

BYLAWS  
OF  
THE NORTHWESTERN RURAL ELECTRIC  
CO-OPERATIVE ASSOCIATION, INC.

22534 State Highway 86  
P.O. Box 207  
Cambridge Springs, PA 16403

1-800-352-0014  
Fax: 814-398-8064

Website: [www.NorthwesternREC.coop](http://www.NorthwesternREC.coop)  
Twitter: @NWRECA  
Facebook: NorthwesternREC  
Instagram: northwesternrec  
YouTube: NorthwesternRECCambridgeSprings

March, 2019

## **ARTICLE I - MEMBERSHIP**

### **Section 1. REQUIREMENTS FOR MEMBERSHIP**

Any adult person, firm, association, corporation or body politic or subdivision thereof will become a member of The Northwestern Rural Electric Co-operative Association, Inc. (hereinafter called the "Cooperative") upon receipt of Cooperative Service from the Cooperative, provided that they or it has first:

- (a) Made a written application for membership therein; and/or agreed to purchase from the Cooperative or otherwise consumes, receives, or otherwise uses or requests to use Cooperative Service as hereinafter specified;
- (b) Agreed to comply with and be bound by the Articles of Incorporation, Bylaws of the Cooperative, the membership application and any policies adopted by the Board, as may thereafter be adopted or amended (the Governing Documents, and;
- (c) Harbors no intent to defraud the Cooperative.

Cooperative Service is electric energy generated, transmitted, distributed, sold, supplied, or otherwise provided by the Cooperative, together with the use of the facilities, supplies, equipment, and other services furnished by the Cooperative.

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

The Cooperative will not be required to accept a membership application nor furnish service to any applicant who was a relative or resident of the same household of person(s) who failed to pay for service or violated his/her application or Cooperative Bylaw until all such delinquencies and/or violations have been eliminated.

### **Section 2. MEMBERSHIP CERTIFICATES**

Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board.

### **Section 3. JOINT MEMBERSHIP**

A husband and wife or two consenting adults occupying the same location, may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife, or two consenting adults, holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a

joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter, specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one joint vote.
- (c) A waiver of notice signed by either or both shall constitute a joint waiver.
- (d) Notice to either shall constitute notice to both.
- (e) Expulsion of either shall cancel the joint membership.
- (f) Cancellation of either shall cancel the joint membership.
- (g) Either, but not both, may be elected or appointed as an officer or Board member.
- (h) Obligations of both members are joint and several.

#### **Section 4. CONVERSION OF MEMBERSHIP**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder, spouse, or consenting adult, to comply with the Governing Documents.
- (b) Joint members shall notify the Cooperative in writing of the death of a spouse, the cessation of marriage, (cessation of the legally recognized relationship) or failure to occupy the same location.
- (c) When a membership is held jointly by a husband and wife, or two consenting adults, upon the death of either, 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. Upon the legal separation, divorce, failure to occupy the same location or dissolution of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership, in the same manner and to the same effect as though such membership had never been joint, provided, that the departing joint member shall not be released from any membership debts or liabilities to the Cooperative.

## **Section 5. TRANSFER OF MEMBERSHIP**

A membership may be transferred by the request of the holder(s) in favor of a named prospective member(s) as the case may be. Provided, however, that all claims of the member are thereby cancelled so authorizing the assignment of the membership assignment of accumulated and future capital credit earnings from the respective membership in favor of the said prospective member, who must agree to comply with the Governing Documents. Such transfer shall not release the member from any membership debts or liabilities to the Cooperative, which must be settled in full prior to the completion of the transfer.

## **Section 6. CANCELLATION OF MEMBERSHIP**

- (a) Any member may cancel their membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or policies adopted by the Board. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available has not purchased Cooperative Service from the Cooperative, or of a member who has ceased to purchase service from the Cooperative, may be cancelled by resolution of the Board.
- (b) Upon the death, cessation or expulsion of a member the membership of such member shall thereupon be cancelled. Cancellation of membership in any manner shall not release a member or member's estate from any debts due the Cooperative.
- (c) In the case of cancellation of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee provided, if any, however, that the Cooperative shall deduct from the amount of the membership fee any debts or obligations owed by the member to the Cooperative.
- (d) Cancelled or inactive memberships may be reinstated to the original member for the sole and only purpose of enabling the member to purchase Cooperative Service.

## **Section 7. PURCHASE OF COOPERATIVE SERVICE**

Each member shall, as soon as Cooperative Service shall be available, purchase from the Cooperative all Cooperative Service purchased for use on the premises specified in the application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board.

Except as otherwise provided by the Board, before Member Equipment is connected to Cooperative Equipment, the Cooperative must approve the connection. Before and while Member Equipment is connected to Cooperative Equipment, the member:

- (a) shall comply with, and shall ensure that the Member Equipment, the connection, and any act or omission regarding the Member Equipment and the connection comply with, the Governing Documents, including terms, conditions, requirements, and procedures required by the Cooperative regarding the Member Equipment and the connection;
- (b) shall ensure that the Member Equipment and the connection do not adversely impact the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative equipment or provide a Cooperative Service;
- (c) grants the Cooperative the right to inspect the Member Equipment and the connection to determine whether they comply with the Governing Documents;
- (d) grants the Cooperative the right to disconnect or temporarily operate Member Equipment that does not comply with the Governing Documents or that adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative equipment or provide a Cooperative Service; and
- (e) shall pay the Cooperative for income not received or accrued because of the connection.

It is expressly understood that the amounts paid for Cooperative Service in excess of the costs of service are furnished by the members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such amount as determined by the rate schedules and sales agreements of the amount of Cooperative Service consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Each member, and in the case of joint membership, such members shall also from time to time grant such rights-of-way upon, under or over their lands to the Cooperative, as determined by the Cooperative and without charge to the Cooperative, for the purpose of vegetation management, erecting poles, wires, guy wires, stakes, posts, terminals, etc., as may be necessary or convenient for serving other members of the Cooperative, or facilitate the erection and construction of, or placing of maintenance and construction equipment used for transmission or distribution of Cooperative Service by this Cooperative, either in the air or underground. The member shall also grant safe access to the meter and the service location.

## **Section 8. MEMBERSHIP LIST**

The Cooperative shall maintain a record of current members in a form permitting the Cooperative to: (1) alphabetically list the names and addresses of all members; and (2) indicate the number of members entitled to cast votes ("Membership List"). Except as otherwise provided by these Bylaws or the Board, a person may not inspect, copy, or receive a copy of the Membership List or a similar list of members.

## **ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS**

### **Section 1. PROPERTY INTEREST OF MEMBERS**

Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid; and
- (b) All capital funds through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the period of its existence.

### **Section 2. NON-LIABILITY FOR DEBT OF THE COOPERATIVE**

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

## **ARTICLE III - MEETING OF MEMBERS**

### **Section 1. ANNUAL MEETING**

The Annual Meeting of the members shall be held during the months of June, July or August at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members, passing upon reports for the previous fiscal year and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

### **Section 2. SPECIAL MEETINGS**

Special meetings of the members may be called by resolution of the Board, by the Board Chair, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Executive 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 one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

### **Section 3. NOTICE OF MEMBERS' MEETINGS**

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than sixty days before the date of the meeting, personally, by mail, or in such other manner as may be permitted by Law, by or at the direction of the Executive Secretary, or upon a default in duty by the Executive Secretary, by the persons calling the meeting, to each member. Except as otherwise provided in these Bylaws, if mailed, such notice shall be deemed to be delivered to the member addressed as it appears on the records of the Cooperative, with postage thereon prepaid, when deposited in the United States mail. A mailed notice of a Member Meeting may be included with the bills for Cooperative Service sent to Members; or in Penn Lines, or similar periodical sent to members containing information about the Cooperative. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

### **Section 4. QUORUM**

One hundred fifty (150) members present in person, or as otherwise authorized by law, shall constitute a quorum when the meeting pertains to the general membership. For all matters for which mail or electronic voting is authorized by these Bylaws and in a manner determined by the Board, Members voting by mail or electronically shall be counted as if present. If less than a quorum is present at an Annual Meeting, a majority of those present in person may recess the meeting from time to time without further notice. No quorum for district Nominating meetings is prescribed, and any other district business is presumed to pertain to the entire Cooperative.

### **Section 5. VOTING**

At every election or meeting of the members, each member shall be entitled to one vote. Jointly held memberships shall be, likewise, entitled to one vote with said vote cast by either member when membership is held jointly by two persons and further that any single member may cast the one vote so entitled to a joint membership held by more than two persons. A duly authorized officer of any firm, corporation, partnership, association or political body may, upon proper proof of his authority, cast the vote of such organization. All questions shall be decided by a vote of a majority of the members voting on the particular question. Cancelled or inactive members do not maintain voting rights.

### **Section 6. MEMBER PANEL ON DIRECTOR ELECTIONS**

Prior to the Annual Meeting, the Board shall appoint a Member Panel on Director Elections. This panel shall be established to validate all nominees for the position of

Director according to the qualifications as outlined in Article IV, Section 4 of the Bylaws. The Panel shall also establish the order in which nominees appear on the ballot, approve the manner of conducting member registration, and pass upon any question that may arise with respect to the registration of members. In addition, the Panel shall confirm the count of all ballots received by an independent entity hired by the Board to conduct elections, if any, and, if such ballots are authorized by the Board, count all written ballots cast in person at the Annual Meeting, and rule upon the effect of all ballots irregularly or indecisively marked. In the exercise of its responsibility, the Panel shall utilize the advice of counsel provided by the Cooperative.

The Member Panel on Director Elections shall consist of not fewer than three or more than five members in good standing with the Cooperative (as described in Article IV, Section 3) who are not existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives (as defined in Article IV, Section 4) or members of the same household of the aforementioned. Appointments shall reflect various districts served by the Cooperative, but none from districts whose Director seats are being voted upon.

Prior to the Annual Meeting, the Panel shall elect a Chairman. Providing that a majority of the Panel is present, a majority vote of those in attendance is sufficient to render a decision; all decisions so reached by the Panel are final. The Panel's Chairperson shall submit a written (signed) report of the election results and the Panel's deliberations to the Board. Such report shall be attached to the Annual Meeting minutes.

In the event less than three of the appointed Panel on Director Elections attend, additional qualified member(s) of the Panel shall be selected by the Chairperson or designee and approved by the members attending the Annual Meeting by voice vote.

## **ARTICLE IV - BOARD MEMBERS**

### **Section 1. GENERAL POWERS**

The business and affairs of the Cooperative shall be managed by a Board of ten (10) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

### **Section 2. DISTRICTS**

The territory served by the Cooperative shall be divided into ten (10) districts. Each district shall be represented by one (1) director. The ten (10) existing districts are comprised of the following municipalities.

District 1 - Springfield, Conneaut, Girard, Elk Creek, and Franklin townships and Cranesville and Platea Boroughs in Erie County and parts of Monroe township and City of Conneaut in Ashtabula County.



District 2 - McKean, Washington, Waterford, and LeBoeuf townships and Mill Village and Edinboro Boroughs in Erie County.

District 3 - Amity, Union, Wayne, and Concord townships and Elgin and Union City Boroughs in Erie County, and Spring Creek township in Warren County.

District 4 - Beaver, Spring, Conneaut, Summerhill, Summit, Sadsbury, and Pine townships and Conneautville Borough in Crawford County and Pierpont, and parts of Richmond and Monroe townships in Ashtabula County.

District 5 - Cussewago, Hayfield, Venango, Cambridge, and Woodcock townships and Woodcock and Saegertown Boroughs in Crawford County.

District 6 - Rockdale, Richmond, Bloomfield, and Athens townships in Crawford County.

District 7 - Sparta, Rome, Oil Creek, Steuben, and Troy townships and Centerville Borough in Crawford County and Southwest and Eldred townships in Warren County.

District 8 - East Fallowfield, Vernon, Greenwood, Union, and Fairfield townships in Crawford County, and Kinsman, Williamsfield, Andover and parts of Richmond townships in Ashtabula County.

District 9 - West Mead, East Mead, East Fairfield, and Randolph townships and Blooming Valley Borough in Crawford County.

District 10 - Wayne township in Crawford County; Jackson, Plum, Oakland, Cherrytree, and Canal townships in Venango County; French Creek township in Mercer County.

### **Section 3. ELECTION AND TENURE OF OFFICE**

Beginning with the Annual Meeting of the members for the year 1969, four (4) directors from districts 6, 7, 8, and 9 were elected by ballot by and from the members for a term of three (3) years next ensuing. At the Annual Meeting of the members for the year 1970, three (3) directors from districts 3, 5, and 10 were elected by ballot by and from the members for a term of three (3) years thence next ensuing. At the Annual Meeting of the members of the year 1971, three (3) directors from districts 1, 2, and 4 were elected by ballot by and from the members for a term of three (3) years thence next ensuing and that thereafter at each succeeding Annual Meeting of the members directors shall be elected in the same manner, form and number as set forth herein. The nominee from each district who receives a plurality of the votes cast shall be certified as the duly elected Director for that district. Election of Directors shall be by secret written ballot and mail and electronic ballots as determined by the Board. The Board may hire an independent entity to transmit ballots to Members and to count ballots returned by Members either by mail or electronically. The Board may or may not choose to permit Members to deliver written ballots in person at the Annual Meeting up

to the announced cut off period, provided that there are appropriate mechanisms in place, as determined by the Board, to prevent members from returning multiple ballots.

If there is no competition for any of the Director positions to be filled, the Board may determine to avoid the cost of voting and dispense with the sending or receiving of ballots to Members, and the nominees may be elected by acclamation of the board of directors or by voice vote of those Members attending the Annual Meeting.

In the event of a tie vote after counting and recounting all properly cast ballots, the tie shall be resolved by the flipping of a coin, or by the drawing of lots conducted by the Member Panel on Director elections.

#### **Section 4. QUALIFICATIONS**

Any member, except inactive, may be eligible to become and remain a Board member of the Cooperative if that member while a director and immediately before becoming a director is in good standing by the following criteria:

- (a) has had and maintains a good credit history with no outstanding balance with the Cooperative for at least one year before becoming a director;
- (b) maintains and receives Cooperative electric service at his or her primary residence in the particular district to be represented for at least one year before becoming a director;
- (c) is in no way employed by, materially affiliated, or having material or financial interest in a competing enterprise or business selling electric service to the Cooperative;
- (d) is in no way employed by or financially interested in a business primarily engaged in selling plumbing, appliances, fixtures or other supplies or services to the Cooperative;
- (e) is not an employee or has not been an employee of any electric cooperative or association within the immediate past three years;
- (f) is not a close relative of an employee or current director of the Cooperative. Close relative defined: As used in these Bylaws, "close relative" means a person who, by blood or marriage, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, niece or first cousin of the principal. It is specifically intended that a close relative of a current director may become a director at the same Annual Meeting at which the term of said current director expires.
- (g) has not been convicted of a felony within the last five years;
- (h) is not a candidate or incumbent for elected public office at a countywide level or above;

- (i) attends at least fifty (50) percent of the meetings of the Board in any one (1) fiscal year. Absence from three (3) consecutive meetings without just cause as determined by the Board shall automatically be considered as disqualification;
- (j) have the capacity to enter into legally binding contracts.

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from office. Nothing contained in the section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

## **Section 5. NOMINATIONS**

It shall be the duty of the Board to call, not less than ninety (90) days or more than one hundred fifty (150) days before the date of a meeting of the members at which directors are to be elected, a meeting of the members of each district at a suitable place in such district for the purpose of selecting one or more persons as candidates for Board members to represent the members located within such district. The procedures to be followed in such meeting in the process of nominating shall be set forth from time to time by the Board in compliance with the democratic principles of the Cooperative.

Or in lieu of a nominating meeting, it shall be the duty of the Board to appoint, not less than ninety (90) days or more than one hundred fifty (150) days before the date of a meeting of the members at which directors are to be elected, a Committee on Nominations consisting of one member from each district having a tenure expiring at said meeting. No member of the Board, nor any close relatives (as defined in Article IV, Section 4) shall serve on such committee.

The Committee shall prepare a list of nominations of one or more persons from each district.

Any fifteen (15) or more members from a district acting together may make other nominations from their district by petition due in the office 90 days prior to the scheduled annual meeting.

All nominees must meet the qualifications as outlined in Article IV, Section 4 of the Bylaws and are considered tentative until validated by the Member Panel on Director Elections.

The Executive Secretary shall cause to be sent with the notice of the meeting or separately, but at least ten (10) days before the date of the Annual meeting, a statement of the number of directors to be elected and the names and addresses of the candidates. Candidates will also have an opportunity to submit a statement of qualifications, or any other appropriate communication, subject to such limitations and qualifications of universal applicability as determined by the Board, to be sent with notice of the meeting, in Penn Lines, or otherwise.

## **Section 6. REMOVAL OF DIRECTOR BY MEMBERS**

Any Cooperative member may bring charges for cause against a Board member, singly, and, by filing with the Executive Secretary such charges in writing together with a petition signed by at least ten per centum of the members, may request the removal of such Board member by reason thereof. Such individual Board member shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the director shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members by secret written ballots delivered in person.

## **Section 7. VACANCIES**

When a Board vacancy occurs or is anticipated, at its discretion, the Board may appoint a replacement or arrange to fill the position via a special election to be held at the next Annual Meeting or allow the vacancy to remain until the next regular election. In the event that a director announces his or her resignation to be effective prior to the next Annual Meeting which will result in a vacancy on the Board, the Board may, at its discretion, at any time begin appropriate arrangements for a special election as set forth above. The new Director, appointed or elected, shall serve the unexpired term of the Board member being replaced and shall be from the same district as the director whose office is succeeded.

## **Section 8. COMPENSATION**

Directors as such shall not receive any salary for their services, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board. Also, by resolution of the Board, a fixed sum and expenses for each day or portion thereof spent on Cooperative business such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board, will be allowed. No Board member shall receive compensation for serving the Cooperative in any other capacity, unless the payment and amount of compensation shall be specifically authorized by the Board or shall have been certified by the Board as an emergency measure.

## **Section 9. PERSONAL LIABILITY OF DIRECTORS**

- (a) A director of the Cooperative shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action unless:
  - (1) The director has breached or failed to perform the duties of his or her office under 15 Pa.C.S.A. § 511 (relating to standard of care and justifiable reliance) and

- (2) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

This section shall not apply to (1) the responsibility or liability of a director pursuant to any criminal statute or (2) the liability of a director for payment of taxes pursuant to local, State, or Federal law.

(b) Indemnification

- (1) Subject to the limitations hereinafter set forth, the Cooperative shall indemnify any director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Cooperative or otherwise, by reason of the fact that any such person was a director, officer, employee or agent of the Cooperative, to the fullest extent permitted by law, including without limitation indemnification against expenses (including attorneys' fees and disbursements), damages, punitive damages, judgement, penalties, fines and amounts paid in settlement incurred by such person in connection with such proceeding, but such indemnification can be made only if a Determination is made as hereinafter provided that such indemnification should be made. Such indemnification shall not impair any other right any such person may have.
- (2) Said indemnification can be made only if a Determination has been made, with the advice of Counsel for the Cooperative, by members of the Board of Directors not involved in the claim or proceeding: (1) that the director, officer, employee or agent acted or failed to act, and in either case, in good faith, and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, and (2) that the amount of the proposed indemnification is reasonable, and (3) that the proposed indemnification is just and proper and can be legally made by the Cooperative under the existing law, and (4) that the indemnification shall be made by the Cooperative in an amount stated in the Determination; provided, however, that the indemnification provided for herein shall not be available if the act or failure to act giving rise to the claim for indemnification has been determined by a court to have constituted willful misconduct or recklessness.

(c) Advance Payment of Expenses

Expenses incurred by a director, officer, employee or agent of the Cooperative in defending a civil or criminal action, suit or proceeding shall

be paid by the Cooperative in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that they are not entitled to be indemnified by the Cooperative.

**(d) Insurance or Indemnification Fund**

To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Cooperative may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, or use any other mechanism or arrangement whatsoever in such amounts, as such costs, and upon such other terms and conditions as the Board of Directors shall deem appropriate.

**(e) Exclusivity**

All rights of indemnification under this Article, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement, vote of members, or disinterested directors or otherwise. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article shall continue as to a person who has ceased to be a director, officer, employee or agent in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors and administrators of such person.

## **ARTICLE V - MEETINGS OF BOARD**

### **Section 1. REGULAR MEETINGS**

A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

### **Section 2. SPECIAL MEETING**

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

### **Section 3. NOTICE OF BOARD MEETINGS**

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, by mail, or in such other

manner as may be permitted by Law, by or at the direction of the Executive Secretary, or upon a default in duty by the Executive Secretary, by the Board Chair or the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered to the Board member addressed as it appears on the records of the Cooperative, with postage thereon, when deposited in the United States mail at least five days before the date set for the meeting.

#### **Section 4. QUORUM**

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

### **ARTICLE VI - OFFICERS**

#### **Section 1. NUMBER**

The elected officers of the Cooperative shall be a Board Chair, Board Vice Chair, Board Secretary, Board Treasurer, and such other officers as may be determined by the Board from time to time. The appointed officers shall be the President & CEO and those operating officers appointed by the President & CEO as provided for in Sections 8 and 9. The offices of Board Secretary and Board Treasurer may be held by the same person.

#### **Section 2. ELECTION AND TERM OF OFFICE**

The Board Chair, Board Vice Chair, Board Secretary and Board Treasurer shall be elected by ballot, annually by and from the Board at the regular December meeting of the Board. 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 elected officer shall hold office on a January 1<sup>st</sup> through December 31<sup>st</sup> calendar year basis or until their successor shall have been elected and shall have qualified. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

The President & CEO shall serve until relieved of his duties by majority action of the Board of Directors.

#### **Section 3. REMOVAL OF OFFICERS AND AGENTS BY THE BOARD**

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges for cause against an officer, and by filing with the Executive Secretary such charges in writing together with a petition signed by ten per centum of the members, may request the

removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which the charges are to be considered and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against the director shall have the same opportunity. In the event the Board does not remove such officer, the question of removal may be considered and voted upon at the next meeting of the members. All of the foregoing deals with changing a person's officer status, not with removal from directorship.

#### **Section 4. BOARD CHAIR**

The Board Chair shall:

- (a) Be the principal elected officer of the Board of Directors and, unless otherwise determined by the members, or the Board, shall preside at all meetings of the members and the Board;
- (b) have the power to form and appoint the members of such committees of the Board as deemed necessary; and
- (c) in general, perform all duties incident to the office of Board Chair and such other duties as may be prescribed by the Board from time to time.

#### **Section 5. BOARD VICE CHAIR**

In the absence of the Board Chair, or in the event of the Board Chair's inability or refusal to act, the Board Vice Chair shall perform the duties of the Board Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Board Chair. The Board Vice Chair shall also perform such other duties as from time to time may be assigned by the Board.

#### **Section 6. BOARD SECRETARY**

The Board Secretary shall:

- (a) Review the minutes of the meetings of the members and of the Board as prepared by the Executive Secretary and sign the official copy as approved by the Board of Directors;
- (b) be responsible for seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) in the event the Board Treasurer is not re-elected to the Board at the Annual Meeting of the members, the Board Secretary shall perform the duties of the Board Treasurer through the remainder of the Board Treasurer's term of office, and when so acting shall have all the powers of and be subject to all the restrictions upon the Board Treasurer.



## **Section 7. BOARD TREASURER**

The Board Treasurer shall:

- (a) Cause to be maintained all Board discretionary funds and funds allocated to the Board's budget;
- (b) Report monthly the expenditure of all Board discretionary funds and funds paid from the Board's budget; and
- (c) in the event the Board Secretary is not re-elected to the Board at the Annual Meeting of the members, the Board Treasurer shall perform the duties of the Board Secretary through the remainder of the Board Secretary's term of office, and when so acting shall have all the powers of and be subject to all the restrictions upon the Board Secretary.

## **Section 8. PRESIDENT & CEO**

The Board shall appoint a President & CEO who shall be the Chief Executive Officer of the Cooperative, who may be, but who shall not be required to be, a member of the Cooperative. The President & CEO shall perform such duties and shall exercise such authority as the Board may vest from time to time.

## **Section 9. OPERATING OFFICERS**

The President & CEO shall appoint such operating officers to aid and assist the President & CEO in the ordinary and usual operations of the Cooperative's business as the President & CEO shall find necessary and proper. Without limiting the generality of the foregoing, the President & CEO shall appoint the following operating officers to perform these specific duties.

- (a) Interim Successor.

The President & CEO shall annually appoint from among the appointed Vice Presidents of the Cooperative an interim successor to take the place of the President & CEO on an interim basis in the case of an unexpected vacancy in the position of President & CEO until such time as the Board appoints a successor President & CEO.

- (b) Executive Secretary

The Executive Secretary shall:

- (1) Prepare the minutes of the meeting of the members and of the Board and submit them to the Board Secretary for review prior to submission to the Board for approval;

- (2) Be responsible for seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (3) Oversee the safekeeping of the corporate books, records, and seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (4) Insure that a complete and signed copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) be kept on file at all times and at the expense of the Cooperative, a copy of the Bylaws and all of the amendments thereto is furnished to any member upon request; and
- (5) Be responsible for the general performing of all duties incident to the office of Secretary under the laws of the Commonwealth of Pennsylvania and such other duties as from time to time may be assigned by the President & CEO.

(c) Vice President & CFO

The Vice President & CFO shall:

- (1) Cause to be maintained all funds, investments and securities of the Cooperative;
- (2) Cause that there is receipt of and the issuance of receipts for all monies due and payable to the Cooperative and that all such monies are deposited in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws: and
- (3) Cause to be analyzed the annual financial audit of the Cooperative's financial and accounting records and make any necessary recommendations to the Board of Directors; and
- (4) Perform all the duties incident to the office of Treasurer under the laws of the Commonwealth of Pennsylvania and such other duties as from time to time may be assigned by the President & CEO.

## **Section 10. COMPENSATION**

The powers, duties, and compensation of elected officers, the President & CEO, and agents appointed by the Board shall be determined by the Board. The powers, duties and compensation of appointed officers, other agents, and employees other than the President & CEO shall be determined by the President & CEO.

## **Section 11. REPORTS**

The officers of the Cooperative shall submit at each Annual Meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII - NON-PROFIT OPERATION**

### **Section 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

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

### **Section 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY AND SERVICE**

In the furnishing of electric energy and service, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy and service in excess of operating costs and expenses properly chargeable against the furnishing of electric energy and service. 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 as capital. 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 credits in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of their patronage balance.

### **Section 3. COOPERATIVE FUNDS**

All other amounts received by the Cooperative in excess of related 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;
- (b) used to create such reserves for improvement, new construction, depreciation and contingencies as the Board may, from time to time, prescribe; and
- (c) allocated as capital credits to members in the same manner as the Cooperative allocates capital credits to members, or

- (d) used by the Cooperative as permanent, non-allocated capital.

#### **Section 4. ALTERNATIVE MINIMUM TAX**

Notwithstanding any provision of this Article VII, the amount to be credited to the capital of members on account of their patronage shall be the greater of alternative minimum taxable income or regular taxable income resulting from their patronage as determined under Federal income tax law.

#### **Section 5. PATRONAGE CAPITAL: RETIREMENT (POWER SUPPLY)**

Provided (further), however, that the Board shall have the power to adopt policies providing for the separate retirement of that portion ("power supply portion") of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. Such policies shall:

- (a) establish a method for determining the power supply portion of capital credited to each member for each applicable fiscal year,
- (b) provide for separate identification on the Cooperative's books of the power supply portion of capital credited to the Cooperative's members,
- (c) provide for appropriate notifications to patrons with respect to the power supply portion of capital credited to their accounts and
- (d) preclude a general retirement of the power supply portion of capital credited to members for any fiscal year prior to the general retirement of other capital credited to members for the same year or of any capital credited to members for any prior fiscal year.

#### **Section 6. DISSOLUTION**

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 at the time of the adoption of the resolution for dissolution or liquidation. Provided, that insofar as gains may at that time be realized from the sale of any appreciated assets, such gains shall be distributed to all persons who were members during the period the asset was owned by the Cooperative in proportion to the amount of business done by such members during that period insofar as practicable, as determined by the Board of Directors, before any payments are made on account of property rights of members.

#### **Section 7. PATRONAGE CAPITAL: RETIREMENT**

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. The Board shall determine the

method, basis, priority and order of retirement, if any, for all amounts furnished as patronage capital. Discounted capital credit retirements shall be calculated based on a discount rate with reference to the Wall Street Journal Prime Rate as of December 31 of each applicable year and a discount period equal to the number of years of patronage capital then outstanding. All amounts of capital allocated to members but retained by the Cooperative after retirements on a discounted basis shall be considered a contribution of capital to the Cooperative and part of the "net savings" of the Cooperative. "Net Savings" of the Cooperative will not be reallocated as excess margins to any former or current Cooperative members. To the extent funds are remaining after the payment of all liabilities and capital credits of the Cooperative, such funds represent the "net savings" of the Cooperative in which the members have a property right.

#### **Section 8. ASSIGNMENT**

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

#### **Section 9. PATRONAGE CAPITAL: ESTATE SETTLEMENTS**

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, referring to a natural person and not a dissolution of an entity, if the legal representatives of the 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 provision of these Bylaws, to retire capital credit 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 member's estate shall agree thereto.

#### **Section 10. BYLAWS A CONTRACT**

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

## **ARTICLE VIII - DISPOSITION OF PROPERTY**

### **Section 1. SALE OF ASSETS**

Consistent with Section 7331 of the Electric Cooperative Law of 1990, 15 Pa.C.S.A. Section 7331, the Board shall not consider any sale, lease, lease-sale, exchange or other disposition of all or substantially all of the assets of the Cooperative unless and until the proposed plan of asset transfer setting forth the terms and conditions of such sale, lease, lease-sale, exchange or other disposition, including the consideration to be received by the Cooperative therefor, has first been authorized at a meeting of members by the affirmative vote of two-thirds (2/3) of all of the members of the Cooperative, and unless a detailed explanation of the asset transfer plan shall have been contained in the notice of the meeting.

### **Section 2. EXCEPTIONS**

Consistent with the powers conferred upon the Cooperative by Section 5502 of the Nonprofit Corporation Law of 1988, 15 Pa.C.S.A. Section 5502 and Section 7321 of the Electric Cooperative Law of 1990, 15 Pa.C.S.A. Section 7321, the Board, without authorization by the members, may sell, lease, lease-sell, exchange, or otherwise dispose of:

- (a) Property which in the judgment of the Board of Directors is or no longer will be necessary or useful in operating and maintaining the Cooperative's system and facilities; PROVIDED that all sales or other disposition of such property shall not, in any one year, exceed in value ten (10%) percent of the book value of the Cooperative's properties and assets at the time of the transactions as determined by the most recent audit of the Cooperative;
- (b) Services of all kinds as may be necessary, convenient or appropriate to the furnishing of Cooperative Service to the members of the Cooperative, including those rendered to any corporation or organization, or to its members, organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification; and
- (c) Real or personal property acquired for resale.

No portion of the proceeds of any such sales shall be used for capital credit allocation or retirement unless the Board of Directors shall, by specific resolution, direct that the same be done.

### **Section 3. PERMITTED ENCUMBRANCES**

Notwithstanding anything to the contrary set forth in Section I of this Article, the Board of Directors of the Cooperative without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the

revenues and income therefrom, all upon such terms and conditions as the Board shall determine to secure any indebtedness of the Cooperative.

## **ARTICLE IX - SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and "Corporate Seal Commonwealth of Pennsylvania."

## **ARTICLE X - FINANCIAL TRANSACTIONS**

### **Section 1. CONTRACTS**

Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, designated employee or employees of the Cooperative 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 and other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, designated employee or employees of the Cooperative in such manner as shall from time to time be determined by resolution of the Board.

### **Section 3. DEPOSITS**

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

### **Section 4. CHANGE IN RATES**

Written notice shall be given if required to the Administrator of the Rural Utility Service of the United States of America and the Governor of the National Rural Utilities Cooperative Finance Corporation or the heads of any successor to said organizations regarding any proposed change in the rates charged by the Cooperative for Cooperative Service.

### **Section 5. FISCAL YEAR**

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

## **Section 6. INDEMNIFICATION OF DIRECTORS, EMPLOYEES, OFFICERS, AND AGENTS**

The Cooperative may indemnify any person who at any time is or shall have been a director, officer, employee, or agent of the Cooperative or is or shall have been serving at the request of the Cooperative as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, and his or her heirs, executors and administrators, in accordance with and to full extent permitted by law in effect at the time of the adoption of this Bylaw or as may become effective from time to time. If authorized by the Board, the Cooperative may purchase and maintain insurance on behalf of any such person to the full extent permitted by law in effect at the time of adoption of this Bylaw or as may become effective from time to time.

## **ARTICLE XI - ECONOMIC DEVELOPMENT**

It has long been the established policy of the Cooperative to encourage favorable economic development of the general areas in or near to which the Cooperative serves. Consistent with the powers conferred upon the Cooperative by Section 5502 of the Nonprofit Corporation Law of 1988, 15 Pa.C.S.A. Section 5502 and Section 7321 of the Electric Cooperative law of 1990, 15 Pa.C.S.A. Section 7321, the Cooperative acting through its Board of Directors is authorized to support and encourage such economic development by means included but not limited to the following:

- (a) Membership in, or ownership of securities of, other organizations engaged in promoting such economic development, and reasonable investments in such organizations in support of their development programs;
- (b) The acquisition, through purchase, option or otherwise, of interests in real estate and personal property for resale, lease or sublease to prospective institutional, commercial and industrial enterprises; and the sale, lease or sublease of such real estate or personal property when such is in the Cooperative's best interests; and
- (c) The promotion of economic development through advertising, joint activities with others, training programs, leadership development projects and other activities and programs.

## **ARTICLE XII - MISCELLANEOUS**

### **Section 1. WAIVER OF NOTICE**

Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting, or submission of a ballot, shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.



## **Section 2. POLICIES**

The Board shall have power to make and adopt such policies not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative. Such policies, together with the Articles of Incorporation, as amended, these Bylaws, and the Membership Application, all as currently existing or as later adopted or amended are referred to as ("Governing Documents").

## **Section 3. ELECTRONIC DOCUMENTS**

- (a) If a Member or Director owns, controls, or has reasonable access to the applicable or necessary hardware and software, then, regardless of anything to the contrary in these bylaws, as determined by the Board, and as authorized by Law:
- (1) the Member or Director consents and agrees to:
    - i. use, accept, send, and receive an electronic signature, contract, record, notice, vote, communication, and other document regarding a transaction, business, or activity with, for, or involving the Cooperative ("Electronic Document").
    - ii. electronically conduct an action, transaction, business or activity with, for, or involving the Cooperative, and
    - iii. electronically gives or confirms this consent and agreement;
  - (2) an Electronic Document sent to or received from a Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication, or other document be in writing;
  - (3) electronically sending an Electronic Document to, or receiving an Electronic Document from, the Member or Director satisfies a requirement imposed by the Governing Documents that the underlying signature, contract, record, notice, vote, communication or other document be sent or received personally or by mail; and
  - (4) the Member or Director electronically taking an action provided in these Bylaws satisfied a requirement imposed by the Governing Documents regarding the form or manner of taking the action.
- (b) An Electronic Document electronically sent to a Member or Director or former Member at the Member or Director or former Member's last known electronic address is considered sent and received on the date sent by the Cooperative. An Electronic Document electronically received from a Member or Director or former Member is considered sent and received on the date received by the Cooperative.

### **Section 3. ACCOUNTING SYSTEM AND REPORTS**

The Board shall cause to be established and maintained a complete accounting system maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when incurred. In general, the Cooperative shall follow the accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America or any successor to said organization (RUS). However, the Board by resolution may elect to follow Generally Accepted Accounting Principles (GAAP) when RUS accounting principles differ from GAAP.

The Board shall also after the close of each fiscal year cause to be made by a certified public accountant audited, compiled or reviewed financial statements as determined by the Board or as required by the Cooperative's lenders. A report of such audit shall be submitted to the members at the next following Annual Meeting.

### **Section 4. AREA COVERAGE**

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


- (a) desire such service and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

## **ARTICLE XIII - RULES OF ORDER**

Annual Meeting, special meetings of the members, Board Meetings and other appropriate meetings which may from time to time be duly established shall be governed by the most recent edition of Modern Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation Bylaws or internal policies adopted by the Board.

## **ARTICLE XIV - AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of the members of the Board at any regular or special meeting of the Board, of which meeting notice shall have been given provided that notice of such alteration, amendment or repeal shall have been given with the notice of the meeting. Upon adoption such amendments shall be provided to the membership as prescribed by Board policy.

  
Michael Sample, Board Secretary

Revised: 07/16/91  
Revised: 05/17/94  
Revised: 11/19/96  
Revised: 06/23/98  
Revised: 07/22/99  
Revised: 02/16/01  
Revised: 09/11/01  
Revised: 12/19/06  
Revised: 09/17/07  
Revised: 03/24/11  
Revised: 11/21/11  
Revised: 09/22/14  
Revised: 11/20/15  
Revised: 12/15/17  
Revised: 03/22/19