

Section 2. Transfer of Assets to Affiliate. The transfer of assets to and from a controlled nonprofit cooperative (affiliate) may be made upon a vote of at least two-thirds (2/3) of all the members of the Board of Directors of this Cooperative.

Section 3. Sale of System. The sale of the Cooperative's entire system or the dissolution of the Cooperative shall require an affirmative vote of two-thirds (2/3) of all members of the Cooperative.

ARTICLE XI

Fiscal Year

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

ARTICLE XII

Membership in Other Organizations

The Cooperative may establish a controlled affiliate upon the affirmative vote of at least (2/3) of the Board of Directors. A "controlled affiliate" is any cooperative or other entity in which this Cooperative holds a sufficient voting interest to allow it to elect or appoint a majority of the directors of the affiliate.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, or for promoting local community, civic or business development, or of any other corporation for the purpose of acquiring electric facilities.

ARTICLE XIII

Seal

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

ARTICLE XIV

Amendment of Bylaws

Subject to the applicable provisions of law, this Code of Bylaws may be altered, amended or repealed by the affirmative vote of two-thirds (2/3) of the members of the Cooperative who cast mailed ballots thereon as prescribed in these bylaws, provided that the notice of the annual or special meeting to which the ballots are to be returned, contains a copy of the proposed alteration, amendment or repeal.

New Hampshire Electric Cooperative Incorporated



CODE OF BYLAWS

Effective June 12, 2007

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ARTICLE IX

Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by this Code of Bylaws. In case of a joint membership a waiver of notice signed by either joint member shall be deemed a waiver of notice of such meeting by both joint members.

ARTICLE X

Disposition and Acquisition of Property

Section 1. Ordinary Transactions. Affirmative vote of at least two-thirds (2/3) of the members voting by mail ballot is required for the Cooperative to acquire, sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) disposition of property which in the judgment of the Board of Directors neither is, nor will be, necessary or useful in operating and maintaining the Cooperative’s system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10%) of the value of the Cooperative’s “Total Utility Plant” as stated in the most recent Annual Report of the Cooperative;
- (b) disposition of property which is damaged, or in the judgment of the President/CEO is obsolete, provided that the President/CEO may dispose of or otherwise transfer any one item of such property valued (at depreciated book) at \$25,000.00 or less;
- (c) service of all kinds, including electric service;
- (d) acquisition of generation, transmission and/or distribution facilities, the purchase price of which does not exceed ten per centum (10 %) of the value of the Cooperative’s “ Total Utility Plant” as that value is stated in the most recent Annual Report of the Cooperative, after a specific vote of a majority of all the members of the Board of Directors of this Cooperative;
- (e) acquisition of generation, transmission and/or distribution facilities, the purchase price of which is greater than ten per centum (10%) but does not exceed twenty-five per centum (25%) of the value of the Cooperative’s “Total Utility Plant” as that value is stated in the most recent Annual Report of the Cooperative, after a specific vote of at least two-thirds (2/3) of all members of the Board of Directors of this Cooperative; and
- (f) mortgage, encumbrance of Cooperative property or other disposition as been approved, after specific vote of the Board of Directors who shall have the authority to enable the Cooperative to borrow money which, in the judgment of the directors, may be necessary to the orderly furtherance of the business and operation of the Cooperative. In connection with such borrowing, the Board of Directors shall have the authority to make and issue bonds, notes, security instruments or other evidences of indebtedness to secure the payment thereof and to authorize the execution and delivery of a mortgage or mortgages, or deed or deeds of trust, pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative whether acquired or to be acquired and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to his/her account. All such amounts credited to the capital account of any person shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.

The Cooperative shall account for, allocate and distribute capital credits consistent with the provisions of RSA 301-A:28 and RSA 301-A:28-a.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part in a manner determined by the Board of Directors to be in the best interest of the membership.

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

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

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Certificate of Organization and Bylaws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Code of Bylaws

ARTICLE I

Members

Section 1. Qualifications and Obligations. Subject to applicable provisions of law, any person, firm, corporation or body politic may become a member in the Cooperative by:

- (a) making an application for membership and service;
- (b) agreeing to purchase goods or services from the Cooperative as hereinafter specified; and
- (c) agreeing to comply with and be bound by the Certificate of Organization of the Cooperative and this Code of Bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 2. Purchases. Each member shall, as soon as electric delivery service shall be available, purchase from the Cooperative all electric delivery services used on the premises specified in his/her application for membership/service except as where otherwise permitted by law. It is expressly understood that amounts paid for goods or services in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

Section 3. Nonliability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 4. Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the directors conducted after notice and an opportunity to be heard, expel any member who shall have violated or refused to comply with any of the provisions of the Certificate of Organization of the Cooperative or this Code of Bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 5. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 6. Transfer and Termination of Membership.

- (a) Membership in the Cooperative shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence,

expulsion or withdrawal of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

- (b) Membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon written request of such member, and compliance by such member jointly with the provisions of subdivisions (b) and (c) of section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative.
- (c) When a membership is held jointly, upon the death of either joint member, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

ARTICLE II

Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held in June of each year on such date and at such time and place as shall be designated by the Board of Directors for the purpose of receiving the count of mail ballots cast for the election of directors and on any other mail ballot questions, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the count of mail ballots returned shall not be declared on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause such action to be taken at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by the Board of Directors. It shall be the duty of the Secretary of the Board of Directors to call a special meeting of the members within thirty (30) days upon receipt of a petition signed by not less than ten per centum (10%) of the members stating the specific business to be brought before the Cooperative. Upon call of a special meeting by the Board of Directors, it shall be the duty of the secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the State of New Hampshire, specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Notice stating the place, day and hour of the annual meeting and the purpose or purposes for which the meeting is called, together with the ballot and ballot-related material for such meeting, shall be mailed or delivered personally by or at the direction of the secretary to each member not less than twenty (20) days nor more than thirty-five (35) days before the day of the annual meeting. For special meetings at which no mail ballots are to be received, a like notice shall be mailed or delivered personally not less than twenty (20) days nor more than thirty-five (35) days before the day of such meeting. If mail ballots are to be used at a special meeting a like notice shall be mailed or delivered personally by or at the direction of the secretary to each member not less than sixty (60) days nor more than one hundred twenty (120) days before the day of the special meeting; the ballot and ballot-related material shall be mailed or delivered not less than twenty (20) days nor more than thirty-five

Section 12. Compensation. The Board of Directors shall set the compensation of the President/CEO. The powers, duties and compensation of all other employees of the Cooperative shall be fixed by the President/CEO.

Section 13. Reports. The officers of the Cooperative shall submit, at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII

Contracts, Checks and Deposits

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

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

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

ARTICLE VIII

Nonprofit Operation

Section 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated by the Board of Directors on a cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on capital credit accounts.

Section 2. Patronage Capital in Connection with Furnishing Electric Service and Other Goods and Services. In the furnishing of electric service and other goods and services the Cooperative's operations shall be so conducted that all members and nonmembers alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its members and nonmembers alike, for all amounts received and receivable from the furnishing of electric service and other goods and services in excess of operating costs and expenses properly chargeable against the furnishing of electric service and other goods and services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members and nonmembers alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account

- (d) being custodian of the corporate records and of the seal of the Cooperative and seeing that the seal of the Cooperative is affixed to all necessary documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Bylaws;
- (e) seeing that a register of the post office address of each member, which shall be furnished to the secretary by such member, is kept;
- (f) having general charge of the records of the Cooperative in which memberships are recorded;
- (g) seeing that a complete copy of the Code of Bylaws of the Cooperative containing all amendments thereto is kept on file, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, seeing that a copy of the Code of Bylaws is provided to each new member; and
- (h) performing all duties incident to the office of secretary, including those duties set forth in these bylaws, and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 8. Treasurer. The treasurer shall be responsible for:

- (a) having charge and custody of all funds and securities of the Cooperative;
- (b) oversight of the Chief Financial Officer (CFO) or his/her designee, who shall provide receipts for moneys due and payable to the Cooperative from any source whatsoever, and depositing all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Bylaws; and
- (c) in general performing all the duties incident to the office of treasurer, including those duties set forth in these bylaws, and such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 9. Assistant Treasurer. The assistant treasurer shall be responsible for:

- (a) assisting the treasurer, as requested, in the performance of the treasurer's duties;
- (b) in the absence of the treasurer, or in the event of the treasurer's inability or refusal to act, the assistant treasurer shall perform the duties of the treasurer, and when so acting, shall have the powers of and be subject to all the restrictions upon the treasurer; and
- (c) perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

Section 10. President/Chief Executive Officer (CEO). The Board of Directors may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties as the Board of Directors may from time to time require of him/her and shall have such authority as the Board of Directors may from time to time vest in him/her.

Section 11. Bonds of Officers. The Board of Directors shall require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

(35) days before the day of such special meeting. In the case of amendment of the Certificate of Organization, notice shall be in accordance with New Hampshire RSA 301-A:8. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. In case of a joint membership, notice given to either member shall be deemed notice to both joint members. The failure of any member to receive notice of, or a ballot for, an annual or special meeting of the members, shall not invalidate any action which may be taken by the members or the result of any mail ballot vote announced at any such meeting.

Items of business subject to voting in person at the annual meeting shall be placed on the notice of such meeting by the Board of Directors or upon petition signed by at least fifty (50) members filed with the Secretary at least forty-five (45) days before the date of such annual meeting.

Those matters to be voted upon by mail ballot which: (1) arise at the initiative of the directors shall be posted by the secretary at the Cooperative office no less than sixty (60) days before the meeting; (2) arise by petition of the members shall be posted by the secretary at the Cooperative office no less than forty-five (45) days before the meeting.

No binding or legal business shall be transacted at any meeting unless the purpose(s) thereof is distinctly stated in the notice.

Section 4. Quorum. A quorum for any business to be considered at a meeting by members voting in person shall be one hundred (100) members present in person. In case of a joint membership, the presence at a meeting of either joint member, or both, shall be regarded as the presence of one member. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. A majority of the members present may also take action concerning the minutes of the previous meeting of the membership and any reports of the officers, directors and committees. Likewise, a declaration of the result of an election or any question decided by mail ballot shall not be invalid by virtue of there being less than a quorum present to receive the declaration.

Section 5. Order of Business. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

- (1) Call of the roll.
- (2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meetings, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (4) Presentation and consideration of, and action upon, reports of officers, directors and committees.
- (5) Announcement by the chairman of the tellers' committee of results of mail ballot for election of directors and on any other questions appearing on the ballot.
- (6) Such other business as is stated on the notice of the meeting of the members voting in person.
- (7) Adjournment.

ARTICLE III

Voting

Section 1. Vote of the Member(s). Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote by mail or to a vote at a meeting of the members voting in person. If a joint membership, the member shall be entitled to one (1) vote and no more upon each matter submitted to a vote by mail or at a meeting of the members. Election of directors shall be decided by a plurality. All other questions shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Certificate of Organization of the Cooperative, or this Code of Bylaws.

Section 2. Membership Voting by Mailed Ballot. The election and removal of directors, the approval of the receipt, acquisition, sale or other transfer of property of any kind where approval of the membership is required by law or the bylaws, the alteration, amendment or repeal of the bylaws, the amendment of the Certificate of Organization and any other action calling for a vote of the members by mail ballot as may be explicitly provided for in these bylaws, shall be accomplished solely by ballot vote of the membership by mail, returned to the annual meeting. No other business shall be transacted by mail ballot.

Questions submitted to vote by mail shall not be subject to amendment, debate or voting in person at the meeting to which the mailed ballots are returned. Mail voting on the above subject matter (other than election of directors) may also take place at any duly called special meeting. A quorum for an election of directors or for balloting on any other question submitted to mail vote shall be deemed present when the total number of ballots cast is at least equal to the number specified as a quorum for voting in person in Section 4, Article II of the Bylaws.

Section 3. Preparation of Ballot for Mail Vote. The secretary shall prepare the ballot and determine its form subject to the advice of the Cooperative's attorney. For any vote in which the secretary is a candidate, the Board of Directors shall appoint a non-candidate director to perform the secretary's duties concerning the preparation of the ballot. Nominations for the office of director shall be placed on the ballot when made as provided in Section 3, Article IV of the Bylaws. There shall be appropriate spaces for voting by writing in the name or names of candidates whose names do not appear on the ballot. Other questions subject to voting by mail at an annual meeting, as provided in Section 2 above, shall be inserted on the ballot at the request of the Board of Directors or upon petition signed by at least three hundred (300) members except where otherwise provided by law, the Certificate of Organization or these Bylaws. All nominations for directors, questions for insertion on the ballot, and required accompanying materials must be filed with the secretary not less than sixty (60) days before the date of meeting to which the ballots are to be returned.

The ballot shall contain an indication whether each candidate was nominated by the nominating committee or by petition. Accompanying the ballot when mailed to members, there shall be a brief consolidated summary of each candidate's qualifications and views not exceeding two hundred fifty (250) words, if submitted by the above deadline for filing nominations with the secretary. All other questions proposed for inclusion on the ballot shall also include a statement whether proposed by the Board of Directors or by petition and as to questions inserted by petition a statement whether the same is or is not recommended by the board. The material accompanying the ballot shall include, if submitted to the secretary

ARTICLE VI

Officers

Section 1. Positions. The board officers of the Cooperative shall be a chair of the board, vice-chair of the board, secretary, treasurer, and assistant treasurer. The offices of secretary and treasurer may be held by the same person. Other officers of the Cooperative may be appointed by the Board of Directors from time to time.

Section 2. Election and Term of Office. The board officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his/her successor shall have been duly elected and shall have qualified, subject to the provisions of this Code of Bylaws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

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

Section 5. Chair of the Board. The chair of the board:

- (a) shall be the principal officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) may sign, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or this Code of 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 shall perform all duties incident to the office of chair of the board and such other duties as may be prescribed by the Board of Directors from time to time.

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

Section 7. Secretary. The secretary shall be responsible for:

- (a) acting as the clerk of the Cooperative;
- (b) seeing that the meeting minutes of the members and the Board of Directors are kept;
- (c) seeing that all notices are duly given in accordance with this Code of Bylaws or as required by law;

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in the State of New Hampshire, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. The requirement of holding of any regular monthly meeting may be waived by the Board of Directors by resolution adopted at any special meeting held not more than thirty days prior to the date of such regular monthly meeting.

Section 2. Special Meetings. Special Meetings of the Board of Directors may be called by the chair of the Board or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in the State of New Hampshire), for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed (including electronic mail), to each director at his/her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If mailed electronically, such notice shall be deemed delivered when an electronic return receipt has been received. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise explicitly provided by law, the Certificate of Organization of the Cooperative, or this Code of Bylaws.

within the aforesaid time limit, a statement of the purpose of each question prepared by the proponents. The statement shall not exceed two hundred fifty (250) words on any one question. The accompanying materials may also include one statement prepared by opponents, in opposition to any questions proposed for inclusion on the ballot. The statement shall not exceed two hundred fifty (250) words on any one question. The envelope containing the ballot shall be clearly marked "ballot enclosed".

Section 4. Procedure for Voting by Mail and Counting Ballots. The ballot shall contain instructions for voting. In order to be counted, a ballot must be returned to and received at the headquarters office of the Cooperative before 4:30 P.M. six days prior to the day of the meeting to which the ballots are to be returned. Each marked ballot shall be returned in a sealed envelope which identifies the voter, whose name and eligibility to vote shall be verified. Pending the counting of the ballots, they shall be secured and preserved in a sealed ballot box at the Cooperative's headquarters office. The ballots shall be opened and counted at a time and place designated in the meeting notice prior to the day of the meeting by a committee of tellers to be appointed by the Board of Directors, whose members shall be duly sworn by a notary public or justice of the peace to the faithful performance of their duties. Interested parties may observe the counting process. Upon completion of the count and declaration of the result to the meeting, the ballots and tally sheets shall be sealed up in the ballot box and preserved until at least thirty (30) days after the day of the meeting. A recount of the vote on a date to be fixed by the board, shall be held by a committee of tellers appointed by the board, who shall likewise be sworn to the faithful performance of their duties, on any election or question on the ballot if requested in writing by at least one hundred (100) members filed with the secretary within twenty-five (25) days after the day of the meeting, at which recount those requesting it shall have an opportunity to have representatives present to observe; provided however that no recount shall be granted unless the difference between the vote for the prevailing candidate or prevailing side of a question and the opposing vote is less than three percent of the total ballots cast on the election or question proposed to be recounted.

Section 5. Regulation by Board of Directors. The Board of Directors may make reasonable rules and regulations pursuant to Section 7, Article IV of these Bylaws to fill in the details relating to voting by mail where not explicitly covered by the preceding sections of this article.

Section 6. Effect of Mail Ballot. No action taken by mail ballot may be reconsidered, rescinded, repealed or amended other than by mail ballot. All actions taken by mail ballot shall take effect at the adjournment of the meeting at which the results of such balloting were declared, unless a different time is specified in the text of the subject submitted to mail ballot.

ARTICLE IV

Directors

Section 1. General Powers. The business and affairs of the Cooperative shall be governed by a Board of eleven (11) Directors chosen by and from the membership, which shall exercise all the powers of the Cooperative except such as are by law, the Certificate of Organization or these bylaws conferred upon or reserved to the members.

Section 2. Qualifications and Tenure. At each annual meeting to which ballots are returned, directors shall be elected for three-year staggered terms, with at least three to be elected each year. Directors shall also

be separately elected to fill designated seats for any one-year or two-year terms as may be required to fill any unexpired terms created by virtue of a vacancy or temporary appointment made pursuant to Section 5 of this Article. All board members shall serve until their successors shall have been elected and shall have qualified. Directors shall not be eligible for reelection if they would have served fifteen (15) or more years of consecutive service as a Director on the last day of the month of the meeting to which ballots are returned; provided however, that after a lapse of eleven months following the expiration of his/her final term, a former director may be eligible for reelection.

No member employed by the Cooperative shall be eligible to become a director. No member formerly employed by the Cooperative shall be eligible to become or remain a director during a period of three (3) years following termination of that member's employment from the Cooperative. No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is in any way employed by or is to a significant degree financially interested in a competing enterprise or a business selling electric energy, electrical supplies, or other similar goods and/or services to the Cooperative. When a membership is held jointly, either member, but not both, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Section 3. Nominations. It shall be the duty of the Board of Directors to appoint, not less than one hundred twenty (120) days nor more than one hundred eighty (180) days before the date of the meeting of members at which the results of the election of directors is to be declared, a Nominating Committee of not fewer than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the membership of the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least ninety (90) days before the meeting a list of nominations for directors, and shall provide a report to the members. Any one hundred (100) members may make other nominations in writing over their signatures not less than sixty (60) days prior to the meeting and the secretary shall post the same at the same place where the list of nominations made by the committee is posted. The secretary shall insert on the mail ballot for the annual meeting the names of all those nominated.

Section 4. Removal of Directors. Action to remove a director may be initiated by the Board of Directors on its motion. Further, any member may initiate action for removal of a director by filing charges in writing with the secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the director in question. Removal shall be by mail ballot at the next annual meeting unless such action is initiated more than one hundred eighty (180) days prior to said annual meeting, in which case the secretary shall call a special meeting for this purpose. The director against whom such charges have been brought shall be informed in writing of the charges prior to the mail vote and shall have an opportunity to submit a written statement (of no more than 750 words) in his/her defense which shall accompany the mail ballot by which removal shall be voted upon; the person or persons bringing the charges against said director shall have the same opportunity.

Section 5. Vacancies. Vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors

thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified.

Section 6. Compensation. Directors shall not receive any salary for their services as such, except that directors may by resolution authorize from time to time a stipend for service to the Cooperative such as serving as a board officer, attendance at meetings, conferences, and training programs and/or performing committee assignments when authorized by the board. The Board of Directors may also authorize the reimbursement of a director for reasonable expenses actually incurred in carrying out such Cooperative business or grant a reasonable per diem allowance by the board in lieu of detailed accounting for some of these expenses. No director or any close relative of a director shall apply for, or be considered for, employment by the Cooperative, or receive compensation for serving the Cooperative in any other capacity, unless such service or employment shall be specifically authorized by a vote of the members, or such service or employment of the director or close relative shall have been certified by the board as an emergency measure.

Section 7. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the law, the Certificate of Organization of the Cooperative or this Code of Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

Section 8. Accounting System and Reports. The board shall cause to be established and maintained a complete accounting system subject to applicable laws and rules and regulations of any regulatory body. 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 meeting.

Section 9. Non-liability of Directors and Officers. For any loss, in whole or in part, for a claim against any Director or Officer of the Cooperative for which no liability insurance applies, the Cooperative shall defend, indemnify and hold harmless each person who shall serve at any time hereafter as a Director or Officer of the Cooperative from and against any and all claims and liabilities to which such person shall become subject by reason of his/her having heretofore and hereafter been a Director or Officer of the Cooperative, or by reason of any action alleged to have been heretofore or hereafter taken or omitted by him/her as such Director or Officer, and shall reimburse each such person for all legal and other expenses reasonably incurred by him/her in connection with any such claim or liability; provided, however, that no such person shall be defended, indemnified against or be reimbursed for, any expense incurred in connection with any claim or liability based upon or attributable to such person gaining in fact any personal profit or advantage to which he/she was not legally entitled, or in connection with any claim or liability for willful misconduct.

The rights accruing to any person under the foregoing provision of this section shall not exclude any other right to which he/she may be lawfully entitled, nor shall anything herein contained restrict the right of the Cooperative to defend, indemnify or reimburse such person in any proper case even though not specifically herein provided for. The Board of Directors may authorize the Cooperative to pay in advance of a final disposition, legal and other related costs and reasonable expenses incurred in defending a civil claim against a Director or Officer of the Cooperative. The Cooperative, its Directors, Officers, Employees and agents shall be fully protected in taking any action or making any payment under this section, or in refusing to do so, in reliance upon the advice of counsel.