

Bylaws

Of



Community Electric  
Cooperative

Windsor, Virginia



Approved by the Board  
April 15, 2021

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# BYLAWS

## COMMUNITY ELECTRIC COOPERATIVE

### 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 (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, except as provided by these bylaws.

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

1. Complete a written membership application (including electronic membership document(s) as may be authorized by the Cooperative) provided by the Cooperative in which the Applicant agrees to comply with and be bound by (a) the Cooperative’s Articles of Incorporation (“Articles”), (b) these Bylaws and (c) any rules and regulations adopted by the Cooperative’s Board of Directors (“Directors”) (items a, b and c 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 or 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 - Member Classes.** The Cooperative shall assign each Member to one of the following classes (“Member Classes”):

**Distribution and Power Supply Class Member:** Any Member who purchases one or more electric distribution services from facilities owned, operated, and maintained by the Cooperative and the associated power supply requirements.

**Distribution Class Member:** Any Member who purchases one or more electric distribution services from facilities owned, operated, and maintained by the Cooperative.

**Contract Service Class Member:** Any Member who purchases operational and/or maintenance services under an ongoing contract from the Cooperative for facilities owned or leased by the Member.

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 as they appear above as a Distribution and Power Supply Class Member, Distribution Class Member or Contract Service Class 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 reclassify the Member.

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

**SECTION 2.4 - Joint Membership.** As provided in this Bylaw, two people who are Close Relatives 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, two people who are Close Relatives and seeking Utility Services at the same address may apply for Joint Membership. By written request (including electronic membership document(s) as may be authorized by the Cooperative), and by jointly executing a new membership application, any Member may apply to convert the Member’s individual membership to a Joint Membership with a Close Relative.
- B. **Joint Member Rights and Obligations.** Unless otherwise specified by these Bylaws, each natural person comprising 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;
    - 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; and
  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, 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 2.5 - Membership Fees.** The membership fee shall be \$5.00, payment of which shall make the Member eligible for one (1) service connection. An additional fee of \$5.00 shall be paid for each additional service connection requested by a Member.

**SECTION 2.6 - 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 of any Utility Service to a Member or other Person acting for a Member.

**SECTION 2.7 - Purchase of Utility Services.** As required by Law, each Member shall use at least one Utility Service provided by the Cooperative.

**SECTION 2.8 - 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 2.9 - 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. For six (6) consecutive months, fails 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 shall 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.* 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. The Membership Certificate, if any, of such terminated Member shall be immediately surrendered to the Cooperative.

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

**SECTION 2.10 - Member Liability.** 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 - Member Meetings and Member Voting**

**SECTION 3.1 - Annual Member Meetings.** The Cooperative shall annually hold a meeting of Members ("Annual Member Meeting"). The Board shall determine the date, time, and location of the Annual Member Meeting.

At the Annual Member Meeting, the Chairman and Treasurer shall provide a written report, or oral presentation, regarding the Cooperative's activities and financial condition. The Cooperative's failure to hold an Annual Member Meeting does not affect any action taken by the Cooperative.

**SECTION 3.2 - Special Member Meetings.** The Cooperative shall hold a special meeting of Members at a date, time, and location, each selected by the Board in its discretion, ("Special Member Meeting") upon receipt by the Cooperative of a written request from a majority of the Directors; or at least ten percent (10%) of the Cooperative's total current Members ("Total Membership") requesting, and describing the purpose of, a special meeting of Members ("Member Demand").

**SECTION 3.3 - Notice of Member Meetings.** As directed by the Chairman, Secretary, or any Officer or Member 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.

**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 (including electronic) 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 (2½%) 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 without further notice or 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 shall 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, electronic, or other method of vote is required to determine the vote results, then the Members shall vote by such method ("Member Meeting Written Ballot").

Cumulative voting by Members is not allowed.

**SECTION 3.7 - Proxy.** A Member may vote by proxy executed in writing (including electronically as may be permitted by the Cooperative) by the Member. Such proxy shall be filed with the Secretary-Treasurer before or at the time of the meeting. A Member may give his proxy only to another Member or to his or her spouse or the Proxy Committee as duly appointed by the Board of Directors. The Board of Directors shall annually at its July meeting appoint a Proxy Committee of three (3) Members, any of whom present at regular or special meeting shall have authority to act as proxy for those Members giving a proxy to the Proxy Committee appointed by the Board of Directors. The Proxy Committee shall serve until such time as a new committee is appointed by the Board of Directors. When voting on the sale or disposal of more than twenty percent (20%) of the assets of the Cooperative, no Member may vote more than three (3) proxies and no proxy so voted 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, for the duration of that meeting, 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.

**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 - Board.** The Cooperative shall have a Board consisting of nine natural persons elected by the Members entitled to elect a director 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 shall be exercised by the Board, or under the Board's authority; and
2. All Cooperative affairs shall 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 4.2 - Director Qualifications.** Any Director or Director candidate shall comply with this Section.

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

1. Be a natural person of the age of majority;
2. Be a member and bona fide resident in the area served or to be served by the Cooperative;

Items 1—2 collectively, "Membership Director Qualifications."

B. *Conflict of Interest Director Qualifications.* A Director or Director candidate shall not be, nor have been:

1. A Close Relative of any existing Director;
2. An existing, or a Close Relative of an existing, non-Director Cooperative Officer, employee, former employee, agent, or representative;
3. Employed by, materially affiliated with, or share a material financial interest with, any other Director; or
4. 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:
  - a. Directly and substantially competing with the Cooperative;
  - b. Selling goods or services in substantial quantity to the Cooperative; or
  - c. Possessing a substantial conflict of interest with the Cooperative as defined by Section 2.2-3100 of the Code of Virginia of 1950 as amended.

Items a—c 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 4.3 - Director Nominations.** Director candidates shall be nominated as follows:

A. *Nominating Committee Nominations.* The Board shall appoint a Nominating Committee consisting of not less than five (5) nor more than eleven (11) Members ("Nominating Committee"). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Director, Officer, employee, agent, representative, or known Director candidate.

At least thirty days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

1. Keeping in mind the principal of equitable representation, nominate at least one individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting ("Nominating Committee Nominations"); and
2. Post the Nominating Committee Nominations at the Cooperative's principal office.

The Cooperative may reasonably compensate or reimburse Nominating Committee members as determined by the Board.

B. *Member Petition Nominations.* Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting ("Member Petition Nominations"). Members may make Member Petition Nominations by delivering to the Secretary at least sixty (60) business days prior to the Member Meeting a Member Petition in writing for each Member Petition Nomination ("Member Petition"):

1. Listing the name of the Member Petition Nominee;
2. Containing the printed names, addresses, telephone numbers, and original signatures, of at least one percent (1%) of the Total Membership as of the date of submission of such Member Petition.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

B. *Notice of Director Nominations.* At least ten days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

1. Director positions for which Members are scheduled to vote;
2. Names of all Nominating Committee Nominations; and
3. Names of all Member Petition Nominations.

**SECTION 4.4 - Director Elections.** At the Annual Member Meeting, Members shall annually elect Directors for new Director positions or for Director positions for which the incumbent Director's Director Term is expiring.

**SECTION 4.5 - Director Terms.** A Director's term is three 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.

**SECTION 4.6 - Director Resignation.** A Director may resign at any time by delivering written notice of resignation to the Board Chairman or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, Chairman, 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 4.7 - Director Removal:**

A. *Director Removal Petition.* As provided in this Bylaw, 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 Chairman 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 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 shall 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 shall be presented supporting the basis for removing the Director;
3. The Director has the opportunity to be represented by legal counsel, and shall 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 shall 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 shall 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 4.8 - 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 the remaining term of the Director position.

An individual elected to fill a vacant Director position shall 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 4.9 - 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 4.10 - 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 Chairman may change the date, time, or location of any Regular Board Meeting.

All Directors are entitled to receive notice of a Chairman'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 Meetings.** The Chairman, or a majority of the Directors may call a special meeting of the Board ("Special Board Meeting") by providing each Director at least five days' prior written (including electronic) notice indicating the date, time, and location and purpose of the Special Board Meeting.

**SECTION 5.3 - Waiver of Board Meeting Notice.** At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written (including electronic) 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 5.4 - 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.

Directors may participate in any Board meeting in person or by other telephonic, electronic, or virtual means as authorized by the Board.

**SECTION 5.5 - Committees.** The Board may create committees of the Board ("Board Committees") and the Chairman may appoint Directors to serve on the Board Committees. Each Board Committee shall 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.

A. *Creation and Appointment of Committees.* Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office shall approve the:

1. Creation of any Board Committee or Member Committee; and
2. Appointment of Members to any Member Committee.

**SECTION 5.6 - Board Executive Committee.** Unless otherwise determined by the Board:

1. A Board executive committee comprises the Chairman, Vice Chairman, Secretary-Treasurer, and Assistant Secretary-Treasurer ("Board Executive Committee"); and
2. Except as prohibited by Law, the Articles, or these Bylaws, the Board Executive Committee may exercise Board authority regarding a matter.

The Board Executive Committee:

1. Is a Board Committee;
2. May exercise all Board authority granted by the Board and permitted by Law, the Articles, and these Bylaws; and
3. At the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee's exercise of Board authority.

#### **Article VI - Officers**

**SECTION 6.1 - Required Officers.** The Cooperative shall have the following officers: Chairman, Vice Chairman, Secretary-Treasurer, and Assistant Secretary-Treasurer ("Required Officers"). The Board shall elect Required Officers:

1. At the first Regular Board Meeting following the Director elections at each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. By affirmative vote of a majority of Directors in office; and
3. By secret ballot without prior nomination.

Only Directors may be elected, and serve, as a Required Officer. Unless allowed by Law, a Director may not execute, acknowledge, or verify any document in more than one capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer's successor is duly elected. The Board shall fill any vacant Required Officer's position for the remaining unexpired portion of the Required Officer's term.

**SECTION 6.2 - Chairman.** Unless otherwise determined by the Board or Members, and unless otherwise required by Law, the Articles, or these Bylaws, the Chairman:

1. Shall preside, or designate another individual to preside, at all Board and Member Meetings;



2. On the Cooperative's behalf, may sign any document properly authorized or approved by the Board or Members; and
3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

**SECTION 6.3 - Vice Chairman.** Unless otherwise determined by the Board or Members, and unless otherwise required by Law, the Articles, or these Bylaws, the Vice Chairman:

1. Upon the Chairman's death, absence, disability, or inability or improper refusal to act, shall perform the duties, and have the powers, of the Chairman; and
2. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority prescribed by the Board or Members.

**SECTION 6.4 - Secretary-Treasurer.** Unless otherwise determined by the Board or Members, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary-Treasurer:

1. Shall be responsible for preparing minutes of Board and Member Meetings;
2. Shall be responsible for authenticating the Cooperative's records;
3. May affix the Cooperative's seal to any document authorized or approved by the Board or Members; and
4. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

**SECTION 6.5 - Assistant Secretary-Treasurer.** Unless otherwise determined by the Board or Members, and unless otherwise required by Law, the Articles, or these Bylaws, the Assistant Secretary-Treasurer, upon the Secretary-Treasurer's death, absence, disability, or inability or improper refusal to act, shall perform the duties, and have the powers, of the Secretary-Treasurer.

**SECTION 6.6 - Other Officers.** The Board may elect or appoint other officers including without limitation, a President or one or more Vice Presidents ("Other Officers"). Other Officers:

1. May be Directors, Cooperative employees, or other individuals;
2. Shall be elected or appointed by the affirmative vote of a majority of current Directors;
3. May be elected by secret ballot and without prior nomination;
4. May assist Required Officers; and
5. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one office. Unless allowed by Law, however, this individual may not execute, acknowledge, or verify any document in more than

one (1) capacity.

**SECTION 6.7 - Officer Resignation and Removal.** At any time, any Required Officer or Other Officer (collectively, "Officer" or "Cooperative Officer") may resign by delivering to the Cooperative or Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Cooperative or Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer for any reason, with or without cause.

**SECTION 6.8 - Authority to Execute Documents.** On the Cooperative's behalf, any two (2) Required Officers may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative's behalf.

## **Article VII - Cooperative Operation**

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

1. Shall operate on a not-for-profit basis (but may have for-profit divisions, affiliates and subsidiaries); and
2. Shall 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") other than on an incidental basis; 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 shall 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.** 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 such 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.

When there is held by the Cooperative any patronage capital to the credit of a deceased person in an amount not exceeding \$10,000, the legal representative of the deceased person's estate or after 120 days from the death of such person upon whose estate there shall have been no qualification, his or her spouse, and if none, his or her next of kin, may request in writing that the capital credited to such patron be retired prior to the time such capital would otherwise be retired. The Cooperative may retire such capital credited to any such patron immediately upon such terms and conditions as the board acting under policies of general application and the legal representatives of such patron's estate or other representative as defined above shall agree upon, provided, however, that the financial condition of the Cooperative will not be impaired thereby.

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.** In the event there are retired Capital Credits or Affiliated Capital Credits which belong to:

1. A Deceased Patron who has no spouse or next of kin identified in the records of the Cooperative, or
2. A Patron or former Patron who has terminated service and the records of the Cooperative do not have a current address on file,

the Cooperative shall publish notice of such Capital Credits or Affiliated Capital Credits in "Cooperative Living" magazine and in a publication of general circulation. If such Capital Credits or Affiliated Capital Credits are not claimed by such Patron, former Patron or next of kin within 120 days of such publication then, in either event, such Patronage Capital shall be deemed to have been transferred as a gift to the Cooperative and shall thereafter be the property of the Cooperative.

**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 (on an incidental basis) 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 to do so by the vote of at least two-thirds majority of all Distribution and Power Supply Class and Distribution Class Members. Notwithstanding the foregoing, the Cooperative (a) may 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; (b) may sell or transfer its assets to another cooperative upon the vote of a majority of all Distribution and Power Supply Class and Distribution Class Members at any regular or special meeting if the notice of such meeting contains a copy of the terms of the proposed sale or transfer, (c) may 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; or (d) may 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.

#### **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 majority of Members present at a Member Meeting or a two-thirds majority of the Board.

- A. *Notice of Bylaw Amendment.* Notice of any Member Meeting or Board Meeting at which Members or the Board

will consider a proposed Bylaw Amendment shall:

1. State that the purpose, or one of the purposes, of the 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.

**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 - Governing Law.** These Bylaws shall be governed by, and interpreted under, the laws of the Commonwealth of Virginia in conjunction with any applicable federal or local law ("Law").

**SECTION 9.5 - 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 9.6 - Partial Invalidity.** When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") shall 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 9.7 - 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 9.8 - 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 9.9 - 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 9.10 - 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.