Calvert County shall elect one director for a one-year term, one director for a two-year term and one director for a three-year term. Thereafter, as their terms expire, the directors will be elected to three-year terms. St. Mary's County shall elect two directors to one-year terms, two directors to two-year terms, and one director to a three-year term. Thereafter, as their terms expire, the directors shall be elected to three-year terms. Charles County shall elect one director for a one-year term, two directors to a two-year term and two directors to a three-year term. Thereafter, as their terms expire the directors will be elected to a three-year term. In accordance with the foregoing, at the 1986 Annual Meeting a candidate's length of term shall be determined in accordance with the terms available in the County from which the candidate is running, and in order of the number of votes the candidate receives; the candidate receiving the highest number of votes serving the longest term from the County which the candidate is running. All remaining terms from that County will be filled in declining order based on the number of votes received. In the event of a tie vote, the directors receiving the same number of votes shall draw lots to determine which director will serve the longer term. Directors shall serve until the expiration of their term and until their successors are selected and qualified. No person shall be eligible to become or remain a director or hold any position of trust in the Cooperative who:

- (a) is not a member and bonafide resident in the area served by the Cooperative; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the

Cooperative; or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; or

- (c) is the incumbent of or candidate for an elective public office in connection with which salary or compensation in excess of one hundred dollars (\$100) per annum is paid.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such director from office.

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

Section 4.03 Nominations. It shall be the duty of the Board of Directors to appoint, not less than sixty (60) days nor more than one hundred eighty (180) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections of the service area so as to ensure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting a list of nominations for directors, but any fifteen (15) or more members acting together may make other nominations by petition not less than sixty (60) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted.

The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. Notwithstanding anything contained in the section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election.

Section 4.04 Removal of Directors by Members. Any member may bring charges against a director by filing such charges in writing with the Secretary, together with a petition signed by at least ten per centum of the members, and request the removal of such director by reason thereof. The director against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to the nominations.

Section 4.05 Vacancies. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining directors for the

unexpired portion of the term of the directors in respect of whom the vacancy occurs.

Section 4.06 Compensation. Directors as such shall not receive any salary for their services, but, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors and for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, training programs, performing committee assignments, or for attending any function or performing and acting in behalf of the Cooperative in any other capacity when authorized and approved by the Board of Directors, provided, however, that directors shall be entitled to receive such benefits as may from time to time be offered directors of rural electric cooperatives under programs sponsored by the National Rural Electric Cooperative Association, or others.

The Cooperative shall indemnify its directors, officers, agents and employees and may purchase insurance to cover such indemnification against all liability arising out of their acts in their official capacities, if they shall have acted in good faith and deemed such acts to be in the best interest of the Cooperative, or not against its best interests.

Section 4.07 Oath of Office. Prior to any person assuming the office of director, such person must subscribe to the following oath or affirmation: "I do solemnly swear (or affirm) that I will support the Constitution and the laws of the United States of America, the Constitution and the laws of the State of Maryland, and the Bylaws of Southern Maryland Electric Cooperative, Inc., that I will faithfully discharge according to the best of my ability the duties of my office during such time as I am a Director of Southern Maryland Electric Cooperative, Inc., and that I will never knowingly do or cause to be done any act or deed which would not be in the best interest of the Cooperative and its membership."

ARTICLE V MEETINGS OF DIRECTORS

Section 5.01 Regular Meetings. A meeting of the Board of Directors may be held, without notice other than this bylaw, immediately after and at the same place as the annual meeting of the members. A meeting of the Board of Directors other than a special meeting shall be held monthly at such time and place within the service area of the Cooperative as the Board of Directors may provide by resolution. Such monthly meetings may be held without notice other than such resolution fixing the time and place thereof. The Board of Directors may, by resolution, establish more than one monthly meeting.

Section 5.02 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or by a majority of directors and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or the directors calling the meeting shall fix the time and place for the holding of the meeting.

Section 5.03 Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the

Chairman or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 5.04 Quorum. A majority of the Board of Directors shall constitute a quorum, provided that, if less than such majority of the directors is present at said meeting; a majority of the directors present may adjourn the meeting from time to time and, provided further that, the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided by these bylaws.

ARTICLE VI OFFICERS

Section 6.01 Number and Title. The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, Assistant Secretary-Treasurer, President, who shall not be a member of the Board of Directors, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

Section 6.02 Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 6.03 Removal of Officers and Agents. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against any officer by filing such charges in writing with the Secretary together with a petition signed by ten per centum of the members and request the removal of the particular officer by reason thereof. The officer against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charge against him shall have the same opportunity. The question of the removal of such officer shall be voted upon at the next regular or special meeting of the members.

Section 6.04 Chairman. The Chairman shall:

- (a) be the principal executive officer of the Cooperative, and unless otherwise determined by the members or the Board of Directors, shall preside at all meetings and meetings of the Board of Directors

(b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

(c) in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6.05 Vice-Chairman. In the absence of the Chairman or in the event of his inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and when so acting, shall have all powers and be subject to all restrictions upon the Chairman. The Vice-Chairman shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.06 Secretary. The Secretary shall be responsible for:

(a) keeping the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) seeing that all notices are duly given in accordance with these bylaws or as required by law;

(c) the safe keeping of the corporate records and of the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keeping a register of the names and post office addresses of all members;

(e) keeping on file at all times a complete copy of the Articles of Conversion and bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forward a copy of the bylaws and of all amendments thereto to each member; and

(f) the general performance of all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.07 Treasurer. The Treasurer shall be responsible for:

(a) custody of all funds and securities of the Cooperative;

(b) the receipt of and the issuance of receipts for moneys due and payable to the Cooperative from any source whatsoever, and for the deposit of all such moneys in the name of the Cooperative in such banks as shall be selected in accordance with the provision of these bylaws; and

(c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.08 Assistant Secretary-Treasurer. In the absence of the Secretary or Treasurer, or in the event of his inability or refusal to act, the Assistant Secretary-Treasurer shall perform the duties of the Secretary or Treasurer, and when so acting, shall have all powers and be subject to all restrictions upon the Secretary or Treasurer. The Assistant Secretary-

Treasurer shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6.09 President. The Board of Directors may appoint a President who shall serve as the General Manager, and who shall not be a director but who may be, but shall not be required to be, a member of the Cooperative. The President shall perform such duties and exercise such authority as the Board of Directors may from time to time vest in him.

Section 6.10 Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board of Directors shall determine. The Board of Directors, in its discretion, may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 6.11 Compensation. The powers, duties and compensation of any officers, agents, and employees shall be fixed by the Board of Directors, subject to the provisions of these bylaws with respect to compensation for directors and close relatives of directors.

Section 6.12 Reports. The officers of the Cooperative shall submit at each annual meeting of the members 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.

ARTICLE VII NON-PROFIT OPERATION

Section 7.01 Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 7.02 Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year give a general notice sufficient to enable each patron to compute his own amount of capital so credited to his account. All such amounts credited to

the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding Capital Credits shall be retired without priority on a prorata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement. Effective with refunds made after 1992, if on retirement of capital, any refund is a diminutive amount as determined by the Board of Directors, it will be donated by the patrons to the permanent capital of the Cooperative.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Conversion and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. Patrons whose membership has terminated with the Cooperative and who have retained an interest in Capital Credits shall continue to be subject to the provisions regarding retirement as enumerated in this section. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 7.03 Assignment and Gift by Failure to Claim.

(a) Notwithstanding any other provisions of the bylaws, if any patron or

former patron fails to claim any cash retirement of Capital Credits from the Cooperative within three (3) years after payment of the same has been made available to him by check mailed to him at their last address furnished by him to the Cooperative, such failure shall be and constitutes an assignment and gift by such member of such Capital Credits to the Cooperative.

- (b) Failure to claim any such payment within the meaning of this section shall include the failure of such patron or former patron to cash Capital Credits' check mailed to him by the Cooperative at the last address furnished by him to the Cooperative.
- (c) The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment of Capital Credits was made available to such patron or former patron without claim therefore and only after further expiration of sixty (60) days following the giving of a notice by mail or publication that unless such payment is claimed within sixty (60) days, such gift to Cooperative for the benefit of its member shall become effective. Notwithstanding any of the provisions of this section, patrons may at any time claim their cash retirement of Capital Credits that have been declared retired by action of the Board of Directors.
- (d) The notice by mail herein provided shall be one mailed by the Cooperative to such patron or former patron at the last known address. If notice by publication is given, such publication shall be an insertion in a newspaper circulated in the service area of the Cooperative.
- (e) The sixty (60) day period following the giving of such notice, either by mail or publications, shall be deemed to terminate sixty (60) days after the mailing or publication of such notice.
- (f) Any such funds that revert to the Cooperative shall be credited to the Cooperative's General Fund and be used to reduce the cost of electricity to the members.
- (g) This provision shall be applicable to all Capital Credits occurring after January 1, 1985.

ARTICLE VIII DISPOSITION OF PROPERTY

Section 8.01 Execution of Mortgages, Deeds of Trust or Pledges. The Board of Directors of the Cooperative shall have full power and authority, without authorization by the members thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the property assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such conditions as the Board of Directors shall determine to secure any indebtedness of the Cooperative to the United States of America, to any agency or instrumentality thereof to a national financing institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings which the Cooperative holds membership, or to any other financial institution.

Section 8.02 Authority of Members. The Cooperative may not sell, lease or otherwise dispose of all or a substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than a majority of all of the members of the Cooperative; and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provisions of the Maryland Electric Cooperative Act, or any other provision of law, the Board of Directors may, upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or a foreign Corporation doing business in this State pursuant to the above Act or to the holders of any notes, bonds or other evidences of indebtedness of the Cooperative issued to United States of America or any agency or instrumentality thereof.

ARTICLE IX SEAL

Section 9.01. The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Maryland."

ARTICLE X FINANCIAL TRANSACTIONS

Section 10.01 Contracts. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 10.02 Check, Drafts, etc. Except as otherwise provided by law or in these bylaws, all checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 10.03 Deposits. All funds of the Cooperative, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

Section 10.04 Change of Rates. Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Section 10.05 Fiscal Year. The fiscal year of the Cooperative shall begin the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

ARTICLE XI MISCELLANEOUS

Section 11.01 Membership in Other Organizations. The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided by these bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business; provided, however, that the directors shall have full power and authority to authorize the Cooperative to purchase stock in or become a member of any corporation or cooperative organized on a non-profit basis for the purpose of engaging in rural electrification or become a member of any civic organization within the service area whose purpose is to promote the interest of the people of the area or a statewide organization whose purpose is to promote the interest and welfare of the people of the state.

Section 11.02 Waiver of Notice. Any member or director may waive, in writing, any notice of a meeting required to be given by these bylaws, either before or after such meeting. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 11.03 Policies, Rules and Regulations. The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Conversion or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 11.04 Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which shall conform so long as the Cooperative is indebted to the Government or any agency or instrumentality thereof, to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors shall, after the close of each fiscal year, cause to be made by a Certified Public Accountant, a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the annual meeting next following the close of such fiscal year.

Section 11.05 Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII INDEMNIFICATION

Section 12.01. Each officer, director, staff member, employee or person serving on a committee of the Cooperative shall be indemnified by the Cooperative against all costs and expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceedings in which he is made a party by reason of his being or having

been a director, officer, staff member, employee or committee representative of this Cooperative, whether or not he continues to be such at the time of incurring such cost or expense, except in relation to matters as to which he shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of his duties as such officer, director, staff member, employee or committee representative. The right of indemnification hereunder shall not be exclusive of other rights to which any officer, director, staff member, employee or committee representative be entitled as a matter of law.

ARTICLE XIII AMENDMENTS

Section 13.01. These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided notice of such meeting has been given in accordance with Article 3.03. Any proposed amendment or repeal of these bylaws may be initiated by the Board of Directors by appropriate resolution or by a written petition signed by at least fifteen (15) members in each County within the service area, presented to the Secretary at least sixty (60) days prior to the meeting at which the proposed amendment is to be voted upon.

**BYLAWS
RAPPAHANNOCK ELECTRIC COOPERATIVE
FREDERICKSBURG, VIRGINIA
AS APPROVED NOVEMBER 18, 1998**

**ARTICLE I
MEMBERSHIP**

SECTION 1: Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Rappahannock Electric Cooperative (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that he or it has first:

- a. Made a written application for membership therein;
- b. Agreed to purchase from the Cooperative electric energy as hereinafter specified;
- c. Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors, and
- d. Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

SECTION 2: Membership Certificates

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Cooperative, and the Corporate Seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed, or mutilated, a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the Board of Directors may prescribe.

SECTION 3: Joint Membership

Two individuals may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include both individuals holding a joint membership and any provisions relating to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- a. The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;

- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership;
- g. Either but not both may be elected or appointed as an officer or Board Member, provided that the elected or appointed member meets the qualification for office.

SECTION 4: Conversion of Membership

- a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the other individual to comply with the Articles of Incorporation, Bylaws, and Rules and Regulations adopted by the Board. Any outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.
- b. Upon the death of either individual who is a party to the joint membership, such membership shall be held solely by the survivor. Any outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative. The capital credits accrued shall be transferred on the Cooperative records into the name of the survivor and shall be paid at the regular retirement of credits date.

SECTION 5: Membership Fees

The membership fee shall be five dollars (\$5.00).

SECTION 6: Purchase of Electric Energy

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for the use on the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable, and shall not have the right to offset any debt owed to the Cooperative by capital credits accrued.

SECTION 7: Termination of Membership

a. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or Rules and Regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase from the Cooperative, may be cancelled by resolution of the Board of Directors.

b. Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

SECTION 8: Subscription to Rural Living

The Board of Directors shall be empowered and authorized, on behalf of and for circulation to the individual members of the Cooperative, to subscribe to Rural Living. The yearly subscription rate per member for such magazine shall not exceed four dollars (\$4.00), and the subscription shall be paid for each member by the Cooperative from any funds accruing in each member's favor so as to reduce such funds in the same manner as would any other expense of the Cooperative.

**ARTICLE II
RIGHTS AND LIABILITIES
OF MEMBERS****SECTION 1: Property Interest of Members**

Upon dissolution, after:

- a. All debts and liabilities of the Cooperative shall have been paid, and
- b. All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of existence.

SECTION 2: Non-liability for Debts of the Cooperative

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III
MEETINGS OF MEMBERS**

SECTION 1: Annual Meeting

The annual meeting of the members shall be held during the month of August of each year beginning with the year 1980, at such place within the general area served by the Cooperative, as selected by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. At all meetings of the Cooperative, both annual and special, "Robert's Rules of Order" shall be followed.

SECTION 2: Special Meetings

Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three (3) Board members, by the Chairman of the Board, by the President, or by ten (10) per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the general area served by the Cooperative as designated by the Board of Directors and shall be specified in the notice of the special meeting.

SECTION 3: Notice of Members' Meetings

Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business "Disposition of Property." No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy therefore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

As to any proposed amendment to the Bylaws which is to be considered by the membership, each shall have the right to vote by proxy for or against said proposal, all upon a proxy form caused to be prepared by the Board of Directors

and timely distributed to the membership whereto is attached the full language of the proposal.

SECTION 4: Quorum

Two and one-half (2 1/2) per centum of the members present in person or by proxy shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. A record of the members present in person and by proxy shall be filed with the Secretary to be kept with other records of the meeting.

SECTION 5: Voting

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person and by proxy except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

SECTION 6: Proxies

At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary two (2) days before the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. The number of proxies that any person may vote shall be unlimited except as provided in Article VIII "Disposition of Property." No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy therefore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

As to any proposed amendment to the Bylaws which is to be considered by the membership, each shall have the right to vote by proxy for or against said proposal, all upon a proxy form caused to be prepared by the Board of Directors and timely distributed to the membership whereto is attached the full language of the proposal.

SECTION 7: Order of Business

The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person and by proxy in order to determine the existence of a quorum.

2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Election of Directors.
5. Presentation and consideration of reports of officers, trustees, and committees.
6. Unfinished business.
7. New business.
8. Adjournment.

**ARTICLE IV
BOARD OF DIRECTORS**

SECTION 1: General Powers

The business and affairs of the Cooperative shall be managed by a Board of Directors of not less than nine (9) nor more than twelve (12) members, which shall exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

SECTION 2: Election and Tenure of Office

The Board of Directors shall consist of one (1) member from each of the nine (9) revised geographic regions hereafter defined in Section 2A and not more than three (3) at large members, the number to be determined by the Board of Directors. When a Director-at-Large resigns, dies, or fails to run for re-election, that position may be left vacant or filled at the discretion of the Board of Directors. When a Director of a geographic region resigns, dies, or fails to run for re-election, that position may be filled, at the discretion of the Board, by the Director-at-Large that resides within the region, becoming the District Director in that region.

All Directors' terms of election shall be for a period of three (3) years each and shall be staggered so that each year at least three (3) Directors are elected for a three-year term. The term of election for Directors from Regions I, IV, and VII shall expire in 1999, new Directors shall be elected at that time and every three (3) years thereafter for these regions. The term of election for Directors from Regions III, VI, and IX shall expire in 2000, new Directors shall be elected at that time and every three (3) years thereafter for these regions. The term of election for Directors from Regions II, V, and VIII shall expire in 2001, new Directors shall be elected at that time and every three (3) years thereafter for these regions. Directors-at-Large shall continue to serve three-year staggered terms.

In any election for Director, each member shall have the right to vote for the duly nominated candidate of their choice in person at the annual meeting or upon a proxy form caused to be prepared by the Board of Directors and timely

distributed to the membership wherein is listed the name of each qualified candidate.

SECTION 2A: Boundary of Regions

The boundary of the Regions are revised as hereby follows:

Region I - Culpeper County, except that portion in the southwestern tip, which is in Region III.

Region II - The counties of Fauquier, Rappahannock, and Stafford, and the northwest portion of Spotsylvania County, bounded on the east by Rt. 610, southeast to Rt. 612, southwest to Rt. 608 at Shady Grove Corner, west to the Orange County Line near Paytes.

Region III - The counties of Albemarle, Greene, and Madison; and the southwest portion of Culpeper County bounded on the north by Rt. 29, southeast to Rt. 603, south to Rt. 692, south to Rt. 617, east to Rt. 522, continuing to the Orange County line.

Region IV - The central portion of Spotsylvania County bounded on the west by Rt. 610, southeast to Rt. 612, southwest to Rt. 608 at Shady Grove Corner, westerly to Rt. 606 near Paytes, southeast to Rt. 650 at Margo, south to Rt. 208, southwest to Rt. 601 at Good Hope Church, southeast to Levy, north on Rt. 622 to Rt. 605, east to the intersection with Rt. 646 near Marye, north to Rt. 645, to Rt. 606, and east to the Caroline County line.

Region V - The northern portion of Louisa bounded on the south by Rt. 33, west to Rt. 601, southwest to Rt. 522 at Orchid, north to Rt. 619 and south to the Goochland County Line; also included in Region V is a portion of Spotsylvania County bounded on the northwest by Rt. 208 north to Rt. 601, southeast on Rt. 601 to the Louisa County Line.

Region VI - The counties of Hanover and Goochland, and that portion of Louisa County not included in Region V.

Region VII - Orange County and the western portion of Spotsylvania County, which is bounded on the northeast by Rt. 608, southeast to Rt. 606 near Paytes, continuing southeast to Rt. 650 at Margo, south to Rt. 208 near Brokenburg, and southwest to the Louisa County Line.

Region VIII - The western portion of Caroline County bounded on the east by Rt. 301 running southwest from Port Royal to the Rt. 301 By-pass near Bowling Green, south on the By-pass to Rt. 619, east to Rt. 667, along a line generally south along Rt. 667, Rt. 640 to Rt. 721, to Rt. 654 southwest to Rt. 627, south to Rt. 647 near Shumansville, to Rt. 601, to Rt. 600, west to Rt. 602, continuing west along to Rt. 652, to Rt. 30 and west to the Hanover County Line. Also included in Region VIII is that portion of Spotsylvania County bounded on the north by Rt. 606 beginning from the Caroline County line west to Rt. 645, along a line running generally south along Rt. 645 to Rt. 646, to Rt. 605 near Marye, to Rt. 622, to Rt. 601 at Levy, and south to the Louisa County Line.

Region IX - The counties of Essex, King and Queen and King William, and that portion of Caroline County not included in Region VIII.

SECTION 3: Qualifications for Director

All nominees for Director shall be bona fide residents of the particular Region which they would represent if elected, except in the case of Directors at Large, the nominees shall be eligible for election provided that they are bona fide residents of any one of the Regions of the Cooperative.

Further, no member shall be eligible to become or remain a Director or to hold any position of trust in the Cooperative who is not a bona fide resident in the area served by the Cooperative, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative other than Old Dominion Electric Cooperative. When a membership is held jointly, either individual, but not both, may be elected a Director. No employee, or spouse of an employee may serve as a Director. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 4: Nominations

Nominations for Directors shall be made by written petition executed by twenty-five (25) or more members who are in good standing with the Cooperative. Said written nomination petitions must be delivered to the office of the President not less than one hundred (100) days prior to the next annual meeting. The Secretary shall post the said nomination petitions at the principal office and district offices of the Cooperative and shall mail with the Notice of Meeting a statement of the number of Directors to be elected and all the nominations made for said Directorships. All nominees shall be listed in Rural Living in the issue prior to the annual members' meeting. No additional nominations shall be made from the floor at the meeting of members. Advance notification to the membership of the nominations procedure shall be published in Rural Living, prior to the annual meeting.

SECTION 5: Removal of Directors by Members

Any member may bring charges against a Director seeking his removal "for cause" only by filing with the Secretary such charges in writing together with a supporting petition signed by at least five hundred (500) members from the Director's region only. (If the Director is at large, the petition must be signed by one thousand (1,000) members without regard to region.) Upon the filing of such petition with a proper allegation for removal, the Chairman of the Board, President and Secretary jointly shall call a special meeting of the members to consider the petition within sixty (60) days of the filing of such petition except that if the annual meeting shall be within ninety (90) days of the filing of such petition the matter of removal may be delayed until such annual meeting. Such Director shall be informed in writing of the charges at least thirty (30) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges, and the person or persons bringing the charges against him shall have the same opportunity. The Director may be

removed only "for cause." The question of the removal of such Director shall be considered and voted upon at a special or annual meeting of the members and any vacancy created by such removal may be filled by vote of the members attending and/or represented by proxy, at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6: Removal of Director by Board of Directors

The Board of Directors by a two-thirds (2/3) majority vote shall remove a Director from office upon establishment to the satisfaction of the Board of the fact that the Director is holding office in violation of the qualifications of being a Director as specified herein or for just cause.

SECTION 7: Vacancies

Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term.

SECTION 8: Compensation

The Board of Directors shall fix the compensation of Directors. No Director shall receive compensation for serving the Cooperative unless such compensation shall be specifically authorized by resolution of the Board of Directors.

SECTION 9: Indemnification and Liability of Directors and Officers

The Cooperative shall indemnify any past or present Director or officer of the Cooperative who is made a party to any lawsuit or legal proceeding (including without limitation any proceeding by or in the right of the Cooperative in which the Director or officer is adjudged liable to the Cooperative) as to any liability and legal fees incurred as a result of said proceeding provided that with respect to the conduct of the Director or officer giving rise to the action that:

- a. He conducted himself in good faith; and
- b. He believed:
 - (i) In the case of conduct in his official corporate capacity, that it was in the best interests of the Cooperative; and
 - (ii) In all other cases, that his conduct was at least not opposed to the best interests of the Cooperative; and
 - (iii) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; or
- c. If it is determined that such liability is not a result of his willful misconduct or knowing violation of the criminal law.

Such indemnification shall also extend to a Director's or officer's conduct with respect to an employee benefit plan for a purpose that he believed to be in, or at least not opposed to, the interests of the participants in and beneficiaries of the plan provided that his conduct satisfies the requirements of provision b. of this

section. Each such indemnity shall inure to the heirs, executors, and administrators of such person.

d. The Cooperative shall not indemnify a Director or officer in connection with any proceeding in which it is determined that said Director or officer is liable on the basis that personal benefit was improperly received or derived by him at the expense of the Cooperative.

e. The indemnification provided by this Article shall not be exclusive of any other rights to which any Director or officer may be entitled, including without limitation rights conferred by applicable law and any right under policies of insurance that may be purchased and maintained by the Cooperative or others, even as to liabilities against which the Cooperative would not have the power to indemnify such Director or officer under the provisions of this Article.

f. The Board of Directors shall have the power, generally and in specific cases, to indemnify employees and agents of the Cooperative to the same extent as provided in this Article with respect to directors or officers. The Board of Directors is hereby empowered by a majority vote of a quorum of disinterested directors, to cause the Cooperative to contract in advance to indemnify any person who is not a Director or officer who was or is a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Cooperative, or was serving at the request of the Cooperative as Director, officer, employee, or agent of another Cooperative, partnership, joint venture, trust, employee benefit plan or other enterprise, to the same extent as if such person were a Director or officer.

**ARTICLE V
MEETING OF BOARD
OF DIRECTORS**

SECTION 1: Regular Meetings

A regular meeting of the Board of Directors shall be held without notice immediately after, and at the same place as the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly at such time and place within the general area served by the Cooperative as designated by the Board of Directors. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2: Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman of the Board, President or Directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3: Notice of Special Meetings

Written notice of the time, place, and purpose of any special meeting of the Board of Directors shall be delivered to each Director either personally or by mail,

by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman of the Board, President or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting. If delivered personally, such notice shall be delivered at least two (2) days before the date set for the meeting.

SECTION 4: Quorum

A majority of the Board of Directors shall constitute a quorum, provided that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

SECTION 5: Board Chairman

The Board of Directors shall elect a Chairman and Vice Chairman. The Chairman, or the Vice Chairman in the Chairman's absence, shall preside over the meetings of the Membership and the meetings of the Board of Directors.

Article Vi
officers

**ARTICLE VI
OFFICERS**

SECTION 1: Officers

The officers of the Cooperative shall be a President, two (2) or more Vice Presidents, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer and such other officers as may be determined by the Board of Directors from time to time.

SECTION 2: Assignment of Duties

The officers shall have the right to assign and delegate certain of their administrative duties such as record keeping and execution of form documents, but the responsibility cannot be delegated.

SECTION 3: Election and Term of Office

The officers shall be elected by the Board of Directors at the meeting of the Board held immediately after the annual meeting of the members. If the election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have

qualified or for the duration provided for in a written employment agreement between the officer and the Board of Directors. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 4: Removal of Officers and Agents by the Board of Directors

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board or the members whenever, in its judgement, the best interests of the Cooperative will be served thereby, unless such officer or agent has an employment agreement, in which case such agreement shall govern. In addition any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by at least five hundred (500) members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence with respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board of Directors does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 5: President

The President shall:

- a. Be the principal executive officer of the Cooperative.
- b. Sign, with the Secretary, certificates of membership, the issuance of which shall have been authorized by the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c. In general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6: Vice President

In the absence of the President, or in the event of his inability or refusal to act or if there is no Executive Vice President, the Vice President, designated by the Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7: Secretary

The Secretary and the Assistant Secretary, in the Secretary's absence, shall be responsible for:

- a. Keeping the minutes of the meetings of the members and of the Board of Directors in books provided for that purpose;
- b. Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c. The safekeeping of the corporate books and records and the seal of the Cooperative, and affixing the seal of the Cooperative to all certificates of membership prior to the issuance thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d. Keeping a register of the names and post office addresses of all members;
- e. Signing, with the President, certificates of Membership, the issuance of which shall have been authorized by the Board of Directors or the membership;
- f. Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, furnishing a copy of the Bylaws to any member upon request; and furnishing a copy of any amendments to all members; and
- g. Performing all general duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8: Treasurer

The Treasurer and the Assistant Treasurer, in the Treasurer's absence, shall be responsible for:

- a. Custody of all funds and securities of the Cooperative;
- b. The receipt of and the issuance of receipts for all monies due and payable to the Cooperative, and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- c. The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 9: Executive Vice President

The Board of Directors may elect an Executive Vice President. The Executive Vice President shall perform all of the duties which may be assigned and the Executive Vice President shall exercise further authority as the Board of Directors may from time to time vest in him.

SECTION 10: Bonds of Officers

The Treasurer, Assistant Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board of Directors shall determine. The Board in its discretion may also require any other officer, agent, or employee of the

Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 11: Compensation

The powers, duties, and compensation of officers shall be fixed by the Board of Directors subject to the provisions of these Bylaws.

SECTION 12: Reports

The officers of the Cooperative shall submit at each annual meeting of the members 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.

**ARTICLE VII
NON-PROFIT OPERATION**

SECTION 1: Interest or Dividends on Capital Prohibited

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

**SECTION 2: Patronage Capital in
Connection with Furnishing Electric Energy**

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all accounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

- a. Used to offset any losses incurred during the current or any prior fiscal year; and
- b. To the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. As of April 20, 1983, the Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

SECTION 3: Forfeiture of Unclaimed Patronage Capital

If the patronage capital accruing to a member's or former member's account is sought to be retired by the Cooperative and said member or former member fails to claim such patronage capital for one (1) year from the date payment has been made available to him by notice or by check mailed to his last known billing address by first class mail, postage prepaid, the patronage capital shall become the sole property of the Cooperative. Such reversion of the patronage capital to

the Cooperative shall occur, however, after such one (1) year period only after the Cooperative has published notice in at least one (1) issue of Rural Living magazine entitled, "Notice of Names of Persons Failing to Claim Capital Credits of Rappahannock Electric Cooperative." The notice shall contain the following information:

- a. The names in alphabetical order and last known addresses of the members entitled to the patronage capital.
- b. The name and address of the Cooperative and the person or persons to whom inquiries should be made.
- c. A statement that if claim is not presented to the Cooperative by the member or other person legally entitled to said patronage capital within sixty (60) days of the date of said publication in Rural Living magazine, such patronage capital will become the sole property of the Cooperative.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, lease, or otherwise dispose of all or any substantial portion of its property unless such sale, lease, or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and on this vote no person may vote more than ten (10) proxies, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members thereof shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income there from, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative, provided further that the Board may upon the authorization of a majority of those members of the Cooperative, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative doing business in this State pursuant to the Act under which this Cooperative is incorporated.

SECTION 1: Cooperative Assets

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

- a. If the Board of Directors looks with favor upon any proposal for such sale, lease, lease-sale, exchange or other disposition, it shall first obtain an independent appraisal as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange or other disposition and as to any other terms and conditions which should be considered.

b. If the Board of Directors, after receiving such appraisal, determines that the proposal should be submitted for consideration by the members, it shall first give its cooperative wholesale power supplier and other distribution electric cooperatives with the same power supplier (which has not made such an offer for such sale, lease, lease-sale, exchange or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such other cooperatives, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the appraisal. Such other cooperatives shall be given not less than sixty (60) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be fixed and shall be stated in the written notice given to them giving due consideration to the time required for the Rural Utilities Services' (RUS) loan approval process.

c. If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the members, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof which meeting shall be held within sixty (60) days after the giving of such notice to the members: Provided, that consideration thereof by the members may be given at the next annual member meeting if the Board so determines and if such annual meeting is held within sixty (60) days after the giving of such notice.

d. Any one hundred (100) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

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

**ARTICLE IX
SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative,
Rappahannock Electric Cooperative.

**ARTICLE X
FINANCIAL TRANSACTIONS**

SECTION 1: Contracts

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2: Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by the Board of Directors.

SECTION 3: Deposits

All funds, except petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such financial institutions as the Board of Directors may select.

SECTION 4: Change in Rates

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

SECTION 5: Fiscal Year

The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

**ARTICLE XI
MISCELLANEOUS****SECTION 1: Membership in Other
Organizations**

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Directors purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of RUS, or any other corporation for the purpose of acquiring electric facilities, or for the purpose of buying or selling electric power and energy.

SECTION 2: Waiver of Notice

Any member, or member of the Board of Directors, may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the expressed purpose of objecting to the transaction of any

business on the ground that the meeting has not been lawfully called or convened.

SECTION 3: Policies, Rules and Regulations

The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4: Accounting System and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to the applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States of America. The Board of Directors shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

SECTION 5: Area Coverage

The Board of Directors shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who:

- a. Desire such service; and
- b. Meet all the reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6: Gender

As used in these Bylaws, reference to the male gender shall include the female.

ARTICLE XII AMENDMENTS

These Bylaws may be altered or amended by the affirmative vote of not less than two-thirds (2/3) of the members of the Board of Directors at any regular or special meeting, subject, however, to the right of the members to alter, amend, or repeal such Bylaws. Any proposed amendment to these Bylaws must be presented in writing ten (10) days prior to their consideration by the Board of Directors or if to be considered by the membership, the proposed bylaw amendment must be represented to the Secretary of the Cooperative one hundred (100) days prior to the annual or special meeting at which they are to be considered. (This will allow time for the amendment to be distributed to the membership in Rural Living magazine.) A copy of such amendment shall be sent to each member of the Cooperative within a reasonable time after such action has been taken. (This may be accomplished through the Rural Living magazine.)

CERTIFICATION OF SECRETARY

I, William C. Frazier, do certify that the above is a true and accurate copy of the Bylaws approved by the Board of Directors of Rappahannock Electric Cooperative, as of November 18, 1998.

William C. Frazier, Secretary

BYLAWS
AND
ARTICLES OF INCORPORATION

As amended at the 57th Annual Meeting of Members

March 9, 1999
Anaheim, California



**National Rural Electric
Cooperative Association**

A Touchstone Energy® Partner 

4301 Wilson Boulevard
Arlington, Virginia 22203-1860

BYLAWS
AND
ARTICLES OF INCORPORATION

BYLAWS

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BYLAWS
NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION
as amended at the 57th Annual Meeting
March 9, 1999
Anaheim, California

ARTICLE I
MEMBERS AND MEMBERSHIP

Section 1. Eligibility for Membership. Initial and continued eligibility for membership in the National Rural Electric Cooperative Association (hereinafter called the Association) shall be limited to the following:

a. *Voting Members.* All Voting Members must be entities whose operations are consistent with cooperative principles and the objectives of the Association.

- (1) *Distribution Members.* Electric distribution cooperatives or nonprofit associations, nonprofit corporations, public utility districts, and government corporations or authorities located in a state, territory, possession or commonwealth of the United States and engaged in furnishing electricity at retail to their consumers.
- (2) *Generation and Transmission Members.* Cooperatives or nonprofit associations, nonprofit corporations, and public utility districts located in a state, territory, possession or commonwealth of the

United States and engaged in the marketing, generation and/or transmission of wholesale bulk electricity for sale to others for the purpose of resale.

- (3) *Service Members.* Organizations not actually engaged in the marketing, generation, transmission or distribution of electricity, but whose members consist of generation, transmission or distribution cooperatives, or associations, nonprofit corporations or public utility districts, which are located in a state, territory, possession or commonwealth of the United States and engaged in such marketing, generation, transmission or distribution of electricity.

b. *Nonvoting Members.*

- (1) *Affiliate Members.* Entities, which are not eligible to be Voting Members, if the Board of Directors finds that the objectives of such an entity are consistent with the objectives of the Association.
- (2) *Associate Members.* Entities, which are not eligible to be Voting Members, whose membership the Chief Executive Officer finds will contribute to the objectives of the Association.

- (3) *International Members.* Electric distribution cooperatives or nonprofit associations, nonprofit corporations, public utility districts, and government corporations or authorities located in friendly countries outside the United States and engaged in furnishing electricity at retail to their consumers; cooperatives or nonprofit associations, nonprofit corporations, and public utility districts located in friendly countries outside the United States and engaged in the marketing, generation and/or transmission of wholesale bulk electricity for sale to others for the purpose of resale; and organizations not actually engaged in the marketing, generation, transmission or distribution of electricity, but whose members consist of generation, transmission, or distribution cooperatives, or associations, nonprofit corporations or public utility districts, which are located in friendly countries outside the United States and engaged in such marketing, generation, transmission or distribution of electricity.

c. *Assigning Existing Members to a Different Membership Type.* To reflect changes in a Member's structure, operations or activities, the Board of Directors may assign a Member to a more appropriate membership type. In such cases, the Member shall owe no initial membership fee for the new type but shall be liable for the annual dues of the new type of Membership.

Section 2. Membership Fees and Dues. The initial membership fees and annual membership dues shall be for each Member the amounts respectively hereinafter specified. The annual membership dues payable to NRECA, except for Members which pay minimum dues, shall be for each Member the amounts respectively hereinafter specified plus four percent (4%) of same. In addition, for any year during which NRECA contributes to its defined benefit employee retirement program, the dues of all NRECA Members shall be increased by a uniformly applied percentage calculated so that the resulting total additional dues revenue will equal that portion of the estimated annual retirement program contribution attributable to dues supported services; provided, however, that notwithstanding any other provision hereof, no Distribution Member (Article I, Section 1.a(1)) or Generation and Transmission Member (Article I, Section 1.a(2)) which pays more than minimum dues (\$750 and \$1,000 respectively), shall pay annual dues in excess of its dues for the immediately prior year plus ten percent (10%) of same.

- a. The initial membership fee for Distribution Members shall be \$10. The annual dues in dollars of such member systems shall be the greater of either \$750 or operating revenue of the member system less cost of power multiplied by .001273 (12.73 cents per \$100), plus the number of consumers served multiplied by .1831 (18.31 cents per consumer served), plus the number of megawatt hours sold multiplied by .01474 (\$14.74 per million kilowatt hours sold); provided, however, that when the annual dues of any member system so calculated shall exceed \$20,000, all of such amount in excess of \$20,000 for any one year shall be reduced by 50%.

- b. The initial membership fee for Generation and Transmission Members shall be \$10. The annual dues for each such organization shall be computed as follows: First, compute the greater of \$1,000 or the number of megawatt hours sold to rural electric systems multiplied by .0075 (\$7.50 per million kwh sold to rural electric systems), except that sales by one G&T to another G&T shall be excluded. Second, reduce any of this amount in excess of \$20,000 by 50%. Third, to the resultant amount, add fifteen percent (15%). Direct sales of kwh to rural electric systems by a generation type entity wholly owned by a Generation and Transmission Member shall be deemed to be sales by the parent G&T organization for purposes of this paragraph unless such subsidiary is itself a Member of the Association.
- c. Data required in the application of the formulae established in Paragraphs a and b of this section shall be obtained from the latest Annual Statistical Report published by the Rural Utilities Service (RUS Information Publication 201-1); and in the event that appropriate data are not included in the latest RUS Information Publication 201-1, the staff shall use such other data, based on the same period as the latest RUS Information Publication 201-1, as may be filed with or published by federal, state or municipal agencies, or by the National Rural Utilities Cooperative Finance Corporation or any other financing institution where financing might be obtained, or, when necessary, information shall be solicited directly from a member system and the member system shall provide the Association with the information solicited.

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- d. The initial membership fee for Service Members shall be \$10. The annual dues of such Members shall be \$1,000.
- e. The initial membership fee for International Members shall be \$10. The annual dues of such Members shall be \$100.
- f. The initial membership fee, if any, and the annual dues for all other Voting and Nonvoting Members shall be determined by the Board of Directors of the Association at the time each such membership is approved, and thereafter, the annual dues may be adjusted by the Board of Directors to assure that the dues revenue derived from each such Member is equitable considering the membership dues then being paid by other classes of members.
- g. If a Member does not have one or more of the components by which the annual dues are calculated and, therefore, the dues formula cannot be fully applied, then the annual dues for such Member shall be set by the Board of Directors.
- h. In the event the Board of Directors decides that a dues increase or decrease is required, notice of the increased or decreased dues requirement, including the National Multipliers necessary to accomplish the same, must be given to all Members not more than ninety (90) days nor less than thirty (30) days prior to the date fixed for the next annual meeting of Members. Any modification of dues shall be accomplished only upon the affirmative votes of two-thirds (2/3) of the qualified and acting voting

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- delegates in attendance at such annual meeting and voting on such amendments.
- i. In addition to the annual dues for Distribution Members and Generation and Transmission Members, each such Member, at the time of the payment of its initial annual dues, and thereafter annually when dues are paid, shall pay for one year's subscription to *RURAL ELECTRIFICATION* magazine for each manager, director, officer, attorney, and key staff, at an annual subscription rate determined by the NRECA Board of Directors. No duplicate subscription shall be required of any Member for any individual. In all events, such subscriptions shall be in addition to and not in lieu of all or any part of initiation fee or annual dues.
- j. Should facts arise which in the judgment of the Board do or may result in inequitable application of the Bylaw provisions fixing the dues of any Member or Members, the Board, of its own volition, or upon the request of a Member, may appoint such committee as it deems appropriate to investigate said facts and report back to the Board, and may also take such other action as the Board may deem appropriate. Upon conclusion of the investigation, the Board may by resolution correct such inequity if, in fact, same is found to exist.

Section 3. Admission to Membership.

Applicants for all types of membership, other than Associate Membership, shall apply to the Board of Directors and shall forward such application to the Secretary-Treasurer. Applicants for Associate Membership shall apply to the Chief Executive Officer.

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No cooperative, public utility district, corporation or association shall become a Distribution, Generation and Transmission, Service or International Member of the Association until its application has been approved by the NRECA President, Vice President and Secretary-Treasurer. Such approval may be given by mail or telephone ballot upon request of the NRECA President, and after the applicant has paid the membership fee, the dues and, for Distribution Members and Generation and Transmission Members, the subscription or subscriptions rate to *RURAL ELECTRIFICATION* magazine, and has agreed to be bound by these Bylaws and the Articles of Incorporation of the Association, and any amendments thereto.

The Secretary-Treasurer shall present each application to be an Affiliate Member to the Board of Directors for approval. The Board shall review each application and, in its sole discretion, may approve for membership those applicants that the Board finds to be eligible for membership. The Board shall notify an approved applicant of its approval for membership and, upon agreement by an approved applicant to be bound by these Bylaws and the Articles of Incorporation of the Association and any amendments thereto, and upon payment of the initial membership fee and the first year's annual dues, the approved applicant shall become an Affiliate Member of the Association.

The Chief Executive Officer shall review each application to be an Associate Member and, in his or her sole discretion, may approve for membership those applicants that he or she finds to be eligible for membership. The Chief Executive Officer shall notify an approved applicant of its approval for membership and, upon agreement by an approved applicant to be bound by these Bylaws and the Articles of Incorporation of the Association and any amendments thereto, and upon payment of the initial

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membership fee, if any, and the first year's annual dues, the approved applicant shall become an Associate Member of the Association.

Section 4. Non-Liability for Debts of the Association. The property of the Members of the Association shall be exempt from execution for the debts of the Association and no Member shall be liable or responsible for any debts or liabilities of the Association.

Section 5. Termination of Membership. Any Member may, by giving not less than six months' written notice of its intentions so to do, voluntarily withdraw from membership in the Association. The failure of any Member to pay its annual dues for a period of 90 days after same shall have become due and payable and statement for dues mailed to it, shall constitute the termination of the membership of said Member, provided the Association shall have mailed to such Member a notice of its delinquency and the date upon which the 90 days delinquency period shall expire, which notice shall be mailed at least 30 days prior to the expiration of said delinquency period.

Section 6. Transfer of Membership. Membership in the Association and certificates representing such membership shall not be transferable, except that, in case of a merger or consolidation of a Member with another corporation, membership may be vested in the successor corporation, provided that latter is eligible to membership.

Section 7. Expulsion and Removal of Members. The Membership of the Association may, by the affirmative vote of not less than two-thirds of the Members thereof, expel any Member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of

the Association or these Bylaws. Any Member so expelled shall have the right to be heard and may be reinstated as a Member by a vote of the Members at any annual or special meeting of the Members. The action of the Members with respect to any such reinstatement shall be final.

Section 8. Effect of Termination of Membership. Termination of membership in any manner shall, except as hereinafter in Article VIII hereof provided, operate as a release of all right, title, and interest of the Member in the property and assets of the Association; provided, however, that such termination of membership shall not release the Member from debts or liabilities of such Member to the Association.

Section 9. Location of Members. A Member is located in the jurisdiction where the member does business. A member doing business in more than one jurisdiction is located in the jurisdiction in which its principal office is located.

Provided, however, that upon the request of a Member, and with the approval of the NRECA Regions affected, the NRECA Board of Directors may approve a Member to be located in a different jurisdiction.

Section 10. Location of Individuals. An individual is located in the jurisdiction in which the Member system is located and the individual is a director. If the individual is not a director of a Member system, the individual is located in the jurisdiction in which the Member system is located and the individual is an employee. If the individual is not a director or an employee of a Member system, the individual is located in the jurisdiction in which the Member system is located and the individual is a member.

ARTICLE II MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the Members shall be held at any time between January 1 and June 30th as determined by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called by the President, by the Board of Directors, the Executive Committee, or upon a written request signed by at least ten percentum (10%) of all the Members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereafter provided. Special meetings of the Members may be held at any place specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and time of either the business session of a regular annual meeting or a special meeting and, in case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered not less than forty-five (45) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary or by the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, in a sealed envelope, addressed to the Member at its address as it appears on the records of the Association, with postage thereon prepaid. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action which may be taken by the Members at any such meeting.

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Section 4. Quorum. The presence of voting delegates of at least five percentum (5%) of the total number of the Voting Members of the Association shall constitute a quorum for the transaction of business at all business sessions of the Members. Any voting delegate before participating in the business session shall submit an instrument in writing executed by the President or Vice President and Secretary of the Member represented by him/her, certifying that he/she has been selected to represent such Member, or that he/she is the president of such Member, and authorized to cast the vote of such Member in accordance with the provisions of Section 5 of Article II of these Bylaws. In the event that less than a quorum as herein provided shall be present at any regular or special meeting, a majority of those present may adjourn the meeting from time to time without further notice.

Section 5. Voting. Each Voting Member shall be entitled to select either by vote of its membership or its Board of Directors one of its members, directors or employees to act as the voting delegate and one such person to act as the alternate of such Member at the meetings of the Association. Such voting delegate or alternate when so selected shall continue to be the voting delegate or alternate of such Member until he/she shall resign or the Member shall have selected a successor voting delegate or alternate and shall have notified the Association in writing by an instrument executed in the name of the Member through its legally authorized officers.

Each and every Voting Member classified and identified by Paragraphs a(1), a(2) and a(3) of Section 1 of Article I shall be entitled to one vote, and one vote only, upon each matter submitted to a vote during each regular or special, state, regional and national meeting of Members of the Association. In the event the voting delegate of a Member is absent, or is unable or refuses to act, the alternate designated

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by such Member shall act in his/her stead and shall cast the vote of such Member. However, if both the voting delegate and alternate of such Member shall fail to act, then the president of such Member may represent and cast the vote of such Member. No individual may represent more than one Member and proxy voting is prohibited in all meetings.

Section 6. Order of Business. The order of business at the annual meeting of the Members, and so far as possible at all other meetings of the Members, shall be essentially as follows:

1. Enrollment and determination of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or of the waiver or waivers of notice of the meeting, as the case may be.
3. Approval of minutes of previous meeting of the Members.
4. Reports of Officers, Directors and committees and action thereon.
5. Unfinished business.
6. New business.
7. Adjournment.

**ARTICLE III
DIRECTORS**

Section 1. Number and General Powers. The business and affairs of the Association shall be managed under the direction of a Board of Directors and an Executive Committee thereof which shall exercise all of the powers of the Association except such as are by law or by the Articles of Incorporation of the Association or by these Bylaws conferred upon or reserved to the Members.

Section 2. Regions Represented and Method of Nomination and Election. The United States, its territories and possessions shall be divided into ten (10) Regions as follows:

Region I: Maine, Vermont, New Hampshire, Massachusetts, New York, Connecticut, Rhode Island, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina and the District of Columbia.

Region II: South Carolina, Georgia, Florida, and all territories, possessions and commonwealths of the United States bordering upon or in the Atlantic Ocean.

Region III: Kentucky, Tennessee, Mississippi and Alabama.

Region IV: Michigan, Indiana, Ohio and West Virginia.

Region V: Wisconsin, Iowa and Illinois.

Region VI: North Dakota, South Dakota and Minnesota.

Region VII: Wyoming, Nebraska, Colorado and Kansas.

Region VIII: Oklahoma, Missouri, Arkansas and Louisiana.

Region IX: Washington, Montana, Idaho, Oregon, Nevada, California, Utah, Alaska, Hawaii, and all territories, possessions and commonwealths of the United States bordering upon or in the Pacific Ocean, except the Panama Canal Zone.

Region X: Arizona, New Mexico and Texas.

Section 3. Directors. Members located in each state in which are located one or more Member systems of the type defined and classified under Subsections (1) and (2) of Section 1.a of Article I shall elect one Director located in that state. The person elected to serve on the Board need only be located in the appropriate state and be a member, director, officer, or employee of a Member system located in that state which is in good standing with the Association.

Section 4. Election of Directors. The Members located in each state shall elect a qualified person located in that state to serve on the Board of Directors. The Chief Executive Officer, in consultation with the incumbent member of the Board of Directors in such state, shall ascertain the time, place and procedure for the holding of the election in that state. The Association shall, at least 40 days prior to the date of the election, send notice to each Member system located in that state of the time, place and procedure for the election. Each Member system located in that state is authorized to participate in this election. Provided, however, that if no Director has been elected by the time of the regional meeting prior to the organizational meeting of the Board of Directors, the Members present from such state shall recess to themselves and elect a Director located in such state. When the election has been accomplished by either method, the name and method of election of the person elected shall be certified in writing to the Secretary-Treasurer of the Association forthwith. In the event of challenge to or doubt

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of eligibility of such individual to be seated on the Board, the question shall be conclusively determined at the next meeting thereof. Each Director shall serve a two-year term beginning with the first organizational meeting of the new Board of Directors following his/her election and ending with the next subsequent organizational meeting of the Board.* Successive terms are permitted. Under any circumstances wherein the Director is unwilling or unable to serve, the Executive Committee person for that region, after consultation with members in that Director's state, shall appoint a Director located in such state to act for the period of such absence or vacancy.

Section 5. Regional Meetings. Each regional meeting shall be held not less than 45 days before the annual meeting. The method of participating in the regional meeting shall be decided by each Member cooperative. Each regional meeting shall be called and presided over by the Executive Committee person for the region, or in his/her absence by someone selected by the Members present. Each Member shall be notified of the time and place for this meeting not less than forty-five (45) days nor more than sixty (60) days in advance of said meeting.

Section 6. Quorum. A majority of the Board of Directors or of the Executive Committee respectively shall constitute a quorum for the transaction of business at any meeting; provided that if less than a majority are present at said meeting, a majority of those present may adjourn from time to time without further notice.

**Adopted with Proviso: This bylaw will be in effect for all directors taking office at the 2000 NRECA Annual Meeting.*

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Section 7. Manner of Acting. The action of the majority of Directors of the Board and of the Executive Committee at meetings at which a quorum is present shall be the act of the Board of Directors and the Executive Committee respectively.

Section 8. Committees. The Board of Directors, in addition to other powers and authorities granted to it by law and these Bylaws, is authorized to create such working committees as it may deem proper; to define the duties and prescribe the authority which such committees may exercise. The personnel of all such committees except any special committee authorized by the Board shall be elected at the regional meetings, and the term of office of all persons elected to such committees shall begin immediately upon the election of such person and shall continue until the next regional meeting. Committees will meet during the two days preceding the Association's annual meeting each year; provided that the Board of Directors or the Executive Committee is empowered to specify additional days during which said committees will meet. Nothing contained herein shall prevent the reelection of any committee member from year to year.

- a. Under any circumstances, wherein an individual is unwilling or unable to serve on any committee, to which he/she was elected at regional meetings, the Executive Committee person, after consulting with the Director from the state wherein the elected individual resided when elected, may fill the vacancy.
- b. In the event of a temporary or permanent vacancy on a Committee appointed by the President or Board of Directors, the President may fill such

vacancy either temporarily or for the remaining portion of the appointed term in his/her discretion.

Section 9. Telephone/Electronic Meetings. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any or all Directors, Officers, Executive Committee or any other duly appointed Committee of the Board may participate in meetings by means of a conference telephone or other electronic means of communication by which all persons participating in the meeting can hear each other and such participation shall constitute presence at such meeting.

**ARTICLE IV
OFFICERS**

Section 1. Number. The Officers of the Board of Directors shall be a President, Vice President and Secretary-Treasurer, and such other Officers as may be determined from time to time by the Board of Directors.

Said Officers are hereby empowered to act in emergency circumstances on behalf of the Board of Directors. Such emergency actions shall be exercised only with the approval of a majority vote of the Board Officers and actions taken by them shall be reported to the full Board of Directors and become a part of the minutes of the Association.

Section 2. Election and Term of Office. The Officers of the Board of Directors shall be elected by the new Board of Directors at its organizational meeting. The Officers of the Board of Directors must be members of the Board of Directors. Each Officer of the Board of Directors shall hold office until the next subsequent organizational meeting of the Board of Directors. Each Officer may serve a maximum of one two-year term in each office.*

Section 3. Removal. Any Officer of the Board of Directors may be removed by a two-thirds vote of the Members voting at a regular or special meeting. Any Officer of the Association may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

** Adopted with Proviso: This bylaw will be in effect for all officers elected at the 1999 NRECA Annual Meeting.*

Section 4. Vacancies. Except as otherwise provided in these Bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President

- a. shall be the principal executive officer of the Board of Directors and shall preside at all meetings of the Members and of the Board of Directors;
- b. shall sign with the Secretary certificates of membership, the issuance of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and executing thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other Officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and
- c. in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time; and
- d. shall be chairman of the Executive Committee.

Section 6. Vice President. In the absence of the President or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and, when so acting, shall have the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 7. Secretary-Treasurer. The Secretary-Treasurer shall:

- a. keep the minutes of the meetings of the Members, Board of Directors, and Executive Committee in one or more books provided for that purpose;
- b. see that all notices are duly given in accordance with these Bylaws or as required by law, including all notices of Officers and regional meetings required to be held by these Bylaws;
- c. be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all certificates of membership prior to the issuance thereof and to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws;
- d. keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member;
- e. sign, with the President, certificates of membership, the issuance of which shall have been authorized by resolution of the Board of Directors;
- f. have general charge of the books of the Association in which a record of the Members is kept;
- g. keep on file at all times a complete copy of the Bylaws of the Association containing all amendments thereto, which copy shall always be open to the inspection of any Member, and at the expense of the Association forward a copy of the Bylaws and of all amendments thereto to each Member;
- h. have charge and custody of and be responsible for all funds and securities of the Association;
- i. receive and give receipts for monies due and payable to the Association from any source

whatsoever, and deposit all such monies in the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

- j. in general perform all the duties incident to the office of the Secretary-Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. Chief Executive Officer and Other Officers of the Association. The Board of Directors may appoint such Officers of the Association as it deems necessary, including a Chief Executive Officer. The Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require of him/her and shall have such authority as the Board of Directors may from time to time vest in him/her.

Section 9. Bonds of Officers. The Board of Directors shall require the Secretary-Treasurer or any other Officer or employee of the Association charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board of Directors shall determine.

Section 10. Reports. The Officers of the Association shall submit at each annual meeting of the Members reports covering the business of the Association for the previous fiscal year and showing the condition of the Association at the close of such fiscal year.

**ARTICLE V
MEETINGS AND FUNCTIONS OF DIRECTORS
AND EXECUTIVE COMMITTEE**

Section 1. Meeting of the Board. A regular meeting of the Board of Directors shall be held within 90 days prior to or during or within 90 days after the Annual Meeting of the Members at a time and place chosen by majority vote of the Board. Written notice of each such meeting shall be given each member of the Board at least 10 days prior thereto by personal delivery or by first class mail at his or her last known address. There shall be one other regular meeting of such Board on call of the President or 20% of such Board. Newly elected members of the Board of Directors shall receive per diem only for the one day of the meeting during which he/she is qualified and seated on the Board and participates in the organizational meeting of the Board. After Directors have qualified and assumed their offices, they shall be paid per diem, travel and expenses by the national Association for attending all national and their own regional meetings subsequent to the meeting at which they qualified, including their final meeting before retirement. Executive Committee persons shall be paid per diem, travel and expenses by the national Association for attending all Executive Committee meetings. The amount and type of expenses to be so paid shall be as fixed from time to time by the Board of Directors. All Directors-elect shall be conclusively presumed to have qualified when they present themselves at the organizational meeting of the Board. Should any Director-elect be prevented from attending the organizational meeting of the Board, for good and sufficient cause, to be determined by the Board, he/she shall be conclusively presumed to have qualified at said organizational meeting if he/she shall file a certification with the President showing the cause of his/her non-attendance,

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and that he/she does accept the office to which he/she has been elected, and said certification is approved by the Board.

Section 2. Executive Committee. The Executive Committee shall consist of each Officer of the Board of Directors plus one Director from each region as they are now defined in Article III, Section 2 of these Bylaws, to be elected by the Directors from that region. The Executive Committee member from each region shall be elected at the organizational meeting of the Board of Directors at which the Officers of the Board of Directors are elected. The term of each Executive Committee person shall begin with his/her term as a Director and shall continue for a term concurrent with his/her term on the Board of Directors, and until his/her successor is elected and qualified. Under any circumstances wherein the Executive Committee person is unwilling or unable to serve, the President shall appoint one of the state Directors in such region to serve on the Executive Committee for the period of such absence or vacancy.

Section 3. Meetings of the Executive Committee. All meetings of the Executive Committee shall convene and meet at the call of the President or on call of a majority of the members of the Executive Committee. The person or persons calling meetings of the Executive Committee shall fix the time, place and purpose for holding same.

Section 4. Powers. The Executive Committee may act for and instead of the Board of Directors during the intervals between the meetings of the Board and subject to policies agreed upon by the Board.

Section 5. Records. The Executive Committee shall keep minutes of all its meetings and said minutes and reports of all its acts shall be open to be read by any Director

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during the Association's business hours. A copy of said minutes and reports is to be furnished each state Director not later than fifteen (15) days after the date of any meeting.

Section 6. Notice. Notice of the time, place and purpose of any special meeting of the Board or any meeting of the Executive Committee and of the mid-year meeting of the Board of Directors shall be given at least 10 days previous thereto, in writing, by first class mail to each member of said Board or Executive Committee at his/her last known address. After mailing such notice it shall be deemed to be delivered when deposited in the US Mail, properly addressed and with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in case a Director shall attend a meeting for the express purpose of objection to the transaction of any business because the meeting shall not have been lawfully called or convened.

**ARTICLE VI
CONTRACTS, CHECKS AND DEPOSITS**

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any Officer or Officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, and all notes or other evidence of indebtedness issued in the name of the Association shall be signed by such Officer or Officers, agent or agents, or employee or employees of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

**ARTICLE VII
WAIVER OF NOTICE**

Any Member, Director or Officer may waive, in writing, before or after the meeting, any notice of meetings required to be given by these Bylaws.

**ARTICLE VIII
ALLOCATION AND DISTRIBUTION
OF NET SAVINGS**

At the close of each fiscal year the net savings of the Association, if any, shall be allocated in the following order:

1. There shall be transferred to a reserve to be known as the "Accumulated Operating Margins" such amounts as the Board of Directors may determine, which fund may be used under the direction of the Board of Directors for any necessary or approved activity of the Association.
2. If, in the opinion of the Board of Directors, the balance of the reserve in the Accumulated Operating Margins account exceeds the continuing needs of the Association, the Board of Directors may specify an amount to be repaid to the Members of the Association in proportion to the amounts which each such Member has paid to the Association during the preceding fiscal year as annual dues.
3. Insolvent or uncollectible accounts receivable may be written off by the Board of Directors.

**ARTICLE IX
BORROWING MONEY**

The Board of Directors, without authorization by the Members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, or any bank or individual, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Association whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

**ARTICLE X
FISCAL YEAR**

The fiscal year of the Association shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

**ARTICLE XI
SEAL**

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association.

**ARTICLE XII
IRREGULARITIES IN NOTICE**

Irregularities in the giving of any notice or the holding of any meeting provided for in these Bylaws shall not invalidate any action taken at such meeting.

**ARTICLE XIII
AMENDMENTS**

The Committee on Resolutions is charged with the responsibility of the consideration, proposal and presentation of any Bylaw changes, amendment or alterations. These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the Members present and voting at any regular or special meeting provided that at such special meeting notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. After any alteration, amendment or repeal of these Bylaws has been adopted, all Members shall be notified of such action as soon as is conveniently possible.

**ARTICLE XIV
PARLIAMENTARY PROCEDURE**

The rules contained in the 9th edition of Robert's Rules of Order Newly Revised (1990) shall govern NRECA in all cases to which they are applicable and in which they are not inconsistent with these bylaws and any special rules of order NRECA may adopt.

**ARTICLES OF INCORPORATION
OF
NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION**

We the undersigned, five or more natural persons, of the age of 21 years or more, do hereby voluntarily associate ourselves together and form a nonprofit corporation under the District of Columbia Cooperative Association Act (June 19, 1940, 54 Stat., Chapt. 397, Section 47), and to that end duly adopt and acknowledge the following Articles of Incorporation:

ARTICLE I

The purposes of this Association shall be:

1. To engage in the compilation and dissemination of information with respect to rural electrification and the furnishing of other services to rural electric cooperatives and others in connection with the coordination, advancement and development of rural electrification in the United States of America, its Territories and Possessions, for the primary and mutual benefit of the patrons of the Association and their patrons, as ultimate consumers.

The powers of the Association shall be those set forth in the Act and shall be exercised by the Association's Board of Directors in accordance with the purpose and provisions of the Act, the Association's Articles and Bylaws and the decisions of its membership meetings and in pursuance of its purposes. The powers of the Association include the power to act as a registered agent for corporations.

NRECA Articles of Incorporation

ARTICLE II

The name of the Association shall be "National Rural Electric Cooperative Association."

ARTICLE III

The term of existence of the Association shall be perpetual.

ARTICLE IV

The principal office of the Association shall be located at 4301 Wilson Boulevard, in the County of Arlington, Virginia.

ARTICLE V

The names and addresses of the Incorporators of the Association are as follows:

William Jackman, 16 Court Street, Freehold, New Jersey
Steve C. Tate, Tate, Georgia
Will Hall Sullivan, Lafayette, Tennessee
Dolph H. Wolf, Portland, Michigan
E.J. Stoneman, Platteville, Wisconsin
Harry Edmunds, Cedar, Minnesota
J.C. Nichols, Cody, Wyoming
Thomas B. Fitzhugh, Pyramid Building, Little Rock, Arkansas
E.D.H. Farrow, Itasca, Texas
Raymond A. Walker, Fulton, Missouri

NRECA Articles of Incorporation

ARTICLE VI

The names and addresses of the directors who shall manage the affairs of the Association for the first year, unless sooner changed by the Members are as follows:

William Jackman, 16 Court Street, Freehold, New Jersey
Steve C. Tate, Tate, Georgia
Will Hall Sullivan, Lafayette, Tennessee
Dolph H. Wolf, Portland, Michigan
E.J. Stoneman, Platteville, Wisconsin
Harry Edmunds, Cedar, Minnesota
J.C. Nichols, Cody, Wyoming
Thomas B. Fitzhugh, Pyramid Building, Little Rock, Arkansas
E.D.H. Farrow, Itasca, Texas
Raymond A. Walker, Fulton, Missouri

ARTICLE VII

The Association is organized without shares and the number of memberships subscribed for is ten.

ARTICLE VIII

The property rights of Members in this Association shall be equal.

NRECA Articles of Incorporation

ARTICLE IX

In the event of the dissolution of this Association, its assets shall be distributed in the following manner and order:

1. By paying its debts and expenses.
2. By returning to the Members of the Association the par value of their membership certificates.
3. By distributing the surplus to all of the rural electric cooperatives that are Members of this Association at the time of such dissolution, on a pro rata basis in proportion to the payments made by each such member cooperative during the twelve months preceding the date of dissolution.

IN WITNESS WHEREOF the incorporators have hereunto signed their names this 19th day of March, 1942.

William Jackman
Steve C. Tate
Will Hall Sullivan
Dolph H. Wolf
E.J. Stoneman

Harry Edmunds
J.C. Nichols
Thomas B. Fitzhugh
E.D.H. Farrow
Raymond A. Walker

**Action Committee
For
Rural Electrification**

Articles and Bylaws

With Amendments Through March 1996

**ACTION COMMITTEE FOR RURAL ELECTRIFICATION
(ACRE) ARTICLES OF ASSOCIATION**

I. PURPOSE: The primary purpose of ACRE is to promote the interests of rural electrification by providing financial and other support for friends of rural electrification seeking election to public office, and to promote education programs designed to encourage individual participation in the political process and the exercise of the franchise. It is intended that ACRE, as a national committee will implement these purposes by coordinating its activities with organizations established in the several states for parallel purposes (cooperating state organizations). The Committee is non-partisan and composed of individuals who have voluntarily joined together for the above-mentioned purpose.

II. NAME OF THE ORGANIZATION: The name of the Organization shall be the Action Committee for Rural Electrification (ACRE).

III. TERM: The Organization shall begin business on November 11, 1966, and continue until terminated as hereinafter provided.

IV. LOCATION AND ADDRESS OF THE PRINCIPAL OFFICE: The principal office of the National ACRE Committee shall be at 4301 Wilson Boulevard, Arlington, Virginia 22203-1860.

V. FIRST YEAR OFFICERS: In the first year of existence the following group of individuals, voluntarily acting as the temporary Executive Committee of ACRE, chose as officers Mr. Paul Tidwell, Chairman; Mr. Clyde T. Ellis, Vice Chairman; Mr. T.W. Hunter, Secretary; Mr. Melvin Ouse, Treasurer; and Mr. Jerry Anderson, Assistant Treasurer. The temporary Executive Committee is as follows:

William A. Byers
Fruita, Colorado

Walter N. Cook
Johnson, Vermont

John M. George
Lewiston, Idaho

Walter Harrison
Millen, Georgia

Albert C. Huaffe
Leola, South Dakota

Harvey J. Klingelhofer
Mascoutah, Illinois

W.G. Newton
Lubbock, Texas

Elwyn E. Olmstead
Ludington, Michigan

Harden H. Shattuck
Bay St. Louis, Mississippi

Louis Strong
Blackwell, Oklahoma

VI. BOARD OF DIRECTORS: The management of the Organization shall be vested in a Board of Directors which shall have power to make all decisions except those reserved to the membership by these Articles or the ACRE Bylaws. The Board of Directors shall choose from its members an Executive Committee as provided in the Bylaws which shall be vested with all the powers of the Board of Directors during the interval between meetings of the Board. The Board shall choose by majority vote the officers of ACRE who may or may not be members of the Board of Directors.

The initial Board of Directors shall consist of the temporary Executive Committee as set out in Article V hereof, and shall serve until their successors are duly elected and qualify pursuant to the Bylaws.

VII. MEMBERSHIP ELIGIBILITY AND ANNUAL CONTRIBUTION: Membership in ACRE shall be open to all persons eligible under law.* Applications for membership are subject to approval by the Officers of ACRE or their designee. Regular membership shall require an annual contribution to ACRE of at least \$25. In addition to regular membership, the Board of Directors may from time to time establish other classes of membership, and the eligibility requirements therefor.

The ACRE membership year shall commence on September 1st and end on August 31st. The membership of persons who join ACRE after the beginning of the year will be effective throughout the remainder of that membership year. Contributions for renewal memberships are payable commencing during the first quarter of the membership year.

VIII. COMPLIANCE WITH LAWS: ACRE shall comply fully with all laws and regulations relating to its organization, and shall file all required reports.

IX. VOLUNTARY DISSOLUTION: The National ACRE Committee may be dissolved by the approval of two-thirds (2/3) of all its then active members at any regular or special meeting. Notice of any proposal by the Board of Directors to dissolve said Committee shall be given by the Chairman to all said members in accordance with the Bylaws. If said Committee shall be dissolved, the payment of all debts and liabilities shall be made and distribution of the remaining funds shall be made to each cooperating state organization existing at the time of such dissolution, in proportion to its per capita membership in the National ACRE Committee at the time of dissolution.

X. BYLAWS: The operations of ACRE shall be conducted in accordance with such Bylaws as shall from time to time be adopted by the affirmative vote of a majority of the ACRE Board of Directors.

XI. AMENDMENTS - NOTICE OF MEETINGS: These Articles may be amended at any regular or special meeting of ACRE members by the affirmative vote of a majority of the members of ACRE present and voting. Notice of such regular and special meetings shall be given as provided in the Bylaws.

**Federal law prohibits corporations from contributing to the campaigns of persons seeking election to the U.S. Senate or U.S. House of Representatives.*

IN WITNESS THEREOF, the parties have set their hands and seals the year and day first above written.

Executive Committee Members

**William A. Byers
Walter N. Cook
John M. George
Walter Harrison
Albert C. Hauffe**

**Harvey J. Klingelhoef
W. G. Newton
Elwyn E. Olmstead
Hardin H. Shattuck
Louis Strong**

**ACTION COMMITTEE FOR RURAL ELECTRIFICATION
(ACRE) BYLAWS**

I. BOARD OF DIRECTORS:

- A. One director shall be elected from each state having a minimum of ten (10) then-active ACRE members from that state; this election to be held annually prior to the NRECA Annual Meeting in accordance with such procedure as each such state shall determine. No person shall be elected to the ACRE Board of Directors who is not a member of ACRE.
- B. The Board of Directors shall hold its regular annual meeting at the time and place of the NRECA Annual Meeting. Special meetings of the ACRE Board may be called by the President or by a majority of the Board. Notice of the time, date, and place of all such regular and special meetings shall be mailed to each member of the Board at least ten (10) days prior to such meeting. A majority of the Board of Directors, or their proxy shall constitute a quorum for the transaction of business.

II. EXECUTIVE COMMITTEE:

- A. The Executive Committee of ACRE shall consist of one member elected in accordance with Article II, Section B hereof. In addition, any ACRE officer not so elected to the Executive Committee shall, by virtue of his office be a voting member of same. Membership of the ACRE Executive Committee shall also include the Chair of the Consumer Action Standing Committee.
- B. Each year at its regular annual meeting, the ACRE Board of Directors shall elect one of its members from each of the following ten (10) regions to the ACRE Executive Committee:

Region I: Vermont, Delaware, Maine, Maryland, New Jersey, New York, North Carolina, Virginia, New Hampshire, Connecticut, Rhode Island, Massachusetts, Pennsylvania; Region II: Florida, Georgia, South Carolina; Region III: Mississippi, Alabama, Kentucky, Tennessee; Region IV: Ohio, Indiana, Michigan, West Virginia; Region V: Wisconsin, Illinois, Iowa; Region VI: North Dakota, Minnesota, South Dakota; Region VII: Kansas, Colorado, Nebraska, Wyoming; Region VIII: Missouri, Arkansas, Louisiana, Oklahoma; Region IX: Utah, Alaska, California, Idaho, Montana, Nevada, Oregon, Washington, Hawaii; Region X: Texas, Arizona, New Mexico.

- C. The ACRE Executive Committee shall meet at the time and place of the summer meeting of the NRECA Board of Directors, and at other times at the call of the Chairman, a majority of the National Officers of ACRE, or a majority of the Executive Committee. Notice of the date, time and place of any meeting shall be given by the Chairman to all members of the Executive Committee at least ten (10) days prior thereto.

III. OFFICERS:

- A. Each year at its regular annual meeting, the ACRE Board of Directors shall choose a Chairman, Vice Chairman, Secretary-Treasurer, Assistant Treasurer, and such other officers as the Board deems appropriate. Such officers may or may not be members of the Board of Directors of ACRE.
- B. Each officer shall serve a term of one year from the date of his or her election and until his or her successor is elected and qualified.
1. The Chairman shall preside at all regular and special meetings of the membership, Board and Executive Committee.
 2. The Chairman shall have the authority, after conferring with the cooperating state organization, to appoint a replacement for the remainder of the elected term of any Director, Executive Committeeman, or other Officer, who, by reason of sickness, death, or resignation is unable to complete his or her term of office.
- C. The Vice Chairman shall assume the duties of the Chairman whenever the latter is absent or unable to serve, and shall perform such other duties as may be conferred upon him by these Bylaws or the ACRE Board.
- D. The Secretary-Treasurer, Assistant Treasurer and other officers shall perform all duties conferred upon them by the Chairman, or Vice Chairman, or the Board of Directors.

IV. COOPERATING STATE ORGANIZATIONS:

As used in these Bylaws and in the Articles of Association of ACRE, the term "cooperating state organization" means a state ACRE committee or any similar state organization established as an affiliate of ACRE by advocates of rural electrification in that state to solicit and accept contributions for ACRE, to evaluate requests for contributions to the campaigns of candidates for elective public office, and to engage in other similar and related activities. Each such cooperating state organization may delegate to a person of its choosing such of its responsibilities as it deems appropriate.

V. MEMBERSHIP MEETINGS:

- A.. The regular annual meeting of the membership of ACRE shall be held at the time and place of the NRECA Annual Meeting. Special Meetings of the ACRE membership may be called by a majority vote of the ACRE Board of Directors.
- B. The members of ACRE present at any regular or special meeting shall constitute a quorum for the transactions of business, except as otherwise provided in the Articles of Association.
- C. The chairman shall give reasonable notice to all ACRE members of the time and place of all membership meetings. Such notice may be by first class mail to the last known address of each member or by publication in a newspaper, magazine, newsletter, or other written communication generally circulated among the class of persons constituting the ACRE membership.

VI. WAIVER OF NOTICE:

Whenever it is required by these Bylaws or the ACRE Articles of Association that notice be given to any member or director of ACRE of any regular or special meeting of any kind for any purpose whatsoever, a waiver of such notice in writing signed before, during or after any such meeting by the person or persons entitled to such notice shall be equivalent to the giving of such notice. Any member or director of ACRE who attends a meeting shall be deemed to have had timely and proper notice of same.

VII. DIVISION OF CONTRIBUTIONS:

Annual membership contributions to ACRE shall after payment of operating expenses approved by the Board, be divided equally between the National ACRE Committee and the cooperating state organization of that state, if such organization exists, in which the contributing member resides; or shall be divided in such other manner as determined by the ACRE Board of Directors. If it chooses, the cooperating state organization may elect to leave its portion with the National ACRE Committee. All contributions in excess of the amount of the annual membership contributions, as well as monies collected at fund-raising events at NRECA Annual, Regional and other meetings, shall remain with the National ACRE Committee, or shall be divided pursuant to agreement by the participants.

VIII. SUPPORT OF CANDIDATES FOR NATIONAL OFFICE:

A. Contributions by ACRE to testimonial dinners, parties, fund-raising events, etc., may be made in accordance with Federal law and policies and procedures determined by the ACRE Board of Directors.

B. Contributions to individual candidates for the U.S. House of Representatives or U.S. Senate must have prior approval by the cooperating state organization or its designee in the state from which each such candidate seeks election. Any cooperating state organization may also recommend that the National ACRE organization support one or more candidates in the various elections for U.S. House of Representatives and U.S. Senate seats from that state.

The ACRE Board of Directors may designate a committee of ACRE officers or staff, which by majority vote and within policies and procedures established by the Board, will (1) evaluate requests for support received from candidates and recommend action on same to cooperating state organizations or their designees, and (2) act upon recommendations for support of candidates received from cooperating state organizations or their designees.

IX. THESE BYLAWS may be amended by majority vote of the Board of Directors. Any questions which under these Bylaws or under the Articles of Association of ACRE may be decided by the ACRE Board of Directors at any regular or special meeting, including the amendment of these Bylaws may be submitted to and decided by the members of the Board via a mail ballot.