

BARC Electric Cooperative

COOPERATIVE BYLAWS

AS AMENDED JANUARY 2013

ARTICLE I – DEFINITIONS

SECTION 1.1 - General Provisions. Unless the context requires otherwise, capitalized words (“Defined Terms”) shall have the meaning specified in the appropriate Bylaw section.

ARTICLE II - COOPERATIVE MEMBERSHIP

SECTION 2.1 - Membership Eligibility. Any natural person, firm, association, cooperative, corporation, limited liability company, business trust, partnership, limited liability partnership, state, state agency, or state political subdivision, subdivision, or other body politic (collectively, “Person”), that purchases any products, services or equipment related to energy, telecommunication, water or sewerage (collectively, “Utility Services”) from the Cooperative is eligible to become a Member.

No Person may hold more than one membership in the Cooperative. Except as otherwise provided in these Bylaws, no Cooperative membership, and no right or privilege associated with Cooperative membership, may be sold, purchased, assigned, or otherwise transferred.

SECTION 2.2 - Membership Procedure. Any Person seeking to become a Member (“Applicant”) must complete the following procedures (“Membership Procedures”):

1. Complete a written membership application provided by the Cooperative in which the Applicant agrees, in writing, to comply with and be bound by:
 - a. The Cooperative’s Articles of Incorporation (“Articles”);
 - b. These Bylaws;
 - c. All rules and regulations adopted by the Cooperative’s Board of Directors (“Directors”);
 - d. All policies and procedures of the Cooperative; and

e. The Cooperative's Terms and Conditions for Providing Electric Distribution Service (items (a) through (e) are collectively referred to as the "Governing Documents");

2. Purchase one or more Utility Services from the Cooperative;
3. Complete any additional or supplemental document or contract required by the Board for the Utility Service that the Applicant is seeking to use;
4. Pay the Cooperative any dues, assessment, fee, deposit, contribution, or other amount required by the Governing Documents of the Cooperative; and
5. Unless waived in writing by the Cooperative, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

SECTION 2.3 - Automatic Membership. Unless the Board determines otherwise as provided in these Bylaws, an Applicant automatically becomes a Member of the Cooperative ("Member") effective upon the later of the date the Applicant began using any Utility Service and the date the Applicant has completed the Membership Procedure to the Cooperative's satisfaction.

The Board may refuse any Applicant membership in the Cooperative for cause.

SECTION 2.4 - Member Classes. The Cooperative shall assign each Member to one of the following classes ("Member Classes"):

Class A Member: Any Member who in the 12 months preceding the month of the Annual Member Meeting purchases electric distribution services from the Cooperative and purchases, on a competitive basis, all of the electric energy used for any dwelling or structure owned, controlled or directly occupied by such Member solely from and through the Cooperative.

Class B Member: Any Member who in the 12 months preceding the month of the Annual Member Meeting purchases electric distribution services from the Cooperative and purchases any but not all of the electric energy used for any dwelling or structure owned, controlled, or directly occupied by such Member from the Cooperative.

Class C Member: Any Member who purchases any electric distribution services but no electric energy from the Cooperative.

In classifying Members:

1. No Member may be a member of more than one Member Class;

2. Based upon a Member's use of one or more Utility Services, the Cooperative shall designate the Member in descending order of priority as a Class A Member, Class B Member or Class C Member; and

3. Upon the Cooperative learning of, or upon a Member demonstrating to the Cooperative's reasonable satisfaction, a change in any Member's use of Utility Services, then, if applicable, within thirty (30) days, the Cooperative shall re-classify the Member.

Unless otherwise provided in these Bylaws, the term "Member" includes all Member Classes.

SECTION 2.5 - Joint Membership. As provided in this Bylaw, a husband and wife may apply for joint membership in the Cooperative ("Joint Membership").

A. Creating Joint Memberships. By jointly signing and executing a membership application, and by jointly completing the Membership Procedures, a husband and wife may apply for Joint Membership. By written request, and by jointly executing a new membership application, any Member may apply to convert the Member's individual membership to a Joint Membership with the Member's spouse.

B. Joint Member Rights and Obligations. Unless otherwise specified by these Bylaws, each natural person comprised by a Joint Membership ("Joint Member") has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, Membership includes any Joint Membership, and Member includes any Joint Member.

C. Effect of Joint Member Actions. For each Joint Membership:

1. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or waiver of notice for both Joint Members.

2. The presence of either Joint Member at any meeting:

a. Constitutes the presence of one Member at the meeting; and

b. Waives notice of the meeting for both Joint Members.

3. There shall be only one vote per Joint Membership on any matter. The action of either Joint Member shall be deemed to be the action of both in all Cooperative affairs. A member proxy appointment issued or revoked by either Joint Member shall be deemed issued or revoked by both and the date of the last issuance or revocation shall control.

4. Except upon the death of a Joint Member or divorce between Joint Members, the termination of either Joint Member constitutes termination of both Joint Members.

5. A Joint Member otherwise qualified is eligible to serve as a member of the Board ("Director"). If both Joint Members are otherwise qualified to serve as a Director, then either Joint Member, but not both Joint Members simultaneously, may be elected to serve as a Director.

D. Joint Membership Conversion and Termination. Upon a death or divorce of Joint Members:

1. If, in the case of death or divorce, one Joint Member continues to legally use, receive, or purchase a Utility Service at the same location, then the Joint Membership converts to a membership in the name of the Joint Member continuing to legally use, receive, or purchase a Utility Service at the same location;

2. If, in the case of divorce, both Joint Members continue to legally use, receive, or purchase a Utility Service at the same location, then the Joint Membership converts to a membership in the name of the Joint Member determined by the Cooperative; or

3. If, in the case of death or divorce, neither Joint Member continues to legally use, receive, or purchase a Utility Service at the same location, then the Joint Membership terminates.

SECTION 2.6 - Membership Fees. The membership fee shall be Five Dollars (\$5.00), upon the payment of which a Member shall be eligible to receive Utility Services from the Cooperative.

SECTION 2.7 - Provision of Utility Services. The Cooperative shall provide Utility Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of Utility Services. The Cooperative's responsibility and liability for providing Utility Services terminates upon delivery at the delivery point ("Delivery Point") of any Utility Service to a Member or other Person acting for a Member. Delivery Point is defined as: (1) for services of 400 amps or less, the line (top) side of the meter base, or (2) for services over 400 amps (i.e. those requiring CT metering), the secondary bushings of the transformer.

SECTION 2.8 - Purchase of Utility Services. As required by Law, each Member shall use at least one Utility Service provided by the Cooperative.

SECTION 2.9 -- Indemnification. Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Governing Documents.

SECTION 2.10 -- Member Termination. The Cooperative may terminate Members as provided in this Bylaw and allowed by Law.

- A. *Termination Reasons.* The Cooperative may terminate a Member if the Member:
1. Fails to timely pay any amounts due the Cooperative;
 2. Fails to timely comply with the Governing Documents;
 3. Ceases to use a minimum of one Utility Service;
 4. Dies, legally dissolves, or legally ceases to exist; or
 5. Voluntarily requests termination; or as otherwise provided in these Bylaws, or for other good cause determined by the Board.

Items 1—5 are referred to in these Bylaws as "Termination Reasons".

B. *Notice and Comment.* Unless otherwise provided in these Bylaws, following the occurrence of a Termination Reason, the Cooperative shall provide the Member at least fifteen days prior written notice of the Member's possible termination and the underlying Termination Reason; and any written termination notice provided by mail must be mailed first-class or certified mail to the Member's most current address shown on the Cooperative's records.

C. *Effect of Member Termination Upon Cooperative.* Upon a Member's termination, the Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease and the Cooperative may cease providing any or all Utility Service to the Member. The Cooperative retains the obligation to allocate Capital Credits and Affiliated Capital Credits for the period during which the Member purchased Utility Service.

D. *Effect of Member Termination Upon Member.* Other than the right to receive allocated Capital Credits and Affiliated Capital Credits when they are retired and refunded, a terminated Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a terminated Member forfeits and relinquishes any voting rights provided by these Bylaws. A terminated Member, however, remains subject to all obligations imposed by the Governing Documents. Termination of a Member does not release the former Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any membership fee or deposit paid by the Member.

E. Notwithstanding the foregoing, the Cooperative may suspend or terminate service to a Member in accordance with the Governing Documents, without first terminating such Member.

SECTION 2.11 - Member Liability. A Member's liability to third parties for the Cooperative's acts, debts, liabilities, or obligations is generally limited, by Law, to the

unpaid portion of such Member's membership fee, unpaid subscription to capital stock, and unpaid bills from the Cooperative. A Member, however, may become liable to the Cooperative as provided in these Bylaws or as otherwise agreed to by the Cooperative and Member.

ARTICLE III - MEMBER MEETINGS AND MEMBER VOTING

SECTION 3.1 - Annual Member Meeting. The ("Annual Member Meeting") shall be held during the month of July, August, September, October or November of each year at such place within a county served by the Cooperative, as selected by the Board 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 Annual Member Meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Member Meeting. Failure to hold the Annual Member Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. The provisions called for in these Bylaws relating to meetings of the membership ("Member Meetings") shall apply to the Annual Member Meeting.

SECTION 3.2 - Special Member Meetings. ("Special Member Meetings"), may be called by resolution of the Board or upon a written request signed by any three Board Members, by the President, 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 Member Meetings to be given as hereinafter provided. Special Member Meetings may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the Special Member Meeting. The provisions called for in these Bylaws relating to Member Meetings shall apply to Special Member Meetings.

SECTION 3.3 - Notice of Member Meetings. As directed by the President, Secretary, or any officer or Members properly calling a Member Meeting, the Cooperative shall provide written notice of the Member Meeting to all Members entitled to vote at the Member Meeting. Such written notice shall be provided at least ten but no more than sixty days prior to the Member Meeting, and shall indicate the date, time, and location of the Member Meeting. Written notice of a Member's Meeting to act on an amendment to the Articles, a plan of merger, or a proposed sale of assets other than in the course of regular business shall be provided at least twenty-five but no more than sixty days prior to the Member Meeting.

For any Special Member Meeting, written notice shall state and describe the purpose and matters to be considered or voted at the Special Member Meeting.

The failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

1. The Member Meeting is adjourned to another date occurring within sixty days following the date for the original Member Meeting; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment.

SECTION 3.4 - *Member Waiver of Notice.* A Member may waive notice of a Member Meeting, or waive notice of any matter to be voted on at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice ("Member Meeting Waiver of Notice") either prior to the Member Meeting, or within thirty days following the Member Meeting. Unless a Member objects to holding, or to transacting business at, a Member Meeting, a Member's attendance in person or by member proxy waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member's attendance in person or by member proxy waives the Member's objection to voting on the matter at the Member Meeting.

SECTION 3.5 - *Member Quorum.* A quorum of Members [either in person or represented by member proxy] is two and one-half (2 ½%) percent of the total membership ("Member Quorum").

If less than the Member Quorum are present at any Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting to a date no more than ninety days following the original Member Meeting.

SECTION 3.6 - *Member Voting.* Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Utility Services used, received, or purchased, each Member may cast one vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum exists; and
2. A majority of Members present in person [or represented by member proxy] entitled to vote on a matter, and voting on the matter, vote in favor of the matter.

At any Member Meeting, the individual presiding over the Member vote may require the Members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a written vote is required to determine the vote results, then the Members shall vote by written ballot ("Member Meeting Written Ballot").

Cumulative voting by Members is not allowed.

SECTION 3.7 - Proxies. At all Member Meetings, a Member may vote by proxy executed in writing by the Member. A Member may choose to assign their proxy to another Member of the Cooperative or, if no assignment is declared, the unassigned proxy shall be assigned to, and voted by, the Director representing the district from which the member submitting the unassigned proxy resides. No proxy shall be voted at any Member Meeting 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. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a Member at a Member Meeting shall revoke a proxy theretofore 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 Member Meeting shall revoke a proxy theretofore executed by either of them and such Joint Member or 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.

SECTION 3.8 - Member Meeting Order of Business. The Board shall determine the agenda and order of business for Member Meetings.

ARTICLE IV - BOARD OF DIRECTORS

SECTION 4.1 - Director Districts. The territory served or to be served by the Cooperative shall be divided into seven districts, each of which shall contain as nearly as possible the same number of Members. Each district ("Director District") shall be represented by one Director. Applicants for service will be notified of the name of their Director upon becoming a Member of the Cooperative. A map showing the boundaries of the seven districts shall be kept at the Cooperative Headquarters and available for inspection by Members during regular business hours. If changes are made in the district boundaries which will affect the system area represented by Directors, the Cooperative will inform the Members affected by the changes of the name of their Director.

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

Upon the retirement, resignation, removal or death of a Director, the Board shall review the composition of the several districts and, if it should find inequalities in representation, which could be corrected by a redelineation of districts, the Board shall reconstitute the districts so that each shall contain as nearly as possible the same number of Members.

SECTION 4.2 - Board. The Cooperative shall have a Board of Directors consisting of one natural person from each Director District (“Board”) elected by the Members located or residing and belonging to the Class entitled to elect a Director from such Director District and such at large Directors as the Board shall authorize. Except as otherwise provided by Law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board, or under the Board's authority; and

2. All Cooperative affairs must be managed under the Board's direction.

To the extent the Law, the Articles, or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 4.3 - Director Qualifications. Any Director or Director candidate must comply with this Section.

A. *Director Qualifications.* A Director or Director candidate must:

1. Be a natural person;

2. Have the capacity to enter into legally binding contracts;

3. Be a Member in good standing residing in the Director District from which the Director is elected or chosen or be a duly authorized officer, director or employee of a non-natural person Member located in the Director District from which the Director is being elected; and

4. If the Cooperative has any separate Director Districts for any Class, be a Member of such Class.

Items 1—4 collectively, "Membership Director Qualifications".

B. *Director Qualifications.*

1. While a Director, and during the one year immediately prior to becoming a Director, a Director or Director candidate must not be, nor have been:

a. A Close Relative of any existing Director, other than an existing Director who will cease being a Director within one year;

b. A Close Relative of an existing, non-Director Cooperative officer, employee, agent, or representative;

c. Employed by, materially affiliated with, or share a material financial interest with, any other Director; other than an existing Director who will cease being a Director within one year; or

d. Engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity other than an entity in which the Cooperative possessed an ownership interest (other than an entity in which the Cooperative possesses an ownership interest):

i. Directly and substantially competing with the Cooperative;

ii. Selling goods or services in substantial quantity to the Cooperative or to substantial number of Members; or

iii. Possessing a substantial conflict of interest with the Cooperative.

2. No current or former employee of the Cooperative shall be eligible to serve on the Cooperative's Board of Directors.

Items 1-2 collectively, "Conflict of Interest Director Qualifications".

C. *Continuing Director Qualifications.* Only natural persons complying with the Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve, or continue to serve, as a Director.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as determined by the Board, then the Board shall remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

SECTION 4.4 - Nominations. Not less than thirty days nor more than sixty days before any meeting at which Directors are to be elected, the Board shall call a separate meeting of the Members of each district in which the term of the Director serving such district is to expire ("District Meeting"), at a suitable place in each district for the purpose of selecting one person as a Director candidate to represent the Members located within such district. The notice of such meeting shall be delivered to each Member located in such district as provided in Section 3.3 of Article III and shall indicate the district to which such Member belongs. The notice shall state that nominations for a Director are to be made at the meeting. The meeting shall, however, be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, and recommendations with respect thereto may be submitted to the Board or the entire membership.

The District Meeting shall be called to order by the Director representing the District or by another designated representative of the Board, or in his absence, by any Member residing within the District. The Members shall then proceed to elect a chairman, who shall be someone other than a Director, and who shall appoint a secretary to act for the duration of the meeting. Fifteen Members residing in the district present in person at such duly called District Meeting shall constitute a quorum. Members of other districts present at the meeting may be heard but shall have no vote. Nominations for candidates for Director shall be made from the floor at the meeting, and any Member residing in the district shall have the right to nominate one candidate. The meeting shall remain open for nominations until no further nominations are forthcoming, but in no case less than five minutes. Candidates must be Members residing in the district and must possess the Director Qualifications specified in Section 4.3; A, B and C of Article IV of these Bylaws. In the event a quorum is not present for any one of the District Meetings provided for herein, the Director currently serving the district shall be declared the official nominee for the district.

Voting shall be by ballot and proxy voting shall not be permitted at any District Meeting. Each Member may vote for one candidate. The candidate receiving the highest number of votes shall be declared the official candidate of the district. The minutes of such District Meeting shall set forth, among other matters, the name of each person nominated at the District Meeting and the number of votes received by each, and shall specify the official candidate of the district. A certified copy of the minutes, signed by the secretary and the chairman of the District Meeting, shall be delivered to the Secretary of the Cooperative within five days after such District Meeting. In the event a quorum is not present at a District Meeting, there shall be no minutes taken. Instead, the Director currently serving the district shall prepare a statement to the effect that a meeting took place and a quorum was not present. Said statement shall be promptly provided to the Secretary.

SECTION 4.5 - *Director Elections.* Not less than seven days before an Annual Member Meeting or a Special Member Meeting at which Directors are to be elected, the Secretary of the Cooperative shall be responsible for mailing to each Member a list of the candidates selected at all District Meetings, the names to be arranged by districts. This list may be included with the notice of the meeting. At the meeting the Secretary of the Cooperative shall place in nomination the names of the official candidates of each district. Additional nominations for Director for a particular district may be made from the floor. Election of the Directors shall be by printed or mimeographed ballot. The ballots shall list the candidates selected at the District Meetings, the names to be arranged by districts. A candidate nominated from the floor of the meeting may be voted for by writing in the name of such candidate beneath the name of the official candidate of the particular district. Each Member of the Cooperative present at the meeting in person or by proxy shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected as Director.

SECTION 4.6 - *Director Terms.* A Director's term is three (3) years ("Director Term"). The Cooperative shall stagger Director Terms by dividing the total number of

authorized Directors into groups of approximately equal number and members will annually elect an approximately equal number of Directors.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected, or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 4.7 - Director Resignation. A Director may resign at any time by delivering written notice of resignation to the Board, President, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

SECTION 4.8 - Director Removal. Regarding any Director:

A. *Director Removal Petition.* As provided in these Bylaws, Members may request the removal of one (1) or more Directors for committing any grossly negligent, fraudulent, or criminal, act or omission significantly and adversely affecting the Cooperative ("Cause"). For each Director for whom removal is requested, Members shall deliver to the President or Secretary a dated written petition ("Director Removal Petition"):

1. Identifying the Director;
2. Explaining the basis for requesting the Director's removal and identifying the Cause underlying the removal request; and
3. As Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty days of the Director Removal Petition date, of at least ten percent (10%) of the Members entitled to elect the Director.

Within thirty (30) days following the President or Secretary receiving a Director Removal Petition, the Cooperative shall forward a copy of the Director Removal Petition to the implicated Director, and the Board shall meet to review the Director Removal Petition.

B. *Member Meeting.* If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty days following the Board's determination. Notice of the Member Meeting must state that:

1. A purpose of the Member Meeting is to consider removing a Director;

2. Evidence may be presented, and a Member vote taken, regarding removing the Director; and

3. Members may elect a successor Director.

C. *Director Removal.* No Director may be removed unless:

1. A Member Quorum entitled to vote for the Director exists at the Member Meeting;

2. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director; and

3. The Director has the opportunity to be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director.

Following the presentation and Member discussion, the Members entitled to vote for the Director must vote whether to remove the Director.

If a majority of Members entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director to succeed the removed Director without complying with the Director nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications.

Neither a Director Removal Petition or Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 4.9 - *Director Vacancy.* Unless otherwise provided in these Bylaws:

1. The Board shall, by majority vote, fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and

2. Any Director elected by the Board to fill any vacant Director position shall serve during the remaining unexpired Director Term of the vacant Director's position.

An individual elected to fill a vacant Director position must comply with the Director Qualifications. As used in this Bylaw, "vacant Director position" and "Director vacancy" do not include Director positions vacated due to an expired Director Term.

SECTION 4.10 - *Director Compensation.* As allowed by Law and the Articles, the Cooperative may reasonably reimburse, compensate, or provide benefits to, Directors. The

Board shall determine the manner and method of any reasonable Director reimbursement, compensation, or benefits.

SECTION 4.11 - Director Conduct.

A. *Director Standard of Conduct.* A Director shall discharge the Director's duties, including duties as a Board Committee member:

1. In good faith;
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. In a manner the Director reasonably believes to be in the Cooperative's best interests.

B. *Director Reliance on Others.* Unless a Director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:

1. One or more Cooperative officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
2. Legal counsel, public accountants, or other individuals regarding matters the Director reasonably believes are within the individual's professional or expert competence; and
3. If the Director reasonably believes a Board Committee of which the Director is not a member merits confidence, then the Board Committee regarding matters within the Board Committee's jurisdiction.

C. *Director Liability.* If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member, or any other individual or entity for action taken, or not taken, as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

SECTION 4.12 - Close Relative. As used in these Bylaws, the term "Close Relative" means an individual who:

1. Is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
2. Principally resides in the same residence.

Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

ARTICLE V - BOARD MEETINGS AND DIRECTOR VOTING

SECTION 5.1 - Regular Board Meetings. The Board shall regularly meet at the date, time, and location determined by the Board ("Regular Board Meeting"). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting.

All Directors are entitled to receive notice of a President's change in a Regular Board Meeting date, time, or location at least five days before the changed Regular Board Meeting.

SECTION 5.2 - Special Board Meeting. Special meetings of the Board may be called by the President or by any three Directors ("Special Board Meeting"), and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President of Board calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 5.3 - Conduct of Board Meetings. Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting may be:

1. Held in, or out of, any state in which the Cooperative provides any Utility Service; and
2. Conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then:

1. In descending priority, the following officers may preside at the Board Meeting: President, Vice-President, Secretary, Treasurer; and
2. If no officer is present or desires to preside over any Board Meeting, then the Directors attending the Board Meeting shall elect a Director to preside over the Board Meeting.

SECTION 5.4 - Waiver of Board Meeting Notice. At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice

signed by the Director and later filed with the Board Meeting minutes or the Cooperative's records. Unless a Director:

1. Upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and

2. Does not vote for, or assent to, an objected matter, then the Director's attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

SECTION 5.5 - Director Quorum and Voting. A quorum of Directors is a majority of the Directors in office immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors present is the act of the Board.

SECTION 5.6 - Committees. The Board may create committees of the Board ("Board Committees") and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two or more Directors, and serves at the Board's discretion. The Board may create committees of the Members ("Member Committees") and appoint Members, including Directors, to serve on the Member Committees.

SECTION 5.7 - Conflict of Interest Transaction. A conflict of interest transaction is a transaction with the Cooperative in which a Director has a direct or indirect interest ("Conflict of Interest Transaction").

A. *Indirect Interest.* A Director has an indirect interest in a Conflict of Interest Transaction if at least one party to the transaction is another entity:

1. In which the Director has a material interest or is a general partner; or
2. Of which the Director is a director, officer, or trustee.

B. *Approval of Conflict of Interest Transaction.* Regardless of the presence or vote of a Director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and any Board Quorum or Member Quorum satisfied, if the Conflict of Interest Transaction's material facts, and the Director's interest, are:

1. Disclosed or known to the Board or Board Committee, and a majority of more than one Director or Board Committee member with no interest in the Conflict of Interest Transaction votes to approve the Conflict of Interest Transaction; or

2. Disclosed or known to the Members, and a majority of votes cast by Members not voting under the control of a Director or entity interested in the Conflict of Interest Transaction approves the Conflict of Interest Transaction.

C. *Fair Conflict of Interest Transaction.* A Conflict of Interest Transaction that is fair when entered shall be neither:

1. Voidable; nor
2. The basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

ARTICLE VI - OFFICERS

SECTION 6.1 - *Number.* The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.2 - *Election and Term of Office.* The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the Annual Member Meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Member Meeting or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 6.3 - *Removal of Officers and Agents by the Board.* Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. 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 ten per centum of the Members or 300, whichever is the lesser, 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 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 in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next Member Meeting.

SECTION 6.4 - *President.* The President shall:

- A. Be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all Member Meetings and the Board Meetings;
- B. Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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 from time to time.

SECTION 6.5 - Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President 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.

SECTION 6.6 - Secretary. The Secretary shall be responsible for:

A. Keeping the minutes of Member Meetings and of Board Meetings 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 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 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 and of all amendments thereto to any Member upon request; and

F. In general performing 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.

SECTION 6.7 - 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 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.

SECTION 6.8 - *Manager.* The Board may appoint a manager who may be, but who shall not be required to be, a Member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 6.9 - *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 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 6.10 - *Indemnification.*

A. *Indemnification and Liability of Director or Officer.* 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:

1. He conducted himself in good faith; and
2. He believed:
 - a. In the case of conduct in his official corporate capacity, that it was in the best interests of the Cooperative; and
 - b. In all other cases, that his conduct was at least not opposed to the best interests of the Cooperative; and
 - c. In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; or
3. If it is determined that such liability is not a result of his willful violation of the criminal law.
4. 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.
5. 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.

6. The Board 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 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.

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

B. *Indemnification of Others.* The Board may, by majority vote of a quorum of disinterested Directors cause the Cooperative to indemnify or contract in advance to indemnify any person not specified in Subparagraph A of this Section 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 Cooperative's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, to the same extent as if such person were a Director or officer.

SECTION 6.11 - Insurance. Regardless of any indemnification authority or requirements, the Cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, officer, employee, agent or representative against any:

1. Liability, including judgment, settlement, or otherwise; or
2. Reasonable expenses, including reasonable attorney fees, asserted against, or incurred by, the individual in the individual's capacity, or arising from the individual's status, as a Cooperative Director, officer, employee, agent, or representative.

ARTICLE VII - COOPERATIVE OPERATION

SECTION 7.1 – Not-for-profit and Cooperative Operation. The Cooperative:

1. Must operate on a not-for-profit basis (but may have for-profit affiliates and subsidiaries); and
2. Must operate in accordance with cooperative principles for the mutual benefit of its Members.

SECTION 7.2 – Allocating and Crediting Capital.

A. *Patron.* A Cooperative Patron is any Member; or any Non-Member Person who:

1. Uses, receives, or purchases any service, product or commodity from the Cooperative ("Cooperative Service"); and
2. Receives an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits (collectively, "Patron").

B. *Capital Credits.* Patrons shall furnish, and the Cooperative shall receive, as capital ("Capital") all funds and amounts received by the Cooperative from Patrons for the Cooperative's provision of a Cooperative Service that exceed the Cooperative's costs and expenses of providing the Cooperative Service ("Operating Margins"). For each Cooperative Service, the Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service used, received, or purchased by each Patron during the applicable fiscal year ("Capital Credits"). Capital Credits must be treated as though the Cooperative paid the Capital Credit amounts to each Patron in cash pursuant to a legal obligation, and each Patron furnished the Cooperative Capital in the corresponding Capital Credit amounts.

C. *Affiliated Capital Credits.* The Cooperative may separately allocate and credit to Patrons capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative ("Affiliated Capital Credits"):

1. In proportion to the value or quantity of each service, supply, or product furnished by the organization that is used, received, or purchased by each Patron; and
2. If the Cooperative determines, and separately identifies, the Affiliated Capital Credits.

D. *Non-Operating Margins.* Funds and amounts, other than Operating Margins, received by the Cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be:

1. Allocated as Capital Credits to Patrons in the same manner as the Cooperative allocates Capital Credits to Patrons; or
2. Used by the Cooperative as permanent, non-allocated capital.

E. *Assignment and Notification.* Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a Patron:

1. Delivering a written assignment to the Cooperative; and
2. Complying with any other requirements reasonably determined by the Board.

The Cooperative shall annually notify each Patron of the dollar amount of Capital Credits or Affiliated Capital Credits allocated or credited to the Patron during the applicable fiscal year.

F. *Joint Memberships.* Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration, all Capital Credits and Affiliated Capital Credits shall be allocated as follows:

For any Joint Membership:

1. Terminated or converted through the death of one Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership; and
2. Otherwise terminated or converted, and unless otherwise instructed by a judicial or administrative authority of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each Joint Member one-half (1/2) of the Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership.

SECTION 7.3 - Retiring and Refunding Capital Credits.

A. *Generally.* At any time prior to the Cooperative's dissolution or liquidation:

1. The Board may authorize the Cooperative to wholly or partially retire and refund Capital Credits to Patrons and former Patrons; or
2. After an organization furnishing services, supplies, or products to the Cooperative retires and refunds capital to the Cooperative, the Board may authorize the Cooperative to retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons.

The Board shall determine the manner and method of retiring and refunding Capital Credits and Affiliated Capital Credits.

B. *Estate Retirements.* Upon the death of any Patron who is a natural person, the Board, at its discretion, shall have the power to retire and refund all or a portion of the decedent's Capital Credits, and/or discount the decedent's Capital Credits, prior to the time such patronage would otherwise be retired and refunded, if the legal representative of the decedent's estate requests in writing such retirement and refund (an "Estate Retirement").

Any such Estate Retirement shall be based upon policies and procedures established by the Cooperative, provided, however, that:

1. The financial condition of the Cooperative will not be impaired thereby;
2. Any such payments shall not violate any contractual obligations of the Cooperative;
3. No single Estate Retirement shall exceed the amount of Ten Thousand Dollars (\$10,000.00); and
4. A waiting period of One Hundred and Twenty (120) days shall apply to any request for an Estate Retirement.

To secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest, and late payment fee, determined by the Board, the Cooperative has a security interest in the Capital Credits and Affiliated Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest, and late payment fee, determined by the Board.

SECTION 7.4 – *Donation of Unclaimed Patronage Capital.* Notwithstanding any other provisions of the Bylaws, if any Patron or former Patron fails to claim any cash retirement of Capital Credits, Affiliated Capital Credits, or other payment from the Cooperative within one (1) year after payment of the same has been made available to him/her by notice or check mailed to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an assignment and gift to the Cooperative by such Patron of such Capital Credit, Affiliated Capital Credit, or other payment from the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such Patron or former Patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of one (1) year from the date when such payment was made available to such Patron or former Patron without claim therefore and only after further expiration of one hundred twenty (120) days following the giving of a notice by publication that unless such payment is claimed within said one hundred twenty (120) day period, such gift to the Cooperative shall become effective. The notice to such Patron or former Patron, shall be by publication in a newspaper circulated in the service area of the Cooperative, which may be the statewide newsletter. The one hundred twenty (120) day period following the giving of such notice shall be deemed to terminate one hundred twenty (120) days after the mailing of such notice or one hundred twenty (120) days following the last date of publication thereof, whichever is later.

SECTION 7.5 - *Non-Member Patrons and Non-Member Non-Patrons.* As a condition of using, receiving, or purchasing any Cooperative Service, and unless otherwise determined by the Board:

1. To the same extent as Members, Patrons who are not Members ("Non-Member Patrons") and Persons using, receiving, or purchasing any Cooperative Service who are neither Members nor Patrons ("Non-Member Non-Patrons") shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon Members;

2. To the same extent as Members, Non-Member Patrons shall have the rights to:

a. Be allocated Capital Credits and Affiliated Capital Credits; and

b. Receive retired and refunded Capital Credits and Affiliated Capital Credits, but shall have none of the other rights granted by the Governing Documents to Members; and

3. Non-Member Non-Patrons shall have none of the rights granted by the Governing Documents to Members or Non-Member Patrons.

SECTION 7.6 - *Reasonable Reserves.* Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws, however, the Cooperative shall allocate and credit Reasonable Reserves as Capital Credits.

ARTICLE VIII - DISPOSITION OF COOPERATIVE PROPERTY

SECTION 8.1 - *Power to Dispose of Cooperative Property.* The Cooperative may not sell, lease or dispose of all or substantially all of its property (other than property which, in the judgment of the Board, is neither necessary nor useful in operation and maintaining the Cooperative's system and which in any one year shall not exceed fifty percent (50%) in value of the value of all the property of the Cooperative, or merchandise), unless authorized so to do by the vote of at least two-thirds majority of the Members in attendance by person or proxy at a Member Meeting.

Notwithstanding the foregoing, the Cooperative may:

1. Mortgage, finance (including, without limitation, pursuant to a sale and leaseback or lease and leaseback transaction), or otherwise encumber its assets by a vote of at least two-thirds of the Board;

2. Sell or transfer its assets to another cooperative upon the vote of at least a two-thirds majority of the Members in attendance by person or proxy at any Regular or

Special Member Meeting if the notice of such meeting contains a copy of the terms of the proposed sale or transfer;

3. Sell or transfer distribution system facilities to a city or town at any time following the annexation of additional territory pursuant to Law by a vote of at least two-thirds of the Board;

4. Sell, lease or dispose of its property pursuant to a plan for functional separation of utility functions that has been approved by any relevant regulatory authority and at least two-thirds of the Board; or

5. Acquire another cooperative, or acquire the assets and/or debts of another cooperative, or acquire another utility's electric distribution facilities, upon the vote of at least a majority of the Board of Directors in attendance at any Regular or Special Board Meeting, if the notice of such meeting contains a copy of the terms of the proposed acquisition.

ARTICLE IX – MISCELLANEOUS

SECTION 9.1 - *Bylaw Amendments.* Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed ("Amended") by the affirmative vote of a Two-thirds of Members present at a Member Meeting or two-thirds of the Board.

A. *Sponsorship of Bylaw Amendments.* As determined by the Board, the Board or Members may sponsor or propose Bylaw Amendments. Unless sponsored or proposed by the Board, and unless otherwise determined by the Board, to be considered at a Member Meeting, any proposed Bylaw Amendment must be:

1. Sponsored by, and accompanied by a dated petition containing the printed name, address, and signature of the sponsor;

2. Delivered to, and received by, the Cooperative at least one hundred (100) days prior to the Member Meeting at which the Members will consider the proposed Bylaw Amendment;

3. After review by the Board, determined lawful and approved by the Board; and

4. Not altered or modified after delivery to the Cooperative.

B. *Notice of Bylaw Amendment.* Notice of any Member Meeting or Board Meeting at which Members or the Board will consider a proposed Bylaw Amendment must:

1. State that the purpose, or one of the purposes, of the Member Meeting or Board Meeting is to consider the proposed Bylaw Amendment, and

2. Contain, or be accompanied by, a copy or summary of the proposed Bylaw Amendment.

C. *Amended Bylaws.* Upon the Bylaws being Amended by the Board or by the Members of the Cooperative, a copy of the Bylaw sections Amended shall be mailed to each Member of the Cooperative.

SECTION 9.2 - Rules of Order. Unless the Board determines otherwise, and to the extent consistent with Law, the Articles, and these Bylaws, all:

1. Member Meetings;
2. Board Meetings;
3. Member Committee Meetings; and
4. Board Committee Meetings are governed by the latest edition of *Robert's Rules of Order*.

SECTION 9.3 - Fiscal Year. The Board shall determine, and may modify, the Cooperative's fiscal year.

SECTION 9.4 - Notice. In these Bylaws:

A. *Notice Type.* Unless otherwise provided in these Bylaws, notice may be:

1. Oral or written; and
2. Communicated:
 - a. In person;
 - b. By telephone, telegraph, teletype, facsimile, electronic communication, or other form of wire or wireless communication;
 - c. By mail or private carrier,
 - d. In "Cooperative Living"; or
 - e. If the above-listed forms of communicating notice are impractical, then by:
 - i. A newspaper of general circulation in the area where published; or

ii. Radio, television, or other form of public broadcast communication.

If addressed, or delivered, to an address shown in the Cooperative's records, then a written notice or report delivered as part of a newsletter, magazine, or other publication regularly sent to Members constitutes a written notice or report to all Members:

1. Residing at the address; or
2. Having the same address shown in the Cooperative's records.

B. *Notice Effective Date.* If communicated in a comprehensible manner, then unless otherwise provided in these Bylaws:

1. Oral notice is effective when communicated; and
2. Written notice is effective upon the earliest of:
 - a. When received;
 - b. With the postmark evidencing deposit in the United States Mail, if correctly addressed and:
 - i. Mailed with first class postage affixed; or
 - ii. Mailed with other than first class, registered, or certified postage affixed, then thirty (30) days after deposit in the United States Mail; or
 - c. If sent by registered or certified mail, return receipt requested, and if the return receipt is signed by, or on behalf of, the addressee, then on the date indicated on the return receipt.

Written notice is correctly addressed to a Member if addressed to the Member's address shown in the membership list.

SECTION 9.5 - *Governing Law.* These Bylaws must be governed by, and interpreted under, the laws of the Commonwealth of Virginia.

SECTION 9.6 - *Titles and Headings.* All titles and headings of Bylaw articles, sections, and sub-sections are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 9.7 - *Partial Invalidity.* When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and

authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

SECTION 9.8 - Cumulative Remedies. The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9.9 - Successors and Assigns. To the extent allowed by Law:

1. The duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and

2. The rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

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

SECTION 9.10 - Waiver. The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 9.11 - Lack of Notice. To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

SECTION 9.12 - Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 9.13 - Deposits. All funds except petty cash of the Cooperative should be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 9-14. - Policies, Rules and Regulations. The Board 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 9.15 - Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board 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 Member Meeting.

SECTION 9.16 - 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.

SECTION 9.17- Membership in Other Organizations. The Cooperative may become a member of or purchase stock in any other organization.

SECTION 9.18- Subsidiaries. BARC Electric Cooperative may establish a wholly-owned subsidiary. The purpose for which the subsidiary is formed is to transact any and all lawful business permitted under Virginia Law, including but not limited to business ventures and operations as the Cooperative shall deem fit, and such other business not required to be specifically stated in these Bylaws.

SECTION 9.19- Subscription to "Cooperative Living". Subscription to "Cooperative Living" or its equivalent successor: For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board shall be authorized, on behalf of and for circulation to the Members periodically, to subscribe to a newsletter entitled "Cooperative Living" or its successor. The annual subscription therefor, which shall not be less than One Dollar (\$1.00) nor more than Ten Dollars (\$10.00), shall be deducted from any funds accruing in favor of such Members so as to reduce such funds in the same manner as would any other expense of the Cooperative.
